

Handbook for the 2021 Annual Meeting of Shareholders

聚碩科技股份有限公司
SYSAGE TECHNOLOGY CO., LTD.

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SYSAGE TECHNOLOGY CO., LTD.

Procedure for the 2021 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Proposals and Discussion Items
5. Extraordinary Motions
6. Meeting Adjourn

SYSAGE TECHNOLOGY CO., LTD.

2021 Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m. on Friday, May 28, 2021

Place: No. 55, Lequn 2nd Rd., Zhongshan Dist., Taipei City (Noble Meeting Room of Grand Mayfull Taipei Hotel)

Agenda:

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Report Items
 1. To report the business of 2020.
 2. Audit Committee's review report.
 3. To report the distribution of employees' and directors' remuneration of 2020.
 4. To report the cash dividends distribution of 2020 earnings.
- IV. Proposals and Discussion Items
 1. To accept the 2020 business report and financial statements.
 2. To accept the proposal for the distribution of 2020 earnings.
 3. To approve the amendment to Articles of Incorporation.
 4. To approve the amendment to Handling Procedures for Acquisition or Disposal of Assets.
 5. To approve the amendment to Handling Procedures for Lending Funds to Other Parties or Endorsements & Guarantees.
 6. To lift non-competition restrictions on current directors and their representatives.
- V. Extraordinary Motions
- VI. Meeting Adjourn

Report Items

Report Item No. 1: To report the business of 2020.

Explanation: The 2020 Business Report is attached as Attachment 1(Page 6-8).

Report Item No. 2: Audit Committee's review report.

Explanation: (1) Report by chair of the Audit Committee
(2) The Audit Committee's Review Report is attached as Attachment 2(Page 9).

Report Item No. 3: To report distribution of 2020 compensation to employees and directors.

Explanation: (1) According to Article of Incorporation- The company, if profitable in the year, shall set aside no less than 8% of the profit as compensation for the employees and no higher than 2% as remuneration for the directors.
(2) Distribution of NT\$60,450,000 and NT\$5,650,000 in cash as remunerations to employees and to directors, respectively.

Report Item No. 4: To report the cash dividends distribution of 2020 earnings.

Explanation: (1) According to Article 22 of the company's Article of Incorporation, if earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.
(2) The proposed distribution is allocated from the 2020 earnings available for distribution, and cash dividends amounting to NT\$470,893,340 were distributed to shareholders at NT\$2.5 per share. It is approved by the meeting of the Board of Directors held on February 25, 2021, and proposed that the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.
(3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the company's total number of outstanding common shares, it is proposed to authorize the Chairman of the Board of Directors with full power to adjust the distribution ratio.

Proposals and Discussion Items

Proposal 1(proposed by the Board of Directors):

To accept the 2020 business report and financial statements.

- Explanation: (1) The company's 2020 financial statements have been reviewed and determined to be correct and accurate by Hung-Wen Fu and Mei-Ping Wu, Certified Public Accountants of KPMG, for financial conditions as of December 31, 2020, and its 2020 financial performance and cash flows, and then a business report shall be issued.
- (2) For independent Auditors' Report and Financial Statements, please refer to Attachment 3(Page 10~25).

Resolution:

Proposal 2(proposed by the Board of Directors):

To accept the proposal for the distribution of 2020 earnings.

Explanation: For the 2020 Earnings Distribution Proposal, please refer to Attachment 4 (page 26).

Resolution:

Proposal 3(proposed by the Board of Directors):

To approve the amendment to Articles of Incorporation.

- Explanation: (1) For the company's requirements, it is proposed to amend the Articles of Incorporation.
- (2) The comparison table for before and after the amendment are attached hereto as Attachment 5 (pages 27-29)

Resolution:

Proposal 4(proposed by the Board of Directors):

To approve the amendment to Handling Procedures for Acquisition or Disposal of Assets.

- Explanation: (1) To meet the actual needs of the company, it is proposed to abolish Handling Procedures for Acquisition or Disposal of Assets as amended on May 28, 2020, and set forth handling procedures again.
- (2) The abolished articles are attached hereto as Attachment 6 (pages 30-46); The articles, which has been set forth again, are attached hereto as Attachment 7 (pages 47-58)

Resolution:

Proposal 5(proposed by the Board of Directors):

To approve the amendment to Handling Procedures for Lending Funds to Other Parties or Endorsements & Guarantees.

- Explanation: (1) To meet the actual needs, it is proposed to amend Handling Procedures for Lending Funds to Other Parties or Endorsements & Guarantees.
- (2) The comparison table for before and after the amendment are attached hereto as Attachment 8 (pages 59-64)

Resolution:

Proposal 6(proposed by the Board of Directors):

To lift non-competition restrictions on current directors and their representatives.

- Explanation:
- (1) According to Article 209 of the Company Act, any director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
 - (2) It is proposed for the shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the company.
 - (3) The list of non-competition restrictions proposed to be lifted by the company on each director in the 2021 shareholders meeting is attached hereto as Attachment 9 (page 65).

Resolution:

Extraordinary Motions

Meeting Adjourn

Attachment 1

SYSAGE TECHNOLOGY CO., LTD. 2020 Business Report

With much efforts of the company's management team and all colleagues, we have adopted a stable and business strategy. In addition to further understanding of market trends and requirements, we focus on cultivating various product lines and enhancing technical services to increase added values, creating considerable results.

The result of our operating performance in 2020, business plan for 2021, are illustrated as follows:

1. Operating performance in 2020

(1) Implementation of results of business plans

The company serves as a distributor of international famous brands of software and hardware products of network communication, and provides integrated solutions of information and communication, such as cloud, network, big data, mobile applications, etc., to users of enterprises.

As for operating conditions in 2020, the company's total consolidated revenue stood at NT\$ 13.513 billion, compared to the preceding year, 10% in year-over-year growth. Consolidated income from operations was NT\$ 0.65 billion, a 39% year-over-year growth. Income before income tax and net income attributable to shareholders of the parent was NT\$ 0.73 and NT\$ 0.55 billion, compared to the preceding year, 41% and 45% in year-over-year growth. Basic earnings per share was NT\$2.91, compared to NT\$2.58 in the preceding year.

(2) Budget implementation: Not applicable. The company hasn't announced 2020 financial forecast in public.

(3) Financial status and profitability analysis

A. Financial Status :

As for the consolidated financial statements in 2020, the company's cash provided by operating activities was NT\$ 0.605 billion, and cash used in investing activities was NT\$ 0.274 billion, cash used in financing activities was NT\$ 0.296 billion, as well as cash and cash equivalents increase NT\$ 0.035 billion during the period. Cash and cash equivalent at the end period were NT\$ 0.731 billion.

B. Profitability analysis :

As for the consolidated financial statements in 2020, the company's ratio of return on total assets, ratio of return on shareholders' equity, ratio of profit before income tax to capital stock, and profit ratio were 7.29%, 12.59%, 38.76% and 4.26%, respectively.

(4) Research and the development status :

The company serves as a distributor of global leading brands of software and hardware products in the information industry. Thus, the company shall increase technical capabilities at times, in order to provide professional services for customers. The company's technical professionals focus on researching new various products, and acquire manufacturers' professional certificates, in order to provide completed services for customers in the short run.

2. Business plan for 2021

(1) Business objectives

The company serves as a distributor for famous global brands of software and hardware products of network and system, upholds the concept of the integrated marketing of "brands channels; value-added services", and provides customers with integration of information and communication in different fields, through cooperation with partners in Taiwan. In addition to continuing to exploit the market in Taiwan and provide customers with more diversified solutions, the company will gradually expand its business to overseas markets. In addition to replicating the successful experience in Taiwan for overseas markets, we also hope to enhance the company as a regional value-added service distributor, and obtain more cooperation opportunities with famous global

brands and enhance the cooperative relationship with the original distributing brands. In 2021, the company plans to merge Advanced TEK International Corp., which specializes in providing import and maintenance services of ERP, and Corex in South Africa, which also serves as distributor of products of information and communication, shall help increase the breadth and depth of services as striving for a goal.

- (2) Sales forecast and its reference and important policy of production and sales:
 - A. The company mainly distributes software and hardware products of network and system, most are project sales and value-added services. As for large product differentiation and higher differences among unit prices, the sales forecast of each product is difficult to predict. Otherwise, since requirements of software and hardware products of information and communication has been increased, the company predicts 2021 sales forecast will be increased compared to 2020's.
 - B. The operating strategy and business development focus on consolidation and enhancing "brands channel; value-added services": To consider development of traditional distributing business and cloud business, we promote products in 6 divisions of products, such as network, system, information security, application software, database, and cloud, etc., maintain a good interaction with important customers, and maximize the effectiveness of distributing products. As products are diversified and complete, it will assist digital transformation for partners.
 - C. Continuing to develop the next stage of SYSAGE information software platform of cloud services, and incorporate more product lines into the platform, the company expects to expand the product lines of Microsoft Azure, Citrix, Cisco Webex and AWS, etc., in 2021.

3. Development strategy of the company in the future

- (1) To increase the original distributing product line, and continue to introduce new products with added-value and synergy: The company serves as a distributor for more than 40 famous global IT brand products, so the customers shall have thorough understanding with all requirements regarding with software and hardware of network and system. Based on the forementioned, the company not only continues to satisfy the requirements of customers with existing distributing products, but introduces new products to enhance the company's business in response to market requirements.
- (2) Integration with group resources, expanding product lines and developing new customers: Resources of Qisda shall help company expand present product lines, develop new product lines, carry out diversified business investment plans, and jointly develop opportunities of potential group customers to enhance the company increases its operating revenues, profits, and shareholders' equity.
- (3) To improve demonstration with equipment, display environment, and increase innovation of technical services: Except for continuing to increase innovation and services in the scope of business and technical services, and having sufficient support of technical logistics, we provide excellent exercises and demonstration with equipment. Since our operating sites include 4 sites, in Taipei, Hsinchu, Taichung, and Kaohsiung, and Demo environments across the island country, it could immediately provide the best market coverage, technical support, education and training, as well as new equipment and solutions of exercises and demonstration with equipment to manufacturers and partners, hence we increase gross profit margin through the increase in the ratio of services revenue.
- (4) To enhance internal management, expand and improve development of our organization: To make organizational adjustments, introduce the concept and structure of the different level of authorization, and set up business centers, product centers, and operation centers, to conduct product sales, purchases and reviews, and implement the policy of the different level of authorization, we make the rank and level of employees be correspondent to salaries, and increase operational performance, through the introduction of BPM, KPI, etc. In addition, we recruit new employees and talents to join our teams, trains middle and high-level supervisors, enhance skills of leadership, and carries on experience inheritance.

4. The impact of the external competitive environment, regulatory environment, and macroeconomic conditions

As the pandemic hits the world in 2020, it encourages enterprises to pay attention on relevant basic infrastructure, and sense importance of quickly implementing digital transformation, with a positive effect on the company's operation. However, since macroeconomics became unstable due to the pandemic, enterprises adopt a conservative attitude in all expenditures, and it triggers challenges to the company that put much effort in increasing business and we hope to expand business more rapidly, as the pandemic becoming endemic and economics becoming stable.

While the industry of information and communication booms and brings various business opportunities, possible malpractices may be occurred as competing for business. For example, the industry outbreaks the case of fraud between sales of manufacturers and third-parties vendors to swindle bonuses by making a fake business requirements, and rebates on products provided by manufacturers. Since it indicates importance of legal compliance in business operations, the company, acting as a distributor authorized by the manufacturers, continues to increase requirements of legal compliance with us. In the light of this, the company hired Mr. TK Young, the former Chief legal chief of Qisda Corporation, as our chief operating officer. With his legal expertise and years of experiences in legal affairs, he shall consider regulations of laws and requirements of manufacturers, and continue to adjust the company's each policy for enhancing capabilities of law compliance, in order to make the company become the most excellent partner for global leading brands of information and communication.

We offer our sincerest thanks for shareholders' trust and all employees' effort. During a new year, the company and its subsidiaries shall continue to strive for the increase in operating performance, list earning profits as our important mission, and focus on becoming a professional suppliers of professional application services of information and communication of the ICT solution provider. We hope to strive for greatest motive behind progress and seek for the best interest of the shareholders. Finally, we offer our sincerest thanks for shareholders' support and sincerely hope you feedbacks.

Sincerely yours,

Chairman: Michael Lee
President: Michael Lee
Accounting Supervisor: Mavis Lin

Date:2021/05/28

Audit Committee's Review Report

The undersigned has duly audited the Operating Report, Financial Statements and Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2020. Hung-Wen Fu and Mei-Ping Wu Certified Public Accountants of KPMG have audited the Financial Statements. The 2020 Financial Statements, Business Report, Independent and Auditors Report have been reviewed and determined to be correct and accurate by the Audit Committee of SYSAGE TECHNOLOGY CO., LTD. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act, and Article 219 and 228 of the Company Act.

2021 Annual General Shareholders' Meeting

Chair of the Audit Committee: Wen-Tsung Wang

February 25, 2021

Independent Auditors' Report

To the Board of Directors of SYSAGE TECHNOLOGY CO., LTD.:

Opinion

We have audited the parent company only financial statements of SYSAGE TECHNOLOGY CO., LTD. (“the company”), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to amounts included for those investees, is based solely on the reports of the other auditors. The recognized investments accounted for using the equity method constituted 1.83% of the total assets as of December 31, 2020, and the recognized share of profit or loss of associates accounted for using equity method constituted 1.56% of profit before tax for the year ended December 31, 2020.

Key Audit Matters

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

Valuation of inventories

Please refer to Note 4(g) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management's subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

How the matter was addressed in our audit:

Our audit procedures included understanding the company's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management's recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)

February 25, 2021

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (Note 6(a))	\$ 589,695	8	478,658	7
1110 Current financial assets at fair value through profit or loss (Note 6(b))	150,003	2	400,323	6
1170 Notes and accounts receivable, net (Notes 6(c) and (s))	1,795,611	25	1,763,399	25
1180 Accounts receivable due from related parties, net (Notes 6(c), (s) and 7)	31,156	1	46,148	1
1300 Inventories (Note 6(e))	2,734,354	38	2,686,068	38
1460 Non-current assets classified as held for sale, net (Note 6(f))	123,922	2	-	-
1470 Other current assets (Notes 6(d) and 7)	23,726	-	33,697	-
	<u>5,448,467</u>	<u>76</u>	<u>5,408,293</u>	<u>77</u>
Non-current assets:				
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	157,694	2	104,362	1
1550 Investments accounted for using equity method (Notes 6(g) and 7)	357,852	5	276,213	4
1600 Property, plant and equipment (Notes 6(h) and 8)	815,380	12	834,631	12
1755 Right-of-use assets (Notes 6(i) and 7)	164,487	2	189,490	3
1760 Investment property, net (Notes 6(j) and 8)	74,123	1	74,680	1
1840 Deferred income tax assets (Note 6(p))	56,816	1	48,911	1
1931 Long-term notes receivable (Notes 6(c) and (s))	24,161	-	4,402	-
1900 Other non-current assets	69,910	1	74,119	1
	<u>1,720,423</u>	<u>24</u>	<u>1,606,808</u>	<u>23</u>
Total assets	<u>\$ 7,168,890</u>	<u>100</u>	<u>7,015,101</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (Note 6(k))	655	-	4,935	-
2120 Current financial liabilities at fair value through profit or loss (Note 6(b))	295,836	4	662,996	10
2130 Contract liability (Note 6(s))	1,463,165	20	1,235,630	18
2170 Accounts payable (Note 7)	388,026	6	309,501	4
2200 Other payables	23,702	-	24,957	-
2280 Current lease liabilities (Notes 6(m) and 7)	13,319	-	38,042	1
2310 Advance receipts	14,109	-	13,568	-
2320 Long-term borrowings, current portion (Note 6(l))	910	-	786	-
2399 Other current liabilities	2,499,722	34	2,290,415	33
	<u>2,897,589</u>	<u>40</u>	<u>2,728,205</u>	<u>39</u>
Non-current liabilities:				
2540 Long-term borrowings (Note 6(l))	251,420	4	265,934	4
2580 Non-current lease liabilities (Notes 6(m) and 7)	143,306	2	165,933	2
2640 Other non-current liabilities (Note 6(p))	3,141	-	5,923	-
	<u>397,867</u>	<u>6</u>	<u>437,790</u>	<u>6</u>
Total liabilities	<u>2,897,589</u>	<u>40</u>	<u>2,728,205</u>	<u>39</u>
3100 Share capital (Note 6(q))	1,883,573	26	1,883,573	27
3200 Capital surplus (Note 6(q))	1,333,011	19	1,520,908	22
3310 Legal reserve (Note 6(q))	328,387	5	290,442	4
3350 Unappropriated retained earnings (Note 6(q))	726,330	10	591,973	8
	<u>4,271,301</u>	<u>60</u>	<u>4,286,896</u>	<u>61</u>
Total liabilities and equity	<u>\$ 7,168,890</u>	<u>100</u>	<u>7,015,101</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(s) and 7)	\$ 11,071,939	100	10,286,217	100
5000	Operating costs (Notes 6(e) and 7)	9,753,493	88	9,287,756	90
	Gross profit from operations	1,318,446	12	998,461	10
	Operating expenses (Notes 6(c), (o), (t) and 12):				
6100	Selling expenses	510,552	5	424,011	4
6200	General and administrative expenses	200,705	2	189,047	2
6300	Research and development expense	16,582	-	9,843	-
6450	Expected credit loss	11,226	-	-	-
		739,065	7	622,901	6
	Net operating income	579,381	5	375,560	4
	Non-operating income and expenses:				
7010	Other income (Notes 6(m), (n), (u) and 7)	26,718	-	21,965	-
7100	Interest income	556	-	966	-
7020	Other gains and losses (Notes 6(o), (u) and 7)	68,521	1	50,668	1
7050	Finance costs (Notes 6(m), (u) and 7)	(7,889)	-	(13,280)	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method (note 6(g))	18,730	-	28,471	-
		106,636	1	88,790	1
	Profit before income tax	686,017	6	464,350	5
7950	Less: Income tax expenses (Note 6(p))	137,000	1	84,894	1
	Profit	549,017	5	379,456	4
8300	Other comprehensive income, net of tax	-	-	-	-
	Total comprehensive income	\$ 549,017	5	379,456	4
	Earnings per share (Note 6(r)):				
9750	Basic earnings per share (NT dollars)	\$ 2.91		2.58	
9850	Diluted earnings per share (NT dollars)	\$ 2.89		2.55	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Retained earnings		Total equity
			Legal reserve	Unappropriated retained earnings	
Balance on January 1, 2019	\$ 1,112,339	422,237	258,636	466,791	2,260,003
Profit	-	-	-	379,456	379,456
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	379,456	379,456
Appropriation and distribution of retained earnings:					
Legal reserve	-	-	31,806	(31,806)	-
Cash dividends	-	-	-	(166,851)	(166,851)
Stock dividends	55,617	-	-	(55,617)	-
Stock dividends from capital surplus	55,617	(55,617)	-	-	-
Capital increase by cash	660,000	1,155,000	-	-	1,815,000
Changes in ownership interests in subsidiaries	-	(712)	-	-	(712)
Balance on December 31, 2019	1,883,573	1,520,908	290,442	591,973	4,286,896
Profit	-	-	-	549,017	549,017
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	549,017	549,017
Appropriation and distribution of retained earnings:					
Legal reserve	-	-	37,945	(37,945)	-
Cash dividends	-	-	-	(376,715)	(376,715)
Cash dividends from capital surplus	-	(188,357)	-	-	(188,357)
Changes in ownership interests in subsidiaries	-	460	-	-	460
Balance on December 31, 2020	\$ 1,883,573	1,333,011	328,387	726,330	4,271,301

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2020	2019
Cash flows from operating activities:		
Profit before income tax	\$ 686,017	464,350
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	56,760	57,127
Amortization expense	1,057	3,764
Expected credit loss	11,226	-
Net profit from financial assets or liabilities at fair value through profit or loss	(29,311)	(10,005)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	(18,730)	(28,471)
Interest expense	7,889	13,280
Interest income	(556)	(966)
Dividend income	(10,085)	(7,462)
Others	(1,750)	(658)
Total adjustments to reconcile profit (loss)	16,500	26,609
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Current financial assets at fair value through profit or loss	250,731	(400,000)
Notes and accounts receivable	(48,205)	(127,644)
Inventories	(55,828)	(221,290)
Other current assets	9,971	4,029
Other non-current assets	(1,123)	(610)
Total net changes in operating assets	155,546	(745,515)
Total net changes in operating liabilities:		
Contract liability	(367,160)	(2,828)
Accounts payable	227,535	(122,125)
Other payables	26,364	15,217
Advance receipts	(24,723)	23,006
Other current liabilities	124	98
Other non-current liabilities	-	(2,218)
Total net changes in operating liabilities	(137,860)	(88,850)
Total net changes in operating assets and liabilities	17,686	(834,365)
Total adjustments	34,186	(807,756)
Cash inflows (outflows) generated from operations	720,203	(343,406)
Interest received	556	966
Dividends received	37,405	30,090
Interest paid	(7,823)	(13,481)
Income taxes paid	(92,008)	(106,147)
Net cash inflows (outflow) from operating activities:	658,333	(431,978)
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(40,752)	(30,790)
Return of capital on capital reduction or liquidation of financial assets at fair value through profit or loss	-	1,258
Proceeds from disposal of non-current financial assets at fair value through profit or loss	627	199
Acquisition of investments accounted for using equity method	(200,853)	(56,797)
Proceeds from liquidation of investments accounted for using equity method	-	2,900
Acquisition of property, plant and equipment	(3,154)	(93,514)
Proceeds from disposal of property, plant, and equipment	786	520
Decrease in refundable deposits	4,275	4,800
Net cash outflows from investing activities	(239,071)	(171,424)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	300,000	(1,010,000)
Proceeds from long-term borrowings	-	50,000
Repayments of long-term borrowings	(13,973)	(12,843)
Increase (decrease) in guarantee deposits	(3,584)	4,511
Payments of lease liabilities	(25,596)	(26,280)
Cash dividends paid	(565,072)	(166,851)
Capital increase by cash	-	1,815,000
Net cash inflows (outflows) from financing activities	(308,225)	653,537
Increase in cash and cash equivalents	111,037	50,135
Cash and cash equivalents, beginning of period	478,658	428,523
Cash and cash equivalents, end of period	\$ 589,695	478,658

Independent Auditors' Report

To the Board of Directors of SYSAGE TECHNOLOGY CO., LTD.:

Opinion

We have audited the consolidated financial statements of SYSAGE TECHNOLOGY CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain investments accounted for using the equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The recognized investments accounted for using the equity method constituted 1.61% of the total consolidated assets as of December 31, 2020, and the recognized share of profit or loss of associates accounted for using equity method constituted 1.47% of consolidated profit before tax for the year ended December 31, 2020.

SYSAGE TECHNOLOGY CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matter paragraph and unmodified opinion, respectively.

Key Audit Matters

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

Valuation of inventories

Please refer to Note 4(h) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management's subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

How the matter was addressed in our audit:

Our audit procedures included understanding the Group's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management's recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	
Assets					
Current assets:					
1100 Cash and cash equivalents (Note 6(a))	\$ 730,739	9	695,302	9	
1110 Current financial assets at fair value through profit or loss (Note 6(b))	177,017	2	573,013	7	
1170 Notes and accounts receivable, net (Notes 6(c) and (u))	1,919,664	24	2,125,501	27	
1180 Accounts receivable due from related parties, net (Notes 6(c), (u) and 7)	10,769	-	9,226	-	
1300 Inventories (Note 6(c))	2,908,464	36	2,990,814	38	
1410 Prepayments	22,638	-	32,822	1	
1460 Non-current assets or disposal groups classified as held for sale (Note 6(f))	770,609	9	-	-	
1470 Other current assets (Note 6(d))	1,197	-	10,160	-	
	6,541,097	80	6,436,838	82	
Non-current assets:					
1510 Non-current financial assets at fair value through profit or loss (Notes 6(b) and (i))	157,694	2	104,362	1	
1550 Investments accounted for using equity method (Note 6(g))	132,265	2	2,419	-	
1600 Property, plant and equipment (Notes 6(j) and 8)	934,503	12	995,883	13	
1755 Right-of-use assets (Note 6(D))	184,779	2	187,188	2	
1760 Investment property, net (Note 6(k))	12,970	-	-	-	
1840 Deferred income tax assets (Note 6(t))	60,017	1	56,706	1	
1931 Long-term notes receivable (Notes 6(c) and (u))	24,161	-	4,402	-	
1900 Other non-current assets	79,929	1	85,481	1	
	1,606,318	20	1,436,441	18	
Total assets	\$ 8,147,415	100	7,873,279	100	
Liabilities and Equity					
Current liabilities:					
2100 Short-term borrowings (Note 6(m))	\$ 430,000	5	80,000	1	
2120 Current financial liabilities at fair value through profit or loss (Note 6(b))	655	-	5,199	-	
2130 Contract liability (Note 6(u))	319,531	4	774,462	10	
2170 Notes and accounts payable (Note 7)	1,549,889	19	1,454,059	18	
2200 Other payables	430,493	6	384,900	5	
2260 Liabilities related to non-current assets or disposal groups classified as held for sale (Note 6(f))	358,207	5	-	-	
2280 Current lease liabilities (Note 6(o))	26,803	-	24,008	-	
2310 Advance receipts	13,319	-	44,602	1	
2320 Long-term borrowings, current portion (Note 6(n))	16,822	-	16,281	-	
2399 Other current liabilities	1,175	-	1,072	-	
	3,146,894	39	2,784,583	35	
Non-Current liabilities:					
2540 Long-term borrowings (Note 6(n))	293,675	3	310,900	4	
2580 Non-current lease liabilities (Note 6(o))	156,965	2	164,574	2	
2600 Other non-current liabilities (Note 6(r))	3,535	-	6,165	-	
	454,175	5	481,639	6	
	3,601,069	44	3,266,222	41	
Total liabilities					
Equity attributable to owners of parent:					
3100 Share capital (Note 6(s))	1,883,573	23	1,883,573	24	
3200 Capital surplus (Notes 6(t) and (s))	1,333,011	16	1,520,908	19	
3310 Legal reserve (Note 6(s))	328,387	4	290,442	4	
3350 Unappropriated retained earnings (Note 6(s))	726,330	9	591,973	8	
Total equity attributable to owners of parent:	4,271,301	52	4,286,896	55	
36XX Non-controlling interests	275,045	4	320,161	4	
	4,546,346	56	4,607,057	59	
	8,147,415	100	7,873,279	100	
	\$ 8,147,415	100	7,873,279	100	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(u) and 7)	\$ 13,512,521	100	12,306,999	100
5000	Operating costs (Notes 6(e) and 7)	<u>11,891,139</u>	<u>88</u>	<u>11,056,110</u>	<u>90</u>
	Gross profit from operations	<u>1,621,382</u>	<u>12</u>	<u>1,250,889</u>	<u>10</u>
	Operating expenses (Notes 6(c), (q), (v) and 12):				
6100	Selling expenses	715,989	5	559,653	4
6200	General and administrative expenses	227,115	2	215,363	2
6300	Research and development expense	16,582	-	11,784	-
6450	Expected credit loss (Reversal of expected credit loss)	<u>11,726</u>	<u>-</u>	<u>(3,200)</u>	<u>-</u>
		<u>971,412</u>	<u>7</u>	<u>783,600</u>	<u>6</u>
	Net operating income	<u>649,970</u>	<u>5</u>	<u>467,289</u>	<u>4</u>
	Non-operating income and expenses:				
7010	Other income (Notes 6(o) and (w))	13,285	-	10,956	-
7100	Interest income	664	-	1,187	-
7020	Other gains and losses (Notes 6(i), (q) and (w))	67,056	-	52,428	-
7050	Finance costs (Notes 6(o) and (w))	(9,867)	-	(14,399)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(g))	<u>9,042</u>	<u>-</u>	<u>3</u>	<u>-</u>
		<u>80,180</u>	<u>-</u>	<u>50,175</u>	<u>-</u>
	Profit before income tax	730,150	5	517,464	4
7950	Less: Income tax expenses (Note 6(r))	<u>154,051</u>	<u>1</u>	<u>102,633</u>	<u>1</u>
	Profit	<u>576,099</u>	<u>4</u>	<u>414,831</u>	<u>3</u>
8300	Other comprehensive income, net of tax	-	-	-	-
	Total comprehensive income	<u>\$ 576,099</u>	<u>4</u>	<u>414,831</u>	<u>3</u>
	Profit attributable to:				
8610	Owners of parent	\$ 549,017	4	379,456	3
8620	Non-controlling interests	<u>27,082</u>	<u>-</u>	<u>35,375</u>	<u>-</u>
		<u>\$ 576,099</u>	<u>4</u>	<u>414,831</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 549,017	4	379,456	3
8720	Non-controlling interests	<u>27,082</u>	<u>-</u>	<u>35,375</u>	<u>-</u>
		<u>\$ 576,099</u>	<u>4</u>	<u>414,831</u>	<u>3</u>
	Earnings per share (Note 6(t))				
9750	Basic earnings per share (NT dollars)	<u>\$ 2.91</u>		<u>2.58</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 2.89</u>		<u>2.55</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent				Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserve	Unappropriated retained earnings			
Balance on January 1, 2019	\$ 1,112,339	422,237	258,636	466,791	2,260,003	256,444	2,516,447
Profit	-	-	-	379,456	379,456	35,375	414,831
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	379,456	379,456	35,375	414,831
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	31,806	(31,806)	-	-	-
Cash dividends	-	-	-	(166,851)	(166,851)	-	(166,851)
Stock dividends	55,617	-	-	(55,617)	-	-	-
Stock dividends from capital surplus	55,617	(55,617)	-	-	-	-	-
Capital increase by cash	660,000	1,155,000	-	-	1,815,000	-	1,815,000
Increase in non-controlling interests	-	(712)	-	-	(712)	52,915	52,203
Disposal of subsidiaries and derecognition of non-controlling interests	-	-	-	-	-	(31)	(31)
Dividends to non-controlling interests from subsidiaries	-	-	-	-	-	(24,542)	(24,542)
Balance on December 31, 2019	1,883,573	1,520,908	290,442	591,973	4,286,896	320,161	4,607,057
Profit	-	-	-	549,017	549,017	27,082	576,099
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	549,017	549,017	27,082	576,099
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	37,945	(37,945)	-	-	-
Cash dividends	-	-	-	(376,715)	(376,715)	-	(376,715)
Cash dividends from capital surplus	-	(188,357)	-	-	(188,357)	-	(188,357)
Changes in ownership interests in subsidiaries	-	460	-	-	460	(42,194)	(41,734)
Dividends to non-controlling interests from subsidiaries	-	-	-	-	-	(30,004)	(30,004)
Balance on December 31, 2020	\$ 1,883,573	1,333,011	328,387	726,330	4,271,301	275,045	4,546,346

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 730,150	517,464
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	68,868	58,445
Amortization expense	1,057	3,764
Gains on disposal of property, plant and equipment	(325)	(4,133)
Expected credit loss (Reversal of expected credit loss)	11,726	(3,200)
Net profit from financial assets or liabilities at fair value through profit or loss	(29,835)	(10,411)
Share of profit (loss) of associates accounted for using equity method	(9,042)	(3)
Interest expense	9,867	14,399
Interest income	(664)	(1,187)
Dividend income	(10,085)	(7,462)
Others	-	1,329
Total adjustments to reconcile profit (loss)	<u>41,567</u>	<u>51,541</u>
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Notes and accounts receivable (including related parties)	(250,786)	(136,857)
Current financial assets at fair value through profit or loss	396,997	(472,000)
Inventories	(106,510)	(276,364)
Other current assets	11,827	48,309
Other non-current assets	(1,123)	(610)
Total net changes in operating assets	<u>50,405</u>	<u>(837,522)</u>
Total net changes in operating liabilities:		
Contract liability	(451,881)	12,953
Notes and accounts payable	325,838	(102,557)
Other payables	42,015	24,422
Advance receipts	(24,376)	23,787
Other current liabilities	685	(1,376)
Other non-current liabilities	(134)	(7,205)
Total net changes in operating liabilities	<u>(107,853)</u>	<u>(49,976)</u>
Total net changes in operating assets and liabilities	<u>(57,448)</u>	<u>(887,498)</u>
Total adjustments	<u>(15,881)</u>	<u>(835,957)</u>
Cash inflows (outflows) generated from operations	714,269	(318,493)
Interest received	665	1,195
Dividends received	10,085	7,462
Interest paid	(9,779)	(14,574)
Income taxes paid	(110,162)	(125,498)
Net cash inflows (outflows) from operating activities	<u>605,078</u>	<u>(449,908)</u>
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(40,752)	(30,790)
Return of capital on capital reduction on acquisition of financial assets at fair value through profit or loss	-	1,258
Proceeds from disposal of non-current financial assets at fair value through profit or loss	627	199
Acquisition of investments accounted for using equity method	(109,391)	-
Cash decrease in disposal groups classified as held for sale	(107,704)	-
Cash outflows for disposal of subsidiaries	-	(2,585)
Acquisition of property, plant and equipment	(3,284)	(155,838)
Proceeds from disposal of property, plant, and equipment	786	12,308
Decrease in refundable deposits	2,574	3,880
Acquisition of right-of-use assets	(16,919)	-
Net cash outflows from investing activities	<u>(274,063)</u>	<u>(171,568)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	393,022	(995,000)
Proceeds from long-term borrowings	-	99,940
Repayments of long-term borrowings	(16,684)	(15,104)
Increase (decrease) in guarantee deposits	(3,190)	4,511
Payment of lease liabilities	(31,916)	(25,560)
Capital increase by cash	-	1,815,000
Change in non-controlling interests	(41,734)	52,203
Cash dividends paid	(565,072)	(166,851)
Dividends to non-controlling interests from subsidiaries	(30,004)	(24,542)
Net cash inflows (outflows) from financing activities	<u>(295,578)</u>	<u>744,597</u>
Increase in cash and cash equivalents	<u>35,437</u>	<u>123,121</u>
Cash and cash equivalents, beginning of period	<u>695,302</u>	<u>572,181</u>
Cash and cash equivalents, end of period	<u>\$ 730,739</u>	<u>695,302</u>

SYSAGE TECHNOLOGY CO., LTD.
The 2020 Earnings Distribution Proposal

	Unit: NT\$
Net income of 2020	549,016,884
Less: Provisioned as Special Reserve	(54,901,688)
Retained earnings available for distribution in 2020	494,115,196
Add: Unappropriated retained earnings from previous years	177,312,208
Retained earnings available for distribution as of December 31, 2020	671,427,404
Distributable Items:	
Cash Dividend (NT\$2,500 for every 1,000 common shares)	(470,893,340)
Unappropriated retained earnings after earnings distribution	200,534,064

Note: The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar. Amounts less than one whole NT dollar are rounded-down to the nearest NT dollar. The aggregate unpaid cash dividend resulting from the above rounded-down, will be distributed to shareholders in the descending order of decimal point and the ascending order of shareholder account numbers, until the total amount of the approved cash dividend has been fully distributed.

Comparison table for the Articles of Incorporation before and after amendment

Article No.	After the Revision	Before the Revision	Explanation for edition
Article 3	The company may act as a <u>guarantor externally</u> , and provide guarantees where necessary for the purpose of carrying out its business, <u>and investment</u> .	The company may, in line with its business <u>needs</u> , provide guarantees externally.	Amend according to operating need
Article 4	The total amount of the company's investment is not subject to the restriction of Article 13 of the Company Act.	The total amount of the company's investment is not subject to the restriction of Article 13 of the Company Act <u>(It shall not exceed 40% of the amount of its own paid-up capital)</u> .	The Amendment of words
Article 6	<p>The authorized capital of the company is NTD 2.5 billion, divided into 0.25 billion shares, at a par value of NTD 10 per share.</p> <p>The Board of Directors is authorized to issue the shares in installments, among which, NTD 0.3 billion, divided into 30 million shares, at a par value of NTD 10 per share is reserved as stock option, including employee stock option, equity warrant bonds, etc.</p> <p><u>The company may issue employee stock options at a price that is lower than the market price or the company may transfer treasury stock to employees at a price that is lower than the average actual share repurchase price pursuant to a resolution approved by the majority (at least 50%) of total issued shares represented at the shareholders' meeting and the consent of more than two-thirds of the attending shareholders' voting rights.</u></p>	<p>The authorized capital of the company is NTD 2.5 billion, divided into 0.25 billion shares, at a par value of NTD 10 per share.</p> <p>The Board of Directors is authorized to issue the shares in installments, among which, NTD 0.3 billion, divided into 30 million shares, at a par value of NTD 10 per share is reserved as stock option, including employee stock option, equity warrant bonds, etc.</p>	Amend according to operating need
Article 6-1	<u>Regarding the Shares purchased by the company pursuant to Securities and Exchange Act, the transferee shall include certain qualified employees in the controlling company and subsidiaries. The recipients of employee stock warrants of the company shall include certain qualified employees in the controlling company and subsidiaries. In the issuance of new shares by the company, the recipients of new shares for subscription shall include certain qualified employees in the controlling company and subsidiaries. In the issuance of restricted employee stock by the company, the recipients of such shares shall include certain qualified employees in the controlling company and subsidiaries.</u>	(New Addition)	Amend according to operating need

Article No.	After the Revision	Before the Revision	Explanation for edition
Article 22	<p><u>The company, if profitable in the year, shall set aside 5~20% of the profit as compensation for the employees and no higher than 1% as remuneration for the directors. However, the company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first.</u></p> <p>The company's earnings of the year, if any, shall be allocated to pay taxes and offset the accumulated losses from previous years first, and then set aside 10% as legal reserve. The company shall then appropriate <u>or reverse</u> a certain amount as special reserve in compliance with the company's operating requirements, applicable laws or regulatory requirements(Where such legal reserve amounts to the total paid-in capital, this provision shall not apply). The remaining earnings, if any, may be put together with the retained earnings from previous years and the adjustment amount of the undistributed earnings of the year; the sum of the above may be appropriated as dividends and bonuses according to the distribution proposal prescribed by the Board of Directors based on the actual needs after the proposal is submitted to and approved at the shareholders' meeting.</p> <p>Where the aforesaid earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution.</p> <p>The company may allocate employees' remuneration prescribed in the preceding paragraph <u>in the form of stock or cash</u> to employees <u>of the controlling</u> or affiliated company meeting certain conditions. <u>The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method.</u></p>	<p>The company, if profitable in the year, shall set aside <u>no less than 8%</u> of the profit as compensation for the employees and <u>no higher than 2%</u> as remuneration for the directors. However, the company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first. The company's earnings of the year, if any, shall be allocated to pay taxes and offset the accumulated losses from previous years first, and then set aside 10% as legal reserve. The company shall then appropriate a certain amount as special reserve in compliance with the company's operating requirements, applicable laws or regulatory requirements(Where such legal reserve amounts to the total paid-in capital, this provision shall not apply). The remaining earnings, if any, may be put together with the retained earnings from previous years and the adjustment amount of the undistributed earnings of the year; the sum of the above may be appropriated as dividends and bonuses according to the distribution proposal prescribed by the Board of Directors based on the actual needs after the proposal is submitted to and approved at the shareholders' meeting.</p> <p>Where the aforesaid earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution.</p> <p>Employee compensation mentioned in paragraph 1 shall apply to employees <u>holding over 50% of total shares</u> of the controlling company and subsidiaries.</p>	Amend according to operating need
Article 23	<p>The company adopts a dividend distribution policy whereby only surplus profits of the company shall be distributed to shareholders, according to the company 's earnings, capital structure, and operating requirements in the future. Where dividend is distributed in a mixture of cash and shares, the amount of cash dividends paid shall be no lesser than 10% of total dividends provided for the year. <u>If the company's annual budget profitable in the year, and a portion of distributable earnings reaching 2% or above, the amount of dividends paid shall be no lesser than 10% of distributable earnings.</u></p>	<p>The company adopts a dividend distribution policy whereby only surplus profits of the company shall be distributed to shareholders, according to the company 's earnings, capital structure, and operating requirements in the future. Where dividend is distributed in a mixture of cash and shares, the amount of cash dividends paid shall be no lesser than <u>20%</u> of total dividends provided for the year.</p>	Amend according to operating need
Article 24	(Deleted; Added into Article 6)	To transfer shares to employees at less than the average actual share repurchase price, the company must have obtained the consent at the most recent shareholders' meeting pursuant to relevant laws and regulations.	Pursuant to the adjustment of words and Article no.

Article No.	After the Revision	Before the Revision	Explanation for edition
Article 25	(Deleted; Added into Article 6)	To issue employee stock warrants at less than average actual price, the company must have obtained the consent at the shareholders' meeting pursuant to relevant laws and regulations.	Pursuant to the adjustment of words and Article no.
Article 27	<p>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.</p> <p>These Articles of Incorporation were enacted on April 8, 1998.</p> <p>The 1st amendment was made on July 15, 1998.</p> <p>The 2nd - 21st amendment : (Omitted).</p> <p>The 22nd amendment was made on August 1, 2019.</p> <p>The 23rd amendment was made on September 26, 2019.</p> <p>The 24th amendment was made on May 28, 2020.</p> <p><u>The 25th amendment was made on May 28, 2021.</u></p>	<p>These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.</p> <p>These Articles of Incorporation were enacted on April 8, 1998.</p> <p>The 1st amendment was made on July 15, 1998.</p> <p>The 2nd - 21st amendment : (Omitted).</p> <p>The 22nd amendment was made on August 1, 2019.</p> <p>The 23rd amendment was made on September 26, 2019.</p> <p>The 24th amendment was made on May 28, 2020.</p>	Amendment added

SYSAGE TECHNOLOGY CO., LTD.

Handling Procedures for Acquisition or Disposal of Assets

- Article 1: Purpose
Disposal procedures hereto are stipulated for the purpose of asset guarantee and complete information publication.
- Article 2: Legal Basis
The procedures are set forth in accordance with:
1. The provisions of Article 36-1 of the Securities and Exchange Act.
 2. “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”(“Regulations”), as released by Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan(“Competent authority”).
- Article 3: “Assets” as used herein should mean :
1. Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
 3. Memberships.
 4. Intangible assets : Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 9. Other major assets.
- Article 4: Procedures for acquisition or disposal of real estate or its right-of-use assets are as follows :
1. Evaluation and operating procedures
Acquisition or disposal of real estate, or equipment, or right-of-use assets shall follow the company’s internal control procedures of fixed assets.
 2. Determination procedures of conditions of the transaction and level of authorization.
 - (1) When the securities are acquired or disposed through a securities exchange market or OTC market, the current stock or bond prices in the market shall be defined by the executive department; the company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, writing an analytic report for making a decision.
 - (2) As acquisition or disposal of the securities, each transaction prices are under NT\$ 20 million, approval from the general manager, and under NT\$ 50 million, approval from the chairman; As it exceeds NT\$ 50 million, an approval of the Audit Committee and a resolution of the Board of Directors shall be obtained.
 3. Execution department

Where the company acquires or disposes securities, or right-of-use assets, appropriate approval shall be obtained in accordance with the level of authorization, as well as responsible and management department shall execute accordingly.

4. To acquire a CPA's opinions

The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement, for the financial statements and specific opinions on reasonableness have been obtained from a CPA, does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise the following regulations.

- (1) Securities acquired through cash contribution in an incorporation by promotion or by public offering in accordance with the Company Act, with the further requirement that the rights represented by the acquired securities be commensurate with the proportion of capital contributed.
- (2) Participation in subscription to an issue of securities issued at face value by an issuing company.
- (3) Participation in subscription to securities issued by a 100% owned subsidiary that is carrying out a cash capital increase.
- (4) Securities listed and traded on the Taiwan Stock Exchange or the Taipei Exchange or emerging stocks.
- (5) Government bonds, or bonds under repurchase or reverse purchase agreements.
- (6) Onshore or offshore publicly offered funds.
- (7) TWSE or TPEx listed stocks acquired or disposed of in accordance with the TWSE or TPEx rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- (8) Participation in subscription to shares issued by a public company for a cash capital increase or domestic subscription to corporate bonds (including financial debentures), with the further requirement that the securities acquired are not privately placed securities.
- (9) Subscription to a domestic privately placed fund before the establishment of the fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and Order of the Financial Supervisory Commission Issue date: 19 October 2017 Issue no.: Financial-Supervisory-Securities-Corporate-1060038414, or subscription to or redemption of a domestic privately placed fund, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

5. Total investment amounts of the securities of the company and each subsidiary

- (1) Except for investment management companies, the total amounts of securities (except for the bonds, financial bonds, commercial bond, banker's acceptances, bonds or bond funds with conditions of RP or RS) investment purchased by the company or each subsidiary shall not exceed 50% of its net worth of the company or each subsidiary at the time of purchase.

- (2) Except for investment management companies, the total amounts of individual securities(except for the bonds, financial bonds, commercial bond, banker's acceptances, bonds or bond funds with conditions of RP or RS) purchased by the company or each subsidiary shall not exceed 20% of its net worth at the time of purchase.

Article 5: Procedures for acquisition or disposal of real estate or its right-of-use assets are as follows :

1. Evaluation and operating procedures

Acquisition or disposal of real estate, equipment, right-of-use assets, and important asset shall follow the company's internal control procedures or the regulations.

2. Determination procedures of conditions of the transaction and level of authorization.

- (1) The transaction price of acquisition or disposal of real estate shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price; The transaction price of acquisition or disposal of equipment or right-of-use assets shall be determined either by price quotation, price comparison, price negotiation or tender.
- (2) As acquisition or disposal of real estate, equipment, right-of-use assets, and important asset, an analytical report shall be made and submitted to the general manager. Where each transaction prices are under NT\$ 20 million, approval from the general manager, and under NT\$ 50 million, approval from the chairman; As it exceeds NT\$ 50 million, an approval of the Audit Committee and a resolution of the Board of Directors shall be obtained.

3. Execution department

Where the company acquires or disposes real estate or equipment, or right-of-use assets, and important assets, appropriate approval shall be obtained in accordance with the level of authorization, as well as the user or relevant division in charge shall execute accordingly.

4. Appraisal report of real estate or equipment, or right-of-use assets

In acquiring or disposing real estate or equipment, or right-of-use assets where the transaction price reaches 20% of the company's paid-in capital or NT\$300 million or more, the company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a domestic government agency, contracting third parties to build on the land owned or rented by the company, or acquiring or disposing of machinery and equipment or right-of-use assets for operating purposes :

- (1) Where due to special circumstances and it is necessary to give a restricted price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval from the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2) Where the transaction price equals to or exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, except the actual acquisition price is lower than the appraised price or the actual disposal price is higher than the appraised price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price

- a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price.
 - b. The difference between the appraised prices of two or more professional appraisers equal to or exceeds 10 % of the transaction price.
- (4) Where a professional appraisal is conducted prior to the contract date, the appraisal report should have been issued within 3 months of the contract date. However, if the object's publicly announced value is still the same and the appraisal report, and the report was issued no longer than 6 months, then the original professional appraiser may provide opinions. Where the company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report or CPA opinions.
5. The acquisition of real estate and related right-of-use assets for non-business use by each of its Subsidiaries shall not exceed 25% of the company's net worth of the latest financial statement.

Article 6:

1. Evaluation and operating procedures
Acquisition or disposal of intangible assets, right-of-use assets or membership regarding with evaluation and operating procedures shall follow the company's procedures.
2. Determination procedures of conditions of the transaction and level of authorization.
Where the company acquires or disposes intangible assets, right-of-use assets or membership, final transaction price under NT\$ 20 million shall be approved by the General Manager, more than NT\$ 20 million and under 50 million shall be approved by the Chairman, and more than 50 million shall be approved by the Audit Committee and a resolution of the Board of Directors shall be obtained.
3. Execution
Where the company acquires or disposes intangible assets, right-of-use assets or membership, appropriate approval shall be obtained in accordance with the level of authorization and responsible, as well as financial and management departments shall execute accordingly.
4. Professionals' opinions about intangible assets, right-of-use assets or membership shall be reported under the following circumstances:
Where the transaction price of acquiring or disposing intangible assets, right-of-use assets or membership reaches 20% of the company's paid-in capital or exceeds NT\$300 million, CPA's opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF, shall be obtained prior to the date of Occurrence, except for transactions with the domestic governmental sector.

Article 6-1: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 11, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7:

Procedures for acquisition or disposal of Claims of financial institutions.
In principle, the company does not conduct any trading regarding acquisition or disposal of claims of financial institutions. Where the trading is intended in the future, relevant operating procedures shall be approved and resolved these procedures by the Board of Directors.

Article 8:

Procedures for acquisition or disposal of financial derivatives are as follows

1. Trading principles and strategies

Financial derivatives are mainly used for hedging and special purpose; The above indicates that the derivative transactions shall decrease risks of assets and liabilities held, irrevocable commitment, or foreseeable transactions.

(1) Types of instrument

- a. Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of forward contracts, options contracts, futures contracts, interest rate or FX swap, stock option, and hybrid contracts combining the above contracts, etc.
- b. Hybrid contracts or structured products containing embedded derivatives.

(2) Strategies

Financial derivatives are mainly used for hedging purpose and the selection of instruments shall correlate or associate with the business operation. In order to reduce the overall currency exposures and hedging cost, the currency of the position held shall be the same as the one used for business activities, and the position of the currency (account receivable and payable in foreign currency) shall be balanced.

(3) Authorization and delegation

a. The executive unit

(a) Trader

Trader shall acquire information on the market, evaluate trends and risks, be familiar with financial commodities, relevant laws or regulations, and trading techniques, conduct trading in accordance with assignment and authorized portions of officers of the division in charge, and register the record of trading of the company.

(b) The person for assurance and settlement

To pursue a perfect internal control, a person in charge shall be set for assuring transactions, and relevant financial department for settlement shall be responsible for reviewing sheets for each transaction. As the transaction contract is on the due date, the person for settlement shall notify the financial and accounting department to handle bookkeeping and arrange for payments as for settlement.

(c) Accountant

The accountants shall make the financial statements and be responsible for evaluation of transaction risks, based on the regulations of competent authorities.

(d) Level of approval of the derivative transaction

A. Level of each transaction for hedging purpose

The financial department shall follow the level of approval for the types and contents of the derivative transaction as follows.

Each transaction amount	The authorization unit
More than US\$ 10 million	Chairman
More than US\$ 5 million and up to US\$ 10 Million	General manager
Below US\$ 5 million	Financial supervisor

- B. The transaction of specific purpose shall be evaluated carefully, final transaction price under US\$ 2 million shall be approved by the General Manager, more than US\$ 2 million and under US\$ 5 million shall be approved by the Chairman, and more than

US\$ 5 million shall be approved by the Audit Committee and a resolution of the Board of Directors shall be obtained.

C. Derivative transaction shall be conducted in accordance with this regulation and reported to the Board of Directors afterwards.

b. Performance Evaluation

(a) Trading with hedging purpose

A. The evaluation basis is the profit/loss between cost of the currency on the book and derivative transaction.

B. To fully comprehend the risks of evaluation, the company shall conduct evaluation based on the monthly closing.

(b) Trading with specific purpose

The evaluation shall be conducted based on the actual profit/loss and the execution unit shall prepare financial statements based on the position held for management's review on a periodic basis.

c. Total transaction amount, and the maximum limit of loss

(a) The Contract Amount

A. Transaction amount for hedging purpose

The Finance Department shall be in control of the currency based position to avoid any transaction risks. The transaction amount for hedging purpose shall not exceed the estimated net position within the company. The chairman's approval is required if the transaction amount exceeded the aforementioned limit.

B. Transactions for special purposes

When the net accumulative contract amount of the transaction for specific purpose exceeds US\$ 5 Million, an instruction for the transaction of the Audit Committee shall be approved, and then reported to the Board of Directors for a resolution.

(b) Maximum Limit of Loss

A. the total aggregated amount of loss of transactions shall not exceed 5% of amounts of transactions. Loss amount per individual contract shall not exceed 10% of amounts of transactions.

B. The loss of transactions primarily based on specific purpose shall not exceed US\$100,000, of a single transaction, and shall not exceed US\$1,000,000, of all portion of transaction or foreign exchange losses with equivalent amounts. If the above limit tends to be changed, it shall be approved by the Audit Committee, and reported to the Board of Directors for a resolution.

2. Measures of Risk management

(1) Credit risk control

Transactions shall be conducted merely with financial institutions.

(2) Market risk control

Primarily trading ordinary financial commodities among the globe, other than a very few special designed commodities.

(3) Liquidity risk control

To ensure liquidity, financial instruments with high liquidity shall be chosen (as the position of financial instruments shall be balanced over any time zone in the markets) and financial institutions responsible for trading shall provide sufficient information and have the capability to trade in any markets over any time zone.

(4) Cash-Flow risk control

To maintain stable turnover of the working capital of the company, the source of the capital for derivative transaction shall be self-funded, and the person in charge shall assure the transaction amount shall not be lack of liquidity before trading.

(5) Operating risk control

To comply with the authorized amount, procedures and internal audit processes.

(6) Legal risk control

Any documents with financial institutions can only be signed after reviewing by the person in charge.

3. Internal Audit

Internal audit shall be aware of the adequacy of the derivative transaction on a periodic basis and should issue monthly audit report based on the compliance of the derivative transaction. Shall there be any material violation; a written notice shall be sent to the Audit Committee.

4. Regular assessment method and settlement for exceptional situations

(1) To establish a reference book for derivative transaction with detailed information, including its type, amount, approval date from the Board of Directors and evaluation items listed in accordance with the procedures.

(2) The Board of Directors shall authorize the senior executives to regularly supervise and evaluate whether derivatives transactions are actually handled in accordance with the transaction procedures set by the company, and whether the risks assumed are within the scope of the allowable undertaking and when the market price assessment reports show abnormal situation (e.g. the holding position has exceeded the upper limit of the loss), they shall immediately report to the Board of Directors and take appropriate measures. If the company has had independent directors, they shall submit opinions and attend the Board of Directors.

(3) The position held by the derivatives transaction shall be assessed at least once a week, but if the risk-avoidance transaction required for the business is to be assessed at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the Board of Directors.

Article 9: Procedures for mergers, spin-off, acquisition and share transfer are as follows

1. Evaluation and operating procedures

(1) CPA, attorney, and securities underwriter shall be engaged to schedule project timetable and a task force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the company directly or indirectly holds 100% of the respective subsidiaries' issued shares or

authorized capital.

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

2. Others

- (1) The Board of Directors meeting date and reporting : The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) Non-disclosure commitment : Every person participating in or privy to the plan for merger, spin-off, acquisition, or share transfer shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.
- (3) Pricing principles for transfer or acquisition of shares : As Companies participating in the merger, spin-off, acquisition, or transfer of shares, acquisition or share transfer may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares :
 - a. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - b. An action, such as a disposal of major assets, that affects the company's financial operations.
 - c. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - d. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - e. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

- f. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Content of contract : The contract of the companies participating in the merger, spin-off, acquisition, or share transfer, under laws and regulations, shall also record the followings.
- a. Handling of breach of contract.
 - b. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - c. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - d. The manner of handling changes in the number of participating entities or companies.
 - e. Preliminary progress schedule for plan execution, and anticipated completion date.
 - f. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) Changes of companies participating in mergers, spin-off, acquisition and share transfer : after public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not the company, the company shall sign an agreement with the counterparty whereby the latter is required to abide by the provisions of paragraph 2, subparagraphs 1 "the Board of Directors' meeting date", subparagraphs 2 "on-disclosure commitment", and subparagraph 5" changes of companies participating in mergers, spin-off, acquisition and share transfer".
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- a. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - b. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - c. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a

company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in paragraphs 2, subparagraph 7 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions in paragraphs 2, subparagraph 7.

Article 10: The related party transactions for acquisition and disposal of real estate.

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to following the provisions Article 4 to Article 6-1, and Article 12, paragraph 2, and ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 4 to Article 6-1, and Article 12, paragraph 2. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Evaluation and operating procedures

When the company intends to acquire or dispose of real property or right of use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right of use assets from or to a related party and the transaction amount reaches 20% or more of paid in capital, 10% or more of the company's total assets, or NTS\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company's following matters shall be approved by the audit committee, then resolved by one-half of the Board of Directors, and then the company is allowed to sign the transaction contract and pay

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

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the

Board of Directors and recognized by the supervisors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within 50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

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

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one half or more of all audit committee members and submitted to the Board of Directors for a resolution.

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

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

3. Evaluation of the reasonableness of the transaction costs

- (1) The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - a. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - b. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The company that acquires real property or its right-of-use assets from a related party and appraises the cost of the real property or its right-of-use assets in accordance with paragraph 3, subparagraph 1 and 2 of this Article shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the related Party Transactions for acquisition of real property or its right-of-use assets conducted

in accordance with paragraph 3, subparagraph 1 and 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, subparagraph 6 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply :

- a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions :
 - (a) Where undeveloped land is appraised in accordance with the means in the paragraph 3, subparagraph 1 and 2 of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices and market practices.
 - b. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Where the recent transactions for neighboring or closely valued parcels of land mentioned in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real estate.
- (5) Where the company acquires real property or its right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions about accessing and operating procedures of paragraph 2 of this Article, while subparagraph 1, 2 and 3 of paragraph 3 of this Article shall not apply :
- a. The related party acquired the real estate or its right-of-use assets through inheritance or as a gift.
 - b. More than five years had elapsed from the time the related party signed the contract to obtain the real estate or its right-of-use assets to the signing date for the current transaction.
 - c. The real property is acquired through signing of a joint development contract, building on the land owned or rented by the company with the related party.
 - d. The real property right-of-use assets for business use are acquired by the company with its parent, subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

- (6) When the appraised values of real estate or its right-of-use assets acquired by the company from related parties according to paragraph 3, subparagraph from 1 to 5 of this Article is lower than the transaction price, the situation shall be handled in the following manner.
- a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of “Securities and Exchange Act” against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, paragraph 1 of “Securities and Exchange Act” shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.
 - b. Independent directors of the audit committee shall comply with Article 218 of the Company Act.
 - c. Actions taken pursuant to point 1, 2 in the preceding paragraph, A. and B., of this Article shall be reported to the shareholders’ meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- Moreover, if the company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (7) Where the company obtains real property or its right-of-use assets from a related party, it shall also comply with the provisions set forth in the subparagraph 6 of this Article, if there is other evidence indicating that the acquisition was not an arm’s length transaction.

Article 11: Procedures for public disclosure of information are as follows

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

reaches NT\$1 billion or more.

- (5) Acquisition or disposal by the company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
 - (6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
 - (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - a. Trading of domestic government bonds.
 - b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (8) The amount of transactions above shall be calculated as follows; "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
 - a. The amount of any individual transaction.
 - b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. Timeline and standards for public disclosure of information
- Should acquisition or disposal of assets meet the standards for public disclosure of information, the company needs to file and make public announcement within two days from the date of the event.

3. Disclosure procedures

- (1) The company and on behalf of its non-public subsidiaries shall compile monthly reports on the status of derivatives trading up to the end of the preceding month and enter the information in the prescribed format into the reporting website designated by the FSC by the tenth day of each month.
- (2) Where an error or omission occurs at the time of public announcement, it is required to correct the error, and all the items shall be publicly announced again, within 2 days from the occurrence.
- (3) The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, reference books, appraisal reports and CPA, attorney, and securities underwriter's opinions at the company headquarters, where they shall be retained for five years except where another Act provides otherwise.
- (4) Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the following paragraph, a public report of relevant information shall be made on the reporting website designated by the FSC within two days from the date of occurrence :
 - a. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - b. The merger, spin-off, acquisition, or share transfer is not completed by the scheduled date set forth in the contract.
 - c. Change of the publicly disclosed information.

Article 12: Other matters

1. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - (1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - (2) May not be a related party or de facto related party of any party to the transaction.
 - (3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and

reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, 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.

2. For acquisition or disposal of assets through court auction procedures, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

Article 13: As the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for a resolution.

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

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

Article 14: The subsidiaries of the company shall comply with the followings :

1. The subsidiaries shall comply with the provisions set forth in the Procedures, in addition to their own procedures Governing the Acquisition and Disposal of Assets, when acquiring or disposing assets. The subsidiaries shall establish the Procedures Governing the Acquisition and Disposal of Assets in accordance with the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" and obtain approval from the subsidiaries' board of Directors and its shareholders' meetings.
2. The company shall disclose information on behalf of subsidiaries that are not publicly listed in the domestic market, in accordance with "Regulation Governing the Acquisition and Disposal of Assets by Public Companies".
3. The paid-in capital or total asset of the company shall be the standard for determining whether or not the company shall disclose information on behalf of the paid-in capital or the total asset of a subsidiary.

Article 15: Penalties are as follows

Where the employees of the company violate the provisions set forth, appropriate penalties shall be carried out in accordance with the condition of violation.

Article 16: 1. The company shall adopt or amend this procedure by the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the Board of Directors, and then report it to the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.

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

The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding

paragraph shall be counted as the actual number of persons currently holding those positions.

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

2. The handling procedure were enacted on May 27, 2003.
 - The 1st amendment was made on June 13, 2007.
 - The 2nd amendment was made on June 18, 2012.
 - The 3rd amendment was made on June 23, 2014.
 - The 4th amendment was made on June 28, 2017.
 - The 5th amendment was made on May 28, 2019.
 - The 6th amendment was made on May 28, 2020.

SYSAGE TECHNOLOGY CO., LTD.

Handling Procedures for Acquisition or Disposal of Assets

- Article 1: Purpose**
In order to provide specific operating rules in respect of acquisition or disposal of assets by the company, the procedures are set forth in accordance with provisions of Article 36-1 of the Securities and Exchange Act, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", as released by Financial Supervisory Commission("FSC").
- Article 2: Scope of Application**
1. Stock, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depository receipts, call/put warrants, beneficial certificates, and asset-backed securities.
 2. Real property (including land, houses and buildings, investment property and construction enterprise inventory) and equipment.
 3. Certificates of membership.
 4. Intangible assets such as patents, copyright, trademarks and franchises.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivative products.
 8. Assets acquired or disposed of in merger, spin-off, acquisition or share transfer in accordance with the relevant laws and regulations.
 9. Other important assets.
- Article 3: Evaluating and Operating Procedures**
To conduct any acquisition or disposal of assets, the in-charge division shall submit to the authority division the reason for the proposed acquisition or disposal, the object, the transaction counterparty, the transfer price, the payment terms, and the price reference for their approval in accordance with the Article 16 in Handling Procedures, and then the acquisition or disposal of assets shall be implemented by relevant division.
- Article 4: Information Disclosure**
1. If the company or the company's subsidiary acquires or disposes of the following assets, the company shall make a public announcement within 2 days counting inclusively from the date of occurrence of the event and file the necessary report(s) in the format prescribed by the FSC from occurrence of the relevant event:
 - (1) Acquisition or disposal of real property or right-of-use assets thereof from any related party or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the company's paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except for trading in domestic government bonds, bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Conducts a merger, demerger, acquisition or transfer of share.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
 - (4) The acquired and/or disposed assets are equipment or right-of-use assets thereof which are for business use and the transaction counterparties are not related parties, and the transaction amounts reach any of the following:
 - a. NT\$500 million or more if the company's paid-in capital does not reach NT\$10 billion.
 - b. NT\$1 billion or more if the company's paid-in capital reaches NT\$10 billion or more.
 - (5) The real property was acquired by ways of mandating others to build on the company's own land, or mandating others to build on the rented land, joint construction with others to share the buildings, joint construction with others to acquire certain proportion of ownership of the buildings, or joint construction with others to separately sell the buildings, and the transaction counterparty is not a related party, and the proposed investment amount to be contributed by the company reaches NT\$500 million or more.
 - (6) Except for any of those referred to in the preceding five subparagraphs or investing in Mainland China, the transaction amount reaches 20 % or more of the company's paid-in capital or NT\$300 million or more; provided, this shall not apply to the following circumstances:
 - a. Bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - b. Trading in domestic government bonds

2. The transaction amounts in the preceding paragraph shall be calculated as follows,
 - a. The amount of any individual transaction.
 - b. The cumulative transaction amount of acquisitions or disposals, of the same type of underlying asset with the same trading counterparty within one year.
 - c. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions or disposals (acquisitions and disposals are accumulated separately) within the same development plan within one year.
 - d. The cumulative transaction amount of acquisitions or disposals (acquisitions and disposals are accumulated separately) of the same securities within one year.
3. The company has already publicly announced and reported in accordance with this article, if any of the following circumstances occurs, change, termination, or rescission of the contract signed in regard to the original transaction; and the merger, demerger, acquisition, or transfer of shares is not completed by scheduled date set forth in the contract; or change of the originally publicly announced and reported information; a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.
4. The term "the date of occurrence of the relevant event" as used in the Handling Procedures, shall mean the earliest of contract execution date, the payment date, the consignment date, the transfer date, the date of resolution adopted by the Board of Directors and other date which can confirm the counterparty and the transaction amount, provided that if the relevant investment is subject to the competent authority's approval, it shall mean the earlier of the respective above-mentioned date or the date of receiving the approval letter from the competent authority.
5. the company and its subsidiaries shall make public announcement for the derivative transactions by the tenth day of each month.
6. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

Article 5: In acquiring or disposing of real property, equipment, or right-of-use assets shall obtain an appraisal report

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
2. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, however, that where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
3. The term "professional appraiser" as used herein shall mean the real property appraiser or other person who are legally permitted to conduct the appraisal of real property and equipment.

Article 6: Acquiring or disposing of securities, memberships, intangible assets or right-of-use assets thereof shall obtain CPA's opinion

1. Acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
2. Acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
3. The calculation of the transaction amounts referred to in the Article 5 and this paragraph shall be made in accordance with paragraph 2, Article 4, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7

To exclude related parties

The professional appraisers (and its personnel), the certified public accountants, the attorneys or the securities underwriters who issue evaluation report or opinions with respect to any transaction shall meet the following requirements:

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

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

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

Article 8

The certificate issued by the court may be substituted for the appraisal report or the fairness opinion issued by the certified public accountant, if the assets are acquired or disposed of through an auction procedure by the court.

Article 9

Related Party Transactions

1. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as provided in Article 5 to 8 and this Article, if the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with Article 5 to 8. The calculation of the transaction amount shall be made in accordance with Article 6, paragraph 3 herein.
2. When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of the company's paid-in capital, 10% or more of the company's total assets, or NT\$300

million or more, except for trading in domestic government bonds, bond trading with repurchase and/or reverse purchase arrangement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract and make a payment until the following matters have been approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution in accordance with paragraph 4 and 5, Article 15:

- (1) the purpose and necessity of such acquisition or disposal of assets and the estimated effect thereon;
- (2) the reason to choose such related party as the transaction counterparty;
- (3) with respect to the acquisition of real property or right-of-use assets thereof from a related party, the relevant information required for evaluation of the reasonableness of the proposed transaction terms in accordance with Paragraph 3 to Paragraph 6 of this Article;
- (4) the date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party;
- (5) monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization;
- (6) an appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding item.
- (7) restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amount shall be made in accordance with Article 4, paragraph 2 herein and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the Board of Directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount of 0.3 billion by acquisition or disposal of equipment or right-of-use assets thereof held for business use and real property right-of-use assets held for business use, and then have the decisions subsequently submitted to and ratified by the next board of directors meeting:

With respect to the types of transactions listed below, when to be conducted between subsidiaries of the company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount of 50 million by acquisition or disposal of equipment or right-of-use assets thereof held for business use and real property right-of-use assets held for business use, and then have the decisions subsequently submitted to and ratified by the next board of directors meeting:

3. Acquisition of real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs in accordance with the following methods (If the company is to acquire or to rent both land and building, the transaction costs for such land and building may be evaluated, respectively, in accordance with any of the following methods)
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance;
 - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
4. Acquisition of real property or right-of-use assets thereof from related party shall be subject to the evaluation of the transaction costs in accordance with the Paragraph 3 and shall retain a certified public accountant to issue the specific opinion thereon.
5. Under any of the following circumstances, acquisition of real property or right-of-use assets thereof from related party shall be conducted in accordance with Paragraph 2 of this Article, and Paragraph 3 and Paragraph 4 of this Article shall not apply:
 - (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift;
 - (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current

- transaction;
- (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land;
 - (4) The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
6. If the transaction cost evaluated under all the methods provided for in Paragraph 3 of this Article is less than the transaction price, acquisition of real property from related parties shall be handled in accordance with Paragraph 7 of this Article; provided, that, if in any of the following circumstances, objective evidence is provided and the company obtains reasonable opinion on the transaction price from a real property professional appraiser and the certified public accountant, such acquisition of real property from a related party will not be subject to Paragraph 6 of this Article:
- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (2) Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

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

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

1. Scope of Application (Type of transactions)
 - (1) The derivative transactions referred to in the Handling Procedures are forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long term leasing contracts, or long-term purchase (sales) contracts.
 - (2) A transaction’s nature which is for the purpose of hedging the business operating risk is a hedge transaction; a transaction creating additional risk from arbitraging is a speculation transaction.
2. Operational or Hedge Strategies

The derivative transactions should mainly be conducted for the purpose to ensure profits of the company’s business and avoid risks associated with fluctuation in exchange rate, interest rate, and/or value of assets, rather than earn profits by substantial possibilities.
3. Authorized Department for Trading

Finance unit of the company shall:

 - (1) Collect market information; estimate the trend and risks; get familiar with financial products, relevant laws and regulations and the operational skills to conduct the derivative transaction; and conduct the derivative transaction in accordance with the instruction of the authorized officer, and within the authorized amount limit to avoid the risks associated with fluctuation of market price;
 - (2) Make the periodic performance evaluation;
 - (3) Provide information regarding positions of risk exposure; and
 - (4) Make a public announcement and file the required report(s) periodically.
4. Key Points for Performance Evaluation
 - (1) The derivative transactions positions of the company shall be evaluated at least once every week, provided that the hedge transactions for business need shall be evaluated at least twice a month and the evaluation report shall be submitted to the most senior decision-making officer authorized by the Board of Directors. When irregular circumstances are found in the evaluation report, appropriate measures shall be adopted and a report immediately made to the Board of Directors by the most senior decision-making officer; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
 - (2) Performance on the evaluation date shall be compared with the benchmark set for such evaluation. The result of evaluation shall be used as a reference for decision-making in the future.
5. Trading Limit and Authorization
 - (1) Aggregate amount of all contracts
 - a. Exchange rate transactions:
 - (a) The amounts due to hedge transactions required for business of the company;
 - (b) Except for the cross currency swap transactions for funding purpose, the aggregate amount of all contracts shall not exceed net assets (or liabilities) of foreign exchanges, plus net portion incurred by expected revenues of 12 months in the future.
 - (c) If the net portion of the total amount of the expected revenues (or the purchase cost) will over 2 months, it shall be approved by the general manager.
 - b. Interest rate transactions: Limited to the balance and due date of long-term loans of the company.
 - c. Other hedge transactions: In order to hedge the risk of exchange rate or interest and etc., arising from avoiding risks of assets and liabilities, issuance of overseas equity (such as ADR and etc.) or bonds (such as ECB, CB and etc.) or other financial products, the firm commitment, and a highly probable forecast transaction, the aggregate amount of all contracts shall be limited to the total outstanding amount of such issued instruments (i.e. ADR, ECB, CB), provided that such transactions together with the evaluation report shall be submitted to the general manager for approval.
 - (2) Maximum loss for Hedge transactions:

	All contracts	Individual contract
Maximum loss for Hedge transactions	15%	20%

If the maximum loss for all contracts or individual contract is reached, the most senior decision-making officer of finance unit shall adopt necessary corresponding measures and immediately inform the Board of Director in writing; where a company has independent

directors, an independent director shall be present at the meeting and express an opinion.

(3) Authorization sheet for exchange rate/interest rate transactions:

	The parent company		Subsidiaries	
	Per transaction	Per day	Per transaction	Per day
Chairman	More than USD 10M	More than USD 30M	More than USD 5M	More than USD 15M
General manager	USD 5M~10M	USD 15M~30M	USD 2.5M~5M	USD 7.5M~15M
The most senior decision-making officer of the financial department	Below USD 5M	Below USD 15M	Below USD 2.5M	Below USD 7.5M

6. The Operational Procedures

- (1) Check the transaction position.
- (2) Analyze and judge the trend.
- (3) Decide methods to be used for hedge:
 - a. the target of the derivative transaction;
 - b. the position to be held in the derivative transaction;
 - c. the reference price shall be based on the price provided by the trading platform of Reuters.
 - d. the trading strategy and pattern of the derivative transaction.
- (4) Obtain the approval for derivative transaction.
- (5) Execute the derivative transaction:
 - a. Transaction counterparties: Limited to domestic and foreign financial institution.
 - b. Trading personnel: The personnel authorized and approved by the most senior decision-making officer of finance unit (“authorized personnel”) may conduct the derivative transactions for and on behalf of the company and the company shall inform the corresponding financial institutions of names of the authorized personnel. Persons other than authorized personnel are not permitted to conduct derivative transactions.
- (6) Assuring transactions: The trader shall fill the transaction sheet as trading, with an approval of the in-charge officer, through a person in charge assures consistency of transactions’ conditions on the transaction sheet.
- (7) As the transaction is accurate, the financing department shall assign a person for settlement to prepare for payments and relevant sheets, and make settlement by quoted prices on the settlement date.

7. Records of Derivative Transactions

- (1) The types, amount, date of the Board of Directors’ meeting, and the revaluation items in Article 10, paragraph 4, subparagraph 1 and paragraph 10, subparagraph 1, item 2 and subparagraph 2, item 1 shall be recorded in memorandum book.
- (2) The accounting unit shall handle the accounting matters with respect to the derivative transactions in accordance with the Business Accounting Law, the Statements of Financial Accounting Standards and the relevant letters and orders issued by the relevant competent authority, or if no relevant laws or regulations can be applied, the accounting division shall record the details of the relevant transactions and record the realized and unrealized gains and/or losses calculated on a monthly basis in the income statement.

8. Internal Control System

- (1) The risk management measures include:
 - a. Credit risk management: The transaction counterparties shall be limited to the domestic or foreign financial institutions.
 - b. Market risk management: The derivative transactions shall be conducted primarily for hedging purpose and the authorized personnel shall not create additional position as possible as they can.
 - c. Liquidity and cash flow risk management: To ensure the liquidity, the authorized personnel shall check with the treasury personnel prior to conducting the derivative transaction to make sure that the proposed transaction amount will not cause liquidity shortage.
 - d. Operation risk management: To avoid the operation risks, the authorized personnel shall comply with the authorized amount and the operation procedures.
 - e. Legal risk management: To avoid legal risks, any agreements entered into between the company and the relevant banks shall be reviewed by in-house counsel before execution.
- (2) Internal Control
 - a. Authorized trading personnel of finance unit shall not concurrently engage in

- confirmation and settlement of the derivative transactions.
- b. Authorized trading personnel shall deliver the transaction document or contract to the recording personnel to record the transaction in the book.
 - c. The recording personnel shall check with the counterparties or record derivative transactions in the book periodically.
- (3) Measurement, supervision and control personnel and the above personnel cannot be in the same department and shall report to the Board of Directors or the senior decision making officer who is not in charge of the decision making of the transaction or position.
9. Internal Auditing
 - (1) Internal auditing personnel shall periodically review the appropriateness of internal controls for derivative transactions in accordance with the “Internal Control System” and make monthly checks of the trading department’s compliance with the Handling Procedures and make the auditing report. If internal auditing personnel finds any serious violation of the “Handling Procedures, they should inform the Audit Committee of such violation in writing.
 - (2) The above-mentioned auditing report(s) and any rectification of an irregularity shall be filed with the Financial Supervisory Commission (“FSC”) in accordance with the “Guidelines Governing Establishment of Internal Control Systems by Public Companies”.
 10. Board of Directors
 - (1) If the company conducts derivative transactions, the Board of Directors shall faithfully supervise and manage such transactions in accordance with the following principles:
 - a. Designate senior management personnel to pay continuous attention to the monitoring and controlling of derivative transaction risk every now and then.
 - b. Periodically evaluate whether derivative transactions performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
 - (2) Senior management personnel authorized by the Board of Directors shall manage derivative transaction in accordance with the following principles:
 - a. Periodically evaluate whether the current risk management measures are conducted appropriately and faithfully in accordance with the Handling Procedures.
 - b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
 - (3) If any personnel is authorized by the company to handle derivate transactions in accordance with the Handling Procedures, such transactions shall be reported to the next board of directors afterwards.
 - (4) If the relevant derivative transaction is required to be submitted to the Board of Directors for discussion, such transaction shall be approved by a majority of all members of the Audit Committee and further submitted to the Board of Directors for resolution. If such transaction is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the Board of Directors.
 - (5) when the derivative transactions are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
 - (6) The Handling Procedures shall be approved by the Board of Directors and further submitted to the shareholders meeting for approval and will become effective afterwards. The same shall apply to amendments to the Handling Procedures.
 - (7) “All members of the Audit Committee” referred to in the Handling Procedures and “all directors” referred to in the preceding paragraph shall mean the actual number of the committee members/directors.

Article 11

Merger, Spin-off, Acquisition, and Share Transfer

1. The company shall retain a certified public accountant, lawyer or underwriter to issue the fairness opinion on share swap ratio, acquisition price or the amount of cash or other property distributed to shareholders prior to convening the relevant board of directors meeting to discuss the subject merger, spin-off, acquisition, or share transfer. Such fairness opinion should be submitted to the Board of Directors for discussion and approval. It is not required to obtain the fairness opinion issued by the above-mentioned experts for mergers between the company and its subsidiaries which are directly or indirectly 100% owned by the company, or the mergers between the company’s subsidiaries which are directly or indirectly 100% owned by the company.
2. Unless otherwise provided by laws that the resolution adopted by the shareholders’ meeting is not

required for a merger, spin-off, or acquisition, the material terms of or the matters relating to a merger, spin-off, or acquisition shall be included in a public documents together with the above-mentioned fairness opinion and the meeting notice delivered to shareholders prior to the shareholders meeting as a reference to shareholders to decide vote for or against such merge, spin-off or acquisition.

If the company fails to convene the required shareholders' meeting or adopt the resolution at such meeting to approve the merger, spin-off, or acquisition due to the insufficient quorum or other legal restrictions, the company shall immediately make a public announcement of the reasons for such occurrence, the follow-up measures to be taken, and the date scheduled for convening the shareholders meeting.

3. Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from the FSC, the company and other companies participating the subject merger, spin-off or acquisition shall convene the Board of Directors meetings and the shareholders' meetings on the same date to discuss and approve such merger, spin-off or acquisition.
Unless otherwise provided by laws or under special circumstances where the prior approval has been obtained from the FSC, the companies participating the share transfer shall convene the Board of Directors meetings on the same date.
4. All persons participating in or knowing the proposed merger, spin-off, acquisition, or share transfer shall sign the undertaking(s) to covenant not to disclose the proposed merger, spin-off, acquisition or share transfer prior to the relevant information becomes public information nor purchase/sell, by such person or its nominee, shares or other equity securities of any company which is involving in the proposed merger, spin-off, acquisition or share transfer.
5. Except in any of the following circumstances, the share swap ratio or acquisition price cannot be changed and the permitted situations for changing such share swap ratio or acquisition price must be included in the contract for merger, spin-off, acquisition or share transfer:
 - (1) issuance of new shares for cash, issuance of convertible corporate bonds, free distribution of stock dividends and issuance of corporate bonds with warrants, preferred shares with warrants, subscription warrants, and other equity securities;
 - (2) conducting any act which will have material effect on the company's financial conditions or business, such as disposal of material assets;
 - (3) occurrence of the event which will affect the company's shareholders equity or the securities price, such as the material disasters or significant change on technology;
 - (4) any adjustment of the treasury stock purchased by any company participating in the merger, spin-off, acquisition, or share transfer;
 - (5) any change on the parties to or the number of companies participating in the merger, spin-off, acquisition, or share transfer; Other circumstances which have been stipulated in the contract for amendment to certain terms and have been disclosed to the public.
6. The contract for conducting merger, spin-off, acquisition, or share transfer shall specify the rights and obligations of the companies participating in such merger, spin-off, acquisition, or share transfer and shall also specify the following:
 - (1) handling of the breach of contract;
 - (2) principles for handling of equity securities issued by, or treasury stock purchased by, the extinguished company in a merger or the spun-off company;
 - (3) the quantity of treasury stock that a company participating in a merger, spin-off, acquisition, or share transfer may legally permitted to purchase after the record date for calculation of the share swap ratio and relevant handling principles;
 - (4) principles for handling of change on parties to or number of companies participating in the merger, spin-off, acquisition, or share transfer;
 - (5) the estimated timetable for implementation of the proposed transaction and the estimated completion date;
 - (6) if the implementation is not completed within the scheduled timetable, the date scheduled to convene the shareholders' meeting in accordance with the applicable laws and regulations and other handling procedures.
7. After the proposed merger, spin-off, acquisition, or share transfer becomes public information, if any party participating in such merger, spin-off, acquisition, or share transfer intends to conduct a further merger, spin-off, acquisition, or share transfer with another company, any procedures or legal actions already carried out by the companies participating in the initial merger, spin-off, acquisition, or share transfer shall be carried out by all the companies participating in the further merger, spin-off, acquisition, or share transfer, except that if the number of participating companies decreases and the Board of Directors has been authorized by the shareholders' meetings to amend terms of the subject merger, spin-off, acquisition or share transfer, the participating companies are not required to convene the shareholders meeting(s) to approve such amendment.
8. When participating in a merger, spin off or acquisition, the company shall prepare a full written record of the following information and retain such record for five years for examination and check.

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin off or acquisition prior to public disclosure of the information.
 - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - (3) Important documents and minutes: Including merger, spin off or acquisition plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors.
9. When participating in a merger, spin off, acquisition, or transfer of another company's shares, the company shall, within two days commencing from the relevant resolutions were adopted by the Board of Directors, shall report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
 10. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the paragraph 8 and 9.
 11. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the paragraph 3, 4, 7 and 10 of this article.

Article 12 **Penalty**

If any manager or person in-charge of the acquisition or disposal of assets, due to his/her negligence or person intentionally violates the Handling Procedures, such manager or person's violation shall be handled in accordance with the relevant internal personnel and administration regulations of the company.

Article 13 **The Procedures for Supervising Acquisition or Disposal of Assets by Subsidiaries**

1. Acquisition or disposal of assets by the company's subsidiary shall be made in accordance with such subsidiary's own handling procedures for acquisition or disposal of assets which shall be adopted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the FSC and after consulting with the company's opinions. Subsidiary's Handling Procedures shall be approved by the subsidiary's Board of Directors and/or the shareholders' meeting, the same shall apply to amendments to such Handling Procedures.
2. If the aforementioned subsidiary is not a domestic public company and the subject acquisition or disposal of assets by such subsidiary is required to subject to the information disclosure as provided in Article 4 hereof, the parent company shall make a public announcement and file the necessary report(s), for and on behalf of such subsidiary, of acquisition or disposal of the subject assets by such subsidiary.
3. The company shall supervise its subsidiaries to check whether the subsidiary's own handling procedures for acquisition or disposal of assets" are in compliance with the relevant law and regulations or not and whether the subsidiary acquires and disposes the assets in accordance with such subsidiary's own handling procedures for acquisition and disposal of assets.

Article 14 **Miscellaneous**

1. The term "share transfer" as used in the Handling Procedures means issuance of new shares as the consideration for acquiring other company's shares in accordance with the company Law.
2. The term "parent company" as Qisda Corporation. The term "related party" and "subsidiary" as used in the Handling Procedures shall have the same meaning as defined in the Regulations Governing the Preparing of Financial Reports by Securities Issuers.
3. Where the subsidiary is subject to the information disclosure requirement in connection with the paid-in capital or the total assets as provided in subparagraph 6 of paragraph 1 of Article 4 hereof, such requirement means the amount of acquisition or disposal of the subject assets by the subsidiary reaches of the parent company's paid-in capital or the parent company's total assets.
4. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
5. The term "investment in Mainland China" as used in the Handling Procedures shall have the same meaning as defined in the "Regulation Governing the Approval for Investment and Technical Cooperation in Mainland China" promulgated by the Investment Commission, Ministry of Economic Affairs.
6. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).
7. Matters not provided for in this Handling Procedures shall be governed by the applicable laws, regulations, and the company's internal regulations.

Article 15: The company shall establish its procedures for the acquisition or disposal of assets in accordance with the

provisions of these Regulations. After the procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

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

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for a resolution.

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

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

Article 16:

The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the Board of Directors, If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for a resolution in accordance with paragraph 4 and 5, Article 15.

The Board of Directors is authorized to set the aggregate limit on securities investment, the individual limit on the securities investment and the aggregate limit on real property or right-of-use assets thereof investment for the purpose rather than business use into the procedures.

Asset Item	The parent company		Subsidiaries		Aggregate Investment Limit	Individual Investment Limit
	Approver	Authority	Approver	Authority		
Real property or right-of-use assets thereof not for business use	Board of Director	>NT\$50,000,000	Board of Director	>NT\$25,000,000	30% of the equity	15% of the equity
	Approved by Chairman and then Reporting to Board of Director	<=NT\$50,000,000	Approved by Chairman And then Reporting to Board of Director	<=NT\$25,000,000		
Investment in equities	Board of Director	>NT\$50,000,000	Board of Director	>NT\$25,000,000	200% of the equity	50% of the equity
	Approved by Chairman and then Reporting to Board of Director	<=NT\$50,000,000	Approved by Chairman and then Reporting to Board of Director	<=NT\$25,000,000		
Long term investment in secured bonds	Chairman	>NT\$20,000,000	Chairman	>NT\$10,000,000	30% of the equity	15% of the equity
	President	<=NT\$20,000,000	President	<=NT\$10,000,000		
Short term investment in bonds and subscription or redemption of money market funds	Chairman	>NT\$20,000,000	Chairman	>NT\$10,000,000	30% of the equity	15% of the equity
	President	<=NT\$20,000,000	President	<=NT\$10,000,000		
Other securities	Chairman	>NT\$20,000,000	Chairman	>NT\$10,000,000	10% of the equity	5% of the equity
	President	<=NT\$20,000,000	President	<=NT\$10,000,000		

※ Short term investment in bonds should not expand the effect on profit by leverage through hypothecation guarantee or any means.

※ The Aggregate Investment Limit shall not apply to a holding company, whose 100% outstanding voting shares are held directly or indirectly by the company.

※ The” equity” means the equity attributable to stockholders of the parent company on the balance sheet.

Article 17: The handling procedure were enacted on May 27, 2003.
The 1st amendment was made on June 13, 2007.
The 2nd amendment was made on June 18, 2012.
The 3rd amendment was made on June 23, 2014.
The 4th amendment was made on June 28, 2017.
The 5th amendment was made on May 28, 2019.
The 6th amendment was made on May 28, 2020.
The 7th amendment was made on May 28, 2021.

The Procedures for Lending Funds to Other Parties or Endorsement & Guarantee Before and after revision

Article No.	After the Revision	Before the Revision	Explanation for edition
Article 2	<p>The party who may lend funds</p> <ol style="list-style-type: none"> 1. A company or business having a business relationship with the company. 2. Subsidiaries in need of funds for a short-term period. <p>(Omitted)</p>	<p>The party who may lend funds</p> <ol style="list-style-type: none"> 1. Where an inter-company having a business relationship with the company. 2. Where an inter-company or inter-firm in need of funds for a short-term period, provided that such financing amount shall not exceed 40% of the lender's net worth. <p>(Omitted)</p>	Amend according to actual need
Article 4	<p>The aggregate amount of loans and the maximum amount permitted to a single Borrower</p> <p>(Omitted)</p> <ol style="list-style-type: none"> 1. Where the total balance amount of the loaning fund of the company <u>to others</u> shall not reach more than 40% of the net worth of the company indicated in the latest financial statement. 2. Where an short-term financing <u>by subsidiaries</u> is necessary, provided that such financing amount to <u>a single borrower</u> shall not exceed 20% of the net worth on the most current financial statements of the lending company. 3. The total amount for lending to a company having a business relationship with the company shall not exceed the <u>total estimated transaction amount between the parties during the period of the recent or next year</u>, whichever is higher, and shall not exceed 20% of the net worth of the company. <u>The total amount for lending to a company having a business relationship with the company means that the “transaction</u> 	<p>The aggregate amount of loans and the maximum amount permitted to a single Borrower</p> <p>(Omitted)</p> <ol style="list-style-type: none"> 1. Where the total balance amount of the loaning fund of the company shall not reach more than 40% of the net worth of the company indicated in the latest financial statement (“the net worth of the financial statements”), which is reviewed or audited by CPA. 2. Where an inter-company or inter-firm short-term financing is necessary, provided that such financing amount shall not exceed 20% of the lender's net worth, and loans extended by the company or any of its subsidiaries to any single entity shall not exceed 20% of the net worth on the most current financial statements of the lending company. 3. The total amount for lending to a company having a business relationship with the company shall not exceed 20% of the net worth of the company and shall not exceed the total transaction amount of the sales or purchasing amount between the parties, whichever is higher, between the parties during the period of the recent year prior to the time of lending. 	Pursuant to laws and regulations, and actual need

Article No.	After the Revision	Before the Revision	Explanation for edition
	<p>amount” shall mean the sales or purchasing amount between the parties.</p> <p>4. Should a borrower no longer meet the criteria set forth in the relevant regulations and/or these Procedures or should there be any excess over the lending limit due to unexpected changes of the company, a corrective plan must be provided to the Audit Committee and the proposed correction actions shall be implemented within the period specified in such plan.</p> <p>For fund-lending (for financing needs) between offshore <u>subsidiaries</u> whose voting shares are 100% owned, directly or indirectly, by the company, or fund-lending to the company by offshore <u>subsidiaries</u> whose voting shares are 100% owned, directly or indirectly, by the company, and fund-lending for a short-term period <u>shall not be limited by the total amount and term of fund-lending; provided that each subsidiary shall individually set the maximum amount and term of fund-lending to others.</u></p> <p>(Omitted)</p>	<p>4. Should a borrower no longer meet the criteria set forth in the relevant regulations and/or these Procedures or should there be any excess over the lending limit due to unexpected changes of the company, a corrective plan must be provided to the Audit Committee and the proposed correction actions shall be implemented within the period specified in such plan.</p> <p>For fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the company, or fund-lending to the company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the company, the total amount for such fund-lending for a short-term period shall not be subject to the limit of 40% of the lender's net worth, and the total amount for lending to a company in need of funds shall not exceed 20% of the lender's net worth. Furthermore, the term of each loan extended by the company shall not exceed 180 days; under special circumstances, the company may adjust the term of each loan, which shall not exceed 1 year, with the approval of the Board of Directors.</p> <p>(Omitted)</p>	
Article 5	<p>The procedure of lending loans to others (Omitted)</p> <p>3. The scope of authorization</p> <p>The company shall loan Funds or lend short term loans, only after carefully evaluation by divisions in charge, submitting it for approval by Chairman and resolving upon by the Board of Directors. The company shall not empower any other person to make such decision.</p>	<p>The procedure of lending loans to others (Omitted)</p> <p>3. The scope of authorization</p> <p>The company shall loan Funds or lend short term loans, only after carefully evaluation by divisions in charge, submitting it for approval by Chairman and resolving upon by the Board of Directors. The company shall not empower any other person to make such decision. However, a material monetary loan shall be approved by the Audit Committee and report to the Board of</p>	Pursuant to laws and regulations

Article No.	After the Revision	Before the Revision	Explanation for edition
	<p>4. The term of lending loan and method of calculation of interest rates</p> <p>(1) The term of each loan <u>from the lending date shall not exceed 1 year or one operating cycle (whichever is longer).</u></p> <p>(2) The interest rate of <u>lending funds</u> shall be <u>referenced</u> on the basis of the company's funding costs and <u>adjusted accordingly</u>, but in no event shall it be lower than the company's highest short-term bank deposits and borrowing rate at the time of lending. <u>Unless otherwise specified</u>, the interests of <u>making loans</u> shall be <u>calculated</u> on a monthly basis, and may be received or <u>settled on a monthly or quarterly basis or on the due date.</u></p> <p>(Omitted)</p> <p>6. Internal control</p> <p>(Omitted)</p> <p>(3) Any violation <u>of the Procedures, due to conduct committed intentionally material negligence</u>, by the company's managers and persons-in-charge, <u>shall be subject to discipline in accordance with the relevant human resources articles or rules of the company.</u></p>	<p>Directors for a resolution, in accordance with relevant regulations.</p> <p>4. The term of lending loan and method of calculation of interest rates</p> <p>(1) The term of each loan extended by the company shall not exceed 180 days; under special circumstances, the company may adjust the term of each loan, which shall not exceed 1 year, with the approval of the Board of Directors.</p> <p>(2) The interest rate of lending loans shall be determined on the basis of the company's funding costs and <u>adjusted accordingly</u>, but in no event shall it be lower than the company's highest short-term bank borrowing rate at the time of lending. The interests of lending loans shall be paid on a monthly basis. Under special circumstances, the company shall adjust the interest rate, with the approval of the Board of Directors.</p> <p>(Omitted)</p> <p>6. Internal control</p> <p>(Omitted)</p> <p>(3) Any violation of related regulations or the Procedures, by the company's managers and persons-in-charge, shall be subject to discipline in accordance with the condition of violation.</p>	
Article 10	<p>Amount limitations of Endorsements/Guarantees</p> <p>1. The aggregate balance of endorsements/guarantees by the company shall not exceed <u>50%</u> or more of the company's net worth as stated in its latest financial statement. The balance of endorsements/guarantees by the company for a</p>	<p>Amount limitations of Endorsements/Guarantees</p> <p>1. The aggregate balance of endorsements/guarantees by the company shall not exceed <u>40%</u> or more of the company's net worth as stated in its latest financial statement. The balance of endorsements/guarantees by the company for a</p>	Pursuant to laws and regulations, and actual need

Article No.	After the Revision	Before the Revision	Explanation for edition
	<p>single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.</p> <p>2. The aggregate balance of endorsements/guarantees by the company and its subsidiaries shall not exceed <u>50%</u> or more of the company's net worth as stated in its latest financial statement. <u>If the aggregate amount of endorsements/guarantees that is set as the ceiling for the company and its subsidiaries as a whole reaches 50% or more of the net worth of the company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</u> The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.</p> <p>3. Endorsements/guarantees made to enterprises or individual during the course of business dealings, and <u>the "transaction amount"</u> referring to purchase amount or sales amount of the goods <u>between the parties</u>, whichever is higher, should not exceed <u>the total estimated transaction amount between both parties</u> for the recent or <u>future year</u>; and <u>20% of the company's net worth as stated in its latest financial statement.</u></p> <p>(Omitted)</p>	<p>single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.</p> <p>2. The aggregate balance of endorsements/guarantees by the company and its subsidiaries shall not exceed <u>40%</u> or more of the company's net worth as stated in its latest financial statement. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.</p> <p>3. Endorsements/guarantees made to a single enterprise during the course of business dealings, which refer to purchase amount or sales amount of the goods between the parties, whichever is higher, should not exceed the sum of the present years' business dealings between the two parties.</p> <p>(Omitted)</p>	
Article 11	<p>The procedures for endorsement & guarantee (Omitted)</p> <p>4. Follow-up control measures and overdue processing procedures for endorsement/guarantee</p> <p>(1) After the loan is released, the company should always pay attention to the financial, business</p>	<p>The procedures for endorsement & guarantee (Omitted)</p> <p>4. Follow-up control measures and overdue processing procedures for endorsement/guarantee</p> <p>(1) After the loan is released, the company should always pay attention to the financial, business</p>	Pursuant to actual need

Article No.	After the Revision	Before the Revision	Explanation for edition
	<p>and credit status of the borrower's guarantor. If there is any collateral, it should pay attention to the change of the guarantee value. In the event of a major change, the chairman shall be reported immediately and give instructions for proper handling.</p> <p>In case the company desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the Finance department shall evaluate the effect on the subsidiaries' operating risk, which affects the company, and <u>report</u> the Board of Directors <u>in each quarter. However, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares.</u></p> <p>(Omitted)</p> <p>5. Internal control</p> <p>(1) The Financial sector shall prepare a memorandum book for its endorsements and guarantees activities and truthfully record the following information: the name of company receiving endorsements and guarantees, amount, date of approval by the Board of Directors, date of endorsement and guarantee and date and conditions for lifting of guarantee responsibilities, etc.</p> <p>(2) The company's internal auditors shall audit the Operational Procedures for Endorsements and Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in</p>	<p>and credit status of the borrower's guarantor. If there is any collateral, it should pay attention to the change of the guarantee value. In the event of a major change, the chairman shall be reported immediately and give instructions for proper handling.</p> <p>In case the company desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the division in charge shall establish control measures, and report the Board of Directors for the assessment of the amount for endorsement and guarantee.</p> <p>(Omitted)</p> <p>5. Internal control</p> <p>(1) The Financial sector shall prepare a memorandum book for its endorsements and guarantees activities and truthfully record the following information: the name of company receiving endorsements and guarantees, amount, date of approval by the Board of Directors, date of endorsement and guarantee and date and conditions for lifting of guarantee responsibilities, etc.</p> <p>(2) The company's internal auditors shall audit the Operational Procedures for Endorsements and Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in</p>	

Article No.	After the Revision	Before the Revision	Explanation for edition
	<p>writing of any material violation found.</p> <p>(3) Any violation <u>of the Procedures, due to conduct committed intentionally material negligence,</u> by the company's managers and persons-in-charge, <u>shall be subject to discipline in accordance with the relevant human resources articles or rules of the company.</u></p> <p>(Omitted)</p>	<p>writing of any material violation found.</p> <p>(3) Any violation of related regulations or the Procedures, by the company's managers and persons-in-charge, who make endorsements and guarantees, shall be subject to discipline in accordance with the condition of violation.</p> <p>(Omitted)</p>	
Article 14	<p>(Omitted)</p> <p>The 1st amendment was made on May 27, 2003.</p> <p>The 2nd amendment was made on June 9, 2006.</p> <p>The 3rd amendment was made on June 16, 2009.</p> <p>The 4th amendment was made on June 18, 2010.</p> <p>The 5th amendment was made on June 19, 2013.</p> <p>The 6th amendment was made on June 13, 2016.</p> <p>The 7th amendment was made on May 28, 2019.</p> <p>The 8th amendment was made on May 28, 2020.</p> <p><u>The 9th amendment was made on May 28, 2021.</u></p>	<p>(Omitted)</p> <p>The 1st amendment was made on May 27, 2003.</p> <p>The 2nd amendment was made on June 9, 2006.</p> <p>The 3rd amendment was made on June 16, 2009.</p> <p>The 4th amendment was made on June 18, 2010.</p> <p>The 5th amendment was made on June 19, 2013.</p> <p>The 6th amendment was made on June 13, 2016.</p> <p>The 7th amendment was made on May 28, 2019.</p> <p>The 8th amendment was made on May 28, 2020.</p>	Added amendment date

List of non-competition restrictions on directors

Director	Released restriction items
QISDA CORPORATION	<p>Director, BenQ Biotech (Shanghai) Co., Ltd</p> <p>Director, SIMULA TECHNOLOGY INC.</p> <p>Director, GOLDEN SPIRIT CO., LTD.</p> <p>Director, DATA IMAGE CORPORATION</p> <p>Director, Qisda Vietnam Co., Ltd</p>
Michael Lee	<p>Vice Chairman, DFI INC.</p> <p>Chairman, ACE PILLAR CO., LTD.</p> <p>Director, BENQ GURU (Hong Kong) Holding company</p>
Chi-Nan Tsai	<p>Chairman, ACE PILLAR CO., LTD.</p>
Chiu-Chin Hung	<p>Director, DARFON ELECTRONICS CORP.</p> <p>Director, ALPHA NETWORKS INC.</p> <p>Director, SIMULA TECHNOLOGY INC.</p> <p>Director, BENQ CORPORATION</p> <p>Director, Darly Venture Inc.</p> <p>Director, Darly2 Venture, Inc.</p> <p>Director, Darly Consulting Corporation.</p> <p>Director, BenQ Co., Ltd</p> <p>Director, BenQ Hospital Management Consulting (NanJing) Co., LTD.</p> <p>Director, NANJING BenQ Hospital Co., Ltd</p> <p>Director, Suzhou BenQ Hospital Co., Ltd.</p> <p>Director, Suzhou BenQ Investment Co., Ltd.</p> <p>Director, BenQ Biotech (Shanghai) Co., Ltd</p> <p>Director, TECH FILTER (Shanghai) CO., LTD.</p> <p>Director, BenQ (Hong Kong) Co., Ltd</p> <p>Director, Qisda Co., Ltd</p> <p>Director, BenQ BM Holding Corp.</p> <p>Director, BenQ BM (Cayman) Holding Corp.</p> <p>Director, QISDA (Malaysia) CORPORATION</p> <p>Director, QISDA (L) CORPORATION</p>
Wen-Hsing Tseng	<p>Director, BENQ GURU (Hong Kong) Holding company</p>
Chin-Lai Wang	<p>Independent Director, TATUNG CO.</p> <p>Director, GenomeFrontier Therapeutics, INC.</p>

SYSAGE TECHNOLOGY CO., LTD.
Rules and Procedures for Shareholders' Meeting

- Article 1: SYSAGE TECHNOLOGY CO., LTD. (the “Company”) shall convene the shareholders’ meeting in accordance with these Rules of Procedures (the “Rules”)
- Article 2: Shareholders attending at shareholders’ meetings shall wear attendance cards, and hand in a sign-in card in lieu of signing in.
- Article 3: The chairman of a shareholders’ meeting shall call the meeting to order at the time when the meeting is scheduled to commence, as the number of shares represented by the attending shareholders has constituted more than an aggregate of one half of the total outstanding shares issued. If the number of shares represented by the attending shareholders has not yet constituted more than an aggregate of one half of the total outstanding shares issued, the chairman may postpone the time for the meeting. The postponements shall only reach two times at most, and the meeting shall not be postponed for more than 20 minutes at the first time and 10 minutes at the second time in total. If after two postponements the shares represented by attending shareholders has not reached the quorum but has constituted more than one third of the total of outstanding shares issued, a tentative resolution may be passed in accordance with the article 175 of the Company Act.
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.
- Article 4: The meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, and the process of the meeting shall be audio and video recording as preserved for at least 1 year. The shareholders cannot designate any other person as the chairman and continue the meeting in the same or other place after the meeting is adjourned. 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.
- Article 5: When a shareholder attending a shareholders’ meeting wishes to speak, he or she should fill out a speech note with a summary of the speech, shareholder’s account number (or the number of attendance card) and the account name of the shareholder in advance. The sequence of speeches shall be determined by the chairman.
- Article 6: When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 7: The order in which shareholders speak will be set by the chair in discussion of the proposal. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- Article 8: Each preposition shall not exceed 5 minutes, and its discussion, inquiries, and replies shall not exceed 3 minutes; however, if permitted by the chairman, he or she shall draw the meeting out for another 3 minutes.
- Article 9: A person may not speak more than twice on the same proposal.

- Article 10: The chairman may announce end of discussion of an item listed in the agenda and submit the item for voting if the chairman deems that the item is ready for voting in discussion of the proposal.
- Article 11: When the company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
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.
- Article 12: The proposal shall be provided by correspondence means, when there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
The shareholders' proposals complying with the Article 172-1 of the Company Act, which are classified into the same category of the proposal submitted by the Board of Directors, shall be deemed as the amendment of the proposal submitted by the Board of Directors, and the Chairman may combine them into one proposal to deal with.
The Board of Directors is to state in the agenda manual why the proposals that are proposed before the meeting are not enlisted in the agenda of directors' meeting and the record of agenda.
- Article 13: Where it is impossible to continue proceeding with the meeting due to natural disasters (typhoon, flood, earthquake, etc.) or other accidents (an air-raid or fire alarm, etc.), the chairman the meeting should be stopped immediately or re-scheduled.
- Article 14: Any matters which are not adequately provided for herein shall be subject to the Company Act, the articles of incorporation.
- Article 15: The rules and any amendment shall take effect after being approved at the shareholders' meeting.
- Article 16: These rules and procedures were enacted on April 10, 2000.
The 1st amendment was made on May 27, 2002.
The 2nd amendment was made on June 9, 2006.
The 3rd amendment was made on June 28, 2017.

SYSAGE TECHNOLOGY CO., LTD.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The company is organized in accordance with the Company Act of R.O.C. and named 聚碩科技股份有限公司 in the Chinese language. The company Name in English shall be SYSAGE TECHNOLOGY CO., LTD (the "Company").

Article 2: The lines of business of the company shall include the following:

1. I301010 Software Design Services.
2. F113050 Wholesale of Computers and Clerical Machinery Equipment.
3. CC01050 Data Storage Media Units Manufacturing.
4. F118010 Wholesale of Computer Software.
5. F113070 Wholesale of Telecommunication Apparatus.
6. CC01060 Wired Communication Mechanical Equipment Manufacturing.
7. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
8. F401010 International Trade.
9. F213060 Retail Sale of Telecommunication Apparatus.
10. F218010 Retail Sale of Computer Software.
11. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
12. I301020 Data Processing Services.
13. I301030 Electronic Information Supply Services.
14. I601010 Rental and Leasing.
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Except described as the above, the company may operate the business items that are not prohibited or restricted by law.

Article 3: The company may, in line with its business needs, provide guarantees externally.

Article 4: The total amount of the company's investment is not subject to the restriction of Article 13 of the Company Act (It shall not exceed 40% of the amount of its own paid-up capital).

Article 5: The company shall have its registered head office in Taipei City, where necessary and with a resolution to do so by the Board of Directors (“Board”), set up branch offices either within or outside the territory of the Republic of China.

Chapter 2 Shares

Article 6: The authorized capital of the company is NTD 2.5 billion, divided into 0.25 billion shares, at a par value of NTD 10 per share.

The Board of Directors is authorized to issue the shares in installments, among which, NTD 0.3 billion, divided into 30 million shares, at a par value of NTD 10 per share is reserved as stock option, including employee stock option, equity warrant bonds, etc.

Article 7: The Corporation may issue shares without printing share certificate(s). If the Corporation decides to print share certificates, which shall be registered stock, for shares issued, the Corporation shall comply with relevant provisions of the company Law and relevant rules and regulations of the Republic of China.

Article 8: Share affairs shall be handled pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9: Registration for transfer of shares shall be suspended for a period of sixty days before the convention of an annual general meeting of shareholders, thirty days before an extraordinary general meeting of shareholders, or within five days before the base date on which the dividends, bonuses, or other interests to be paid out by the company.

Chapter 3 Shareholders' Meetings

Article 10: Shareholders' meeting shall be of two types, namely the annual and extraordinary general meeting of shareholders, with the former convened by the Board of Directors, in accordance with the law, regularly once a year within six months after the close of each fiscal year, and the later convened, in accordance with the law, when necessary. For the company, a notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. In case the company intends to convene a special meeting of shareholders, a meeting notice, including time, place and the reasons for convening a meeting, shall be given to each shareholder no later than 15 days prior to the scheduled meeting date.

Article 11: In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf in accordance with Article 177 of Company Act.

Article 12: Each shareholder of the company is entitled to one vote per share.

Article 13: Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. The company shall adopt the electronic transmission as one of the methods for exercising the voting power, in accordance with laws and ordinances.

Chapter 4 Directors

Article 14: Shareholders' meeting shall be chaired by the chairman of the board. In case the Chairman of the Board asks for leave or for other reason cannot exercise his power and authority, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act.

Article 15: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and be affixed with the signature or seal of the chairman of the meeting.

Article 16: The company shall have 7~11 directors to be elected at the shareholders' meeting from among the individuals of legal capacity, and eligible for re-election, with the term of three years. A candidate nomination system is adopted, and directors shall be elected from among the nominees listed in the roster of candidates of directors in the shareholders' meeting.

The company shall appoint independent directors, not less than three in number and not less than one-fifth of the total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, methods of nomination, and other matters for compliance with respect to Independent Directors shall be followed in accordance with the Rules for election of Directors and relevant laws.

The total shares held by the entire the Board of Directors of either directors shall not be less than a specified percentage in accordance with the regulation prescribed by the Competent Authority.

Article 16-1: The company shall establish the audit committee, based on Article 14-4 of securities and exchange Act. The audit committee or its members shall be responsible for executing the Company Act, securities and exchange Act, and other statute, and the authority of supervisors

Article 17: The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the company.

Article 18: Meetings of the Board of Directors shall be convened by the chairman of the Board of Directors. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of directors at a meeting attended by a majority of the directors. In case a director is absent for any reason, he/she may appoint another director to attend a meeting on his/her half.

The notice set forth in the preceding paragraph may be effected in writing, or by means of E-MAIL or facsimile.

Article 19: The Board of Directors is authorized to decide the compensation to all directors, the Board of Directors shall decide to provide transportation fees and purchase liability insurance for directors with reference to the standards of local and overseas industry.

Chapter 5 Managerial Officer

Article 20: The company may appoint a multiple number of managerial officers whose appointment, dismissal and compensations shall be conducted in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 21: After the close of each fiscal year, the Board of Directors shall provide and submit the following reports to the shareholders' meeting for acceptance in accordance with the legal procedures. 1. Business Report 2. Financial Statement 3. Proposals regarding earning distribution or loss offsetting.

- Article 22: The company, if profitable in the year, shall set aside no less than 8% of the profit as compensation for the employees and no higher than 2% as remuneration for the directors. However, the company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first.
- The company's earnings of the year, if any, shall be allocated to pay taxes and offset the accumulated losses from previous years first, and then set aside 10% as legal reserve. The company shall then appropriate a certain amount as special reserve in compliance with the company's operating requirements, applicable laws or regulatory requirements (Where such legal reserve amounts to the total paid-in capital, this provision shall not apply). The remaining earnings, if any, may be put together with the retained earnings from previous years and the adjustment amount of the undistributed earnings of the year; the sum of the above may be appropriated as dividends and bonuses according to the distribution proposal prescribed by the Board of Directors based on the actual needs after the proposal is submitted to and approved at the shareholders' meeting.
- Where the aforesaid earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution.
- Employee compensation mentioned in paragraph 1 shall apply to employees holding over 50% of total shares of the controlling company and subsidiaries.
- Article 22-1: The company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act.
- Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.
- Article 23: The company adopts a dividend distribution policy whereby only surplus profits of the company shall be distributed to shareholders, according to the company's earnings, capital structure, and operating requirements in the future. Where dividend is distributed in a mixture of cash and shares, the amount of cash dividends paid shall be no lesser than 20% of total dividends provided for the year.
- Article 24: To transfer shares to employees at less than the average actual share repurchase price, the company must have obtained the consent at the most recent shareholders' meeting pursuant to relevant laws and regulations.

Article 25: To issue employee stock warrants at less than average actual price, the company must have obtained the consent at the shareholders' meeting pursuant to relevant laws and regulations.

Chapter 7 Supplementary Provisions

Article 26: With regard to the matters not provided for in these Articles of Incorporations, the Company Act and other regulations shall govern.

Article 27: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

These Articles of Incorporation were enacted on April 8, 1998.

The 1st amendment was made on July 15, 1998.

The 2nd amendment was made on January 21, 1999.

The 3rd amendment was made on April 1, 1999.

The 4th amendment was made on June 10, 1999.

The 5th amendment was made on November 22, 1999.

The 6th amendment was made on April 10, 2000.

The 7th amendment was made on September 5, 2000.

The 8th amendment was made on March 27, 2001.

The 9th amendment was made on May 27, 2002.

The 10th amendment was made on May 27, 2003.

The 11th amendment was made on May 18, 2004.

The 12th amendment was made on June 13, 2007; however, for paragraph 1, subparagraph 2 of Article 22 shall apply on the announcement date(2008/01/01) by the competent authority.

The 13th amendment was made on June 13, 2008.

The 14th amendment was made on June 16, 2009.

The 15th amendment was made on June 18, 2010.

The 16th amendment was made on June 18, 2012.

The 17th amendment was made on June 23, 2014.

The 18th amendment was made on June 24, 2015.

The 19th amendment was made on June 13, 2016.

The 20th amendment was made on June 28, 2017.

The 21st amendment was made on May 28, 2019.

The 22nd amendment was made on August 1, 2019.

The 23rd amendment was made on September 26, 2019.

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

SYSAGE TECHNOLOGY CO., LTD.
Handling Procedures for Lending Funds to Other Parties or
Endorsement & Guarantee

Article 1: Purpose

The company shall comply with Article 36-1 of Securities and Exchange Act, and Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the securities regulatory authority as set forth below when lending funds to other parties.

Section 1 The Procedures for Lending Funds to Other Parties

Article 2: The party who may lend funds

1. Where an inter-company having a business relationship with the company.
2. Where an inter-company or inter-firm in need of funds for a short-term period, provided that such financing amount shall not exceed 40% of the lender's net worth.

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the company's short-term financing.

The restriction in paragraph 2 shall not apply to inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the company by any overseas company in which the company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans in accordance with Article 4 and 5, subparagraph 4.

If the company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the requirements of Article 4, paragraph 3, the restriction in paragraph 2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100% of its net worth.

When a responsible person of a company violates Article 2, paragraph 1, 2 or the provision of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers

damage, the responsible person also shall be liable for damages.

Article 3: The reasons and necessity for Lending Funds to Other Parties

The company shall loan funds due to an inter-company or inter-firm business transaction calls for a loan arrangement, in accordance with Article 4, paragraph 3; due to the short-term financing for a loan arrangement, which is necessary, except under the following circumstances:

1. The company that directly or indirectly holds 50% of the company is required to loan funds due to the short-term financing for a loan arrangement.
2. An inter-company or inter-firm business transaction calls for a loan arrangement due to the purchase of materials or business turnover.
3. Other matters regarding with lending loans to others resolved by the Board of Directors.

Article 4: The aggregate amount of loans and the maximum amount permitted to a single Borrower

1. Where the total balance amount of the loaning fund of the company shall not reach more than 40% of the net worth of the company indicated in the latest financial statement (“the net worth of the financial statements”), which is reviewed or audited by CPA.
2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 20% of the lender's net worth, and loans extended by the company or any of its subsidiaries to any single entity shall not exceed 20% of the net worth on the most current financial statements of the lending company.
3. The total amount for lending to a company having a business relationship with the company shall not exceed 20% of the net worth of the company and shall not exceed the total transaction amount of the sales or purchasing amount between the parties, whichever is higher, between the parties during the period of the recent year prior to the time of lending.
4. Should a borrower no longer meet the criteria set forth in the relevant regulations and/or these Procedures or should there be any excess over the lending limit due to unexpected changes of the company, a corrective plan must be provided to the Audit Committee and the proposed correction actions shall be implemented within the period specified in such plan.

For fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the company, or fund-lending to the company by offshore subsidiaries whose voting shares are 100%

owned, directly or indirectly, by the company, the total amount for such fund-lending for a short-term period shall not be subject to the limit of 40% of the lender's net worth, and the total amount for lending to a company in need of funds shall not exceed 20% of the lender's net worth. Furthermore, the term of each loan extended by the company shall not exceed 180 days; under special circumstances, the company may adjust the term of each loan, which shall not exceed 1 year, with the approval of the Board of Directors.

If the company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply with the self-regulatory rules, and has complied with the Procedures for Lending Funds to Other Parties of Article 5, the company shall perform enhanced risk assessment for, respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group and the restriction shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 40% of the lender's net worth, and the total amount for lending to a company in need of funds shall not exceed 20% of the lender's net worth.

Article 5: The procedure of lending loans to others

1. Credit checking

After receiving the application for lending of funds, the company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability, and intended usages of funds. The extents of impact of the company's aggregate amount, term and the method of the calculation of interest rates of funds lent on the company's operational risks, financial conditions, shareholders' equity and the value of collateral provided shall all so be taken into consideration, and prepare a written report.

2. Protection

To ensure and protect the creditor's rights, the borrower shall issue a guarantee promissory note in the same amount of funds lent to the company. In addition to providing the guarantee promissory note in the preceding paragraph, if the Board of Directors deemed necessary, the borrower shall provide collateral equivalent to the financing amount for protecting the integrity of the rights. For collateral of the creditor's rights in the preceding paragraph, if the borrower provides a person or company with considerable financial resources and credit as a

guarantee, instead of providing collateral, the Board of Directors may reference opinions of credit checking from the company's division in charge. If the company is the guarantor, the guarantor company must set the terms of the guarantee in the company's Articles of Incorporation, and shall submit meeting minutes of resolution of the relevant matters to the shareholders meeting.

3. The scope of authorization

The company shall loan Funds or lend short term loans, only after carefully evaluation by divisions in charge, submitting it for approval by Chairman and resolving upon by the Board of Directors. The company shall not empower any other person to make such decision. However, a material monetary loan shall be approved by the Audit Committee and report to the Board of Directors for a resolution, in accordance with relevant regulations.

Loans of funds between the company and its subsidiaries, or between subsidiaries shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

Except for short-term financing is needed, the limits as the above-mentioned for fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the company, the total amount for lending to a company in need of funds shall not exceed 10% of the lender's net worth.

Where the company has appointed independent directors, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors meeting.

4. The term of lending loan and method of calculation of interest rates

(1) The term of each loan extended by the company shall not exceed 180 days; under special circumstances, the company may adjust the term of each loan, which shall not exceed 1 year, with the approval of the Board of Directors.

(2) The interest rate shall be determined on the basis of the company's funding costs and adjusted accordingly, but in no event shall it be lower than the company's highest short-term bank borrowing rate at the time of lending. The interests shall be calculated on a monthly basis. under special circumstances, the company shall adjust the interest rate, with the approval

of the Board of Directors.

5. Follow-up control measures and overdue creditor's rights processing procedures
 - (1) After the loan is released, the company should always pay attention to the financial, business and credit status of the borrower's guarantor. If there is any collateral, it should pay attention to the change of the guarantee value. In the event of a major change, the chairman shall be reported immediately and give instructions for proper handling.
 - (2) When the borrower repays the loan when it is due before the due date, the borrower shall first calculate the interest payable, pay the interest together with the principal, and the debt certificate such as the promissory note and the debit shall be written off and returned to the borrower. or revoke the mortgage.
 - (3) When the loan is due, the borrower shall pay off the principal and interest. If the borrower fails to repay at the maturity date, the extension per transaction shall be no more than 3 months and only 2 extension will be granted. If the borrower fails to comply with the requirement, the company may penalize and charge the collateral or guarantor provided by the borrower, and interest will be calculated in the penalty. If the borrower needs to re-lend the loans, the borrower shall re-apply again.
6. Internal control
 - (1) The Financial sector shall prepare a memorandum book for its fund loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and the evaluation and credit checking, etc.
 - (2) The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
 - (3) Any violation of related regulations or the Procedures, by the company's managers and persons-in-charge, shall be subject to discipline in accordance with the condition of violation.

Article 6: Public Announcement and Declaration

1. The company shall announce and report the loaning fund made by the company and subsidiaries in the previous month by the 10th day of the following month.
2. The company whose loans of funds reach one of the following levels shall

announce and report such event within two days from its occurrence.

- (1) Where the balance amount of the loaning fund of the company and its subsidiaries to others reaches more than 20% of the net worth of the company indicated in the latest financial statement.
 - (2) Where the balance amount of the loaning of funds of the company and its subsidiaries to one single entity reaches more than 10% of the net worth of the company indicated in the latest financial statement.
 - (3) Where the newly increased amount of the loaning fund of the company and its subsidiaries reaches more than NT\$ 10 million and reaches more than 2% of the net worth of the company indicated in the latest financial statement.
3. The company shall announce and report on behalf of any subsidiary of the company that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report according to the requirements specified in Subparagraph 3 of the preceding paragraph.

Article 7: Other Matters

1. Control procedures on Fund Lending to Subsidiaries
 - (1) If a subsidiary of the company intends to lend funds to others, the company shall require its subsidiaries to establish relevant procedures for lending funds in accordance with the Procedure and to comply with such procedure. As a subsidiary of the company lends loans to others, it shall comply with the procedures for lending funds to other parties.
 - (2) As a subsidiary of the company lends loans to others, it shall announce the balance of loans of the previous month to the company on the 10th date of each month.
 - (3) When the auditing office of the company perform the annual audit plan in auditing its subsidiaries, they also have to realize the implementation status of procedures for lending funds to other parties by the subsidiaries. If any fault is found the rectifying status shall be tracked continually, and a follow up report shall be made and reported to the Chairman.
 - (4) The subsidiaries are defined by Regulations Governing the Preparation of Financial Reports by Securities Issuers
 - (5) Where the company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. The company shall make sufficient provision based on the lending profile, adequately disclose information in the financial statements, and provide CPAs with necessary information for conducting due auditing.

Section 2 The Procedures for Endorsement & Guarantee

Article 8: The Scope of endorsement & guarantee

1. Endorsements and guarantees in connection with financing:

- (1) Made for financing in connection with discounts on customer's check.
- (2) Endorsements or guarantees made for the financing needs of another company.
- (3) Negotiable instruments issued in favor of a non-financial institution as collaterals for the company's financing purpose.

2. Customs duty endorsements and guarantees:

Endorsements or guarantees made for the company itself or other companies relating to the customs duties payable by the company or other companies.

3. Other endorsements and guarantees: Any endorsements or guarantees provided for the purposes outside the scope as mentioned in the preceding two items.

4. The creation of a pledge or a mortgage over the company's personal or real property as collateral for the loans borrowed by other companies shall also be governed by the Operating Procedures.

Article 9: Endorsement guarantee party

The company must provide endorsement guarantee to the following companies:

1. A company with business relationships.
2. Subsidiaries that it directly or indirectly holds more than 50% of voting rights.
3. The parent company that holds more than 50% of voting rights of the company or through subsidiaries.

Endorsement guarantee among companies that the company directly and indirectly holds over 90% of the voting shares.

Where the company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such

endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

The above-mentioned capital contribution refers to the direct capital contribution of the company or through a company that it holds 100% of the voting shares.

Article 10: Amount limitations of Endorsements/Guarantees

1. The aggregate balance of endorsements/guarantees by the company shall not exceed 40% or more of the company's net worth as stated in its latest financial statement. The balance of endorsements/guarantees by the company for a single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.
2. The aggregate balance of endorsements/guarantees by the company and its subsidiaries shall not exceed 40% or more of the company's net worth as stated in its latest financial statement. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise shall not exceed 20% or more of the company's net worth as stated in its latest financial statement.
3. Endorsements/guarantees of the company and its subsidiaries made to a single enterprise during the course of business dealings, which refer to purchase amount or sales amount of the goods between the parties, whichever is higher, should not exceed the sum of the previous years' business dealings between the two parties.
4. Endorsement and/or guarantee may be provided between the subsidiaries that the company is directly and indirectly holding 90% of voting shares, and the amount shall be restricted to 10% of the net worth in the latest financial statement of the company, unless endorsement and/or guarantee is provided between the subsidiaries that the company is directly and indirectly holding 100% of voting shares.
5. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

Article 11: The procedure of Endorsements/Guarantees

1. Credit checking
After receiving the application for making endorsement/guarantee, the company's division in charge shall investigate and evaluate the necessity

and reasonableness of making endorsement/guarantee, credit checking and risk assessment of the endorsement guarantee party, and its effects on the company's operational risks, financial conditions, shareholders' equity, Any guarantee amount to a single enterprise is no more than 0.1 billion, the Chairman may firstly make decision by himself and afterwards it shall be submitted to the Board of Directors for sealing and signing notes. A material endorsement, or provision of guarantee shall be approved by the Audit Committee and report to the Board of Directors for a resolution.

2. Protection

If necessary, the company shall receive collateral and evaluate its values as making endorsement/guarantee for protecting the company's rights.

3. The scope of authorization

- (1) If the company intends to provide any endorsement/guarantee, it has to be presented to the Board of Directors for approval and a resolution. However, any guarantee amount to a single enterprise is no more than 0.1 billion, the Chairman may firstly make decision by himself and afterwards it shall be submitted to the Board of Directors for pursuing recognition.

However, a material endorsement, or provision of guarantee shall be approved by the Audit Committee and report to the Board of Directors for a resolution, in accordance with relevant regulations. Before making any endorsement/guarantee, a subsidiary in which the company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution. This restriction shall not apply to endorsements/guarantees made between companies in which the company holds, directly or indirectly, 100% of the voting shares. Where the company has appointed independent directors, when it loans funds to others, it shall take into full consideration each independent director's opinions for discussion by Board of Directors; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

- (2) When the company needs to exceed the limits set out in the Procedures to satisfy its business requirements, provided that the conditions set forth in the Procedures are complied with, the company shall obtain approval from the Board of Directors and over half of all the directors shall also jointly endorse the potential loss that may be brought about by the exceeding of the limits. The Procedures should be amended accordingly and the

amendment should be submitted at the shareholders' meeting for approval. If the shareholders do not approve, the company shall adopt a plan to discharge the amount in excess within a given time limit. Where the company has appointed independent directors, when it loans funds to others, it shall take into full consideration each independent director's opinions for discussion by Board of Directors; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

4. Follow-up control measures and overdue processing procedures for endorsement/guarantee
 - (1) After the loan is released, the company should always pay attention to the financial, business and credit status of the borrower's guarantor. If there is any collateral, it should pay attention to the change of the guarantee value. In the event of a major change, the chairman shall be reported immediately and give instructions for proper handling.

In case the company desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the division in charge shall establish control measures, and report the Board of Directors for the assessment of the amount for endorsement and guarantee.

For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving any subsidiaries endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.

As the endorsements and guarantees cases is expired, the division in charge shall cancel the cases.

- (2) As for requirements of the guaranteed company or the company regarding with cancellation of endorsements and guarantees, the division in charge shall assure the guaranteed company would be so exempt if the guarantee liabilities were applied to the company.
- (3) As for the endorsements and guarantees cases is canceled, the division in charge shall register this in the reference book in order to reduce the amount of the endorsement/ guarantee.

5. Internal control

- (1) The Financial sector shall prepare a memorandum book for its endorsements and guarantees activities and truthfully record the following

information: the name of company receiving endorsements and guarantees, amount, date of approval by the Board of Directors, date of endorsement and guarantee and date and conditions for lifting of guarantee responsibilities, etc.

- (2) The company 's internal auditors shall audit the Operational Procedures for Endorsements and Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
- (3) Any violation of related regulations or the Procedures, by the company's managers and persons-in-charge, who make endorsements and guarantees, shall be subject to discipline in accordance with the condition of violation.

6. Procedures for Use and Custody of Corporate Seal

- (1) The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors and may be used to seal or issue negotiable instruments only in the company's procedures for approval. As the designated person assigned or being personnel change, it shall be approved by the Board of Directors.
- (2) For guarantees to foreign companies, the letter of guarantee should be signed by Chairman or other personnel who is authorized by the Board of Directors.

Article 12: Procedure of announcement

1. The company shall, in the case of public offering, except publishing before the 10th day of each month the endorsement guarantee balance of the company and its subsidiaries in the public information observatory in the previous month.
2. when the amount of endorsements and guarantees reaches any of the following thresholds, the company shall make the public announcement and reporting within two days commencing from the date of occurrence of such event:
 - (1) The total endorsement guarantee amount of the company and subsidiaries reaches over 50% of the net value in the most recent financial statements of the company.
 - (2) The endorsement guarantee amount of the company and subsidiaries to a single enterprise reaches over 20% of the net value in the most recent

financial statements of the company.

- (3) The endorsement guarantee amount of the company and subsidiaries to a single enterprise reaches more than NT\$10 million and the total of the endorsement guarantee amount, the investment book amount of with the equity method and capital loan balance reaches over 30% of the net value in the most recent financial statements of the company.
 - (4) The new endorsement guarantee amount of the company and subsidiaries reaches more than NT\$30 million and over 5% of the net value in the most recent financial statements of the company.
3. If subsidiaries of the company are not domestic public-listed companies, and they have matters that shall be announced in accordance with the paragraph 4 of the preceding Item, the announcement shall be made by the company.

Article 13: Other Matters

1. Control procedures for endorsement and guarantee to subsidiaries:
 - (1) If a subsidiary of the company intends to make endorsements or guarantees for others, the company shall require its subsidiaries to establish relevant procedures for endorsements or guarantees in accordance with the Procedure and to comply with such procedure. As a subsidiary of the company makes endorsements or guarantees for others, it shall comply with the procedures for Endorsements or Guarantees.
 - (2) As a subsidiary of the company makes endorsements or guarantees for others, it shall announce the balance of loans of the previous month to the company on the 10th date of each month.
 - (3) The subsidiaries are defined by Regulations Governing the Preparation of Financial Reports by Securities Issuers
 - (4) Where the company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. The company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide CPAs with relevant information for implementation of necessary audit procedures.

Article 14: Effectiveness and Amendment

This handling procedure shall be approved by at least one-half of the members of the Audit Committee; after passage by the board of directors, it shall obtain an approval by the shareholders' meeting. In the event that the preceding does not obtain at least one-half of the approval of the Audit Committee, it shall then ask for the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board's Meetings; then, these Procedures shall enter into effectiveness after ratification of the shareholders' meeting. where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting. The same shall apply to any amendments to the procedures.

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

For discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the Board of Directors meeting.

The 1st establishment was made on May 27, 2003.

The 2nd amendment was made on June 9, 2006.

The 3rd amendment was made on June 16, 2009.

The 4th amendment was made on June 18, 2010.

The 5th amendment was made on June 19, 2013.

The 6th amendment was made on June 13, 2016.

The 7th amendment was made on May 28, 2019.

The 8th amendment was made on May 28, 2020.

Appendix 4

SYSAGE TECHNOLOGY CO., LTD.
Shareholding of Directors

2021/3/30

Title	Name	Date Elected	Term	No. of Shareholding (Note)	Shareholding %
Chairman	Qisda Corporation Representative: Michael Lee	2019.9.26	3	96,841,239	51.41
Director	Qisda Corporation Representative: Shu-Erh Kuo				
	Qisda Corporation Representative: Chiu-Chin Hung				
	Qisda Corporation Representative: Chi-Nan Tsai				
	Qisda Corporation Representative: Wen-Hsing Tseng				
Independent Director	Wen-Tsung Wang			—	—
	Chin-Lai Wang				
	Shan-Kuei Lai				
The minimum shareholding of all directors				11,301,440	6.00
Total shareholding of all directors				96,841,239	51.41

Note : As of the book closure date of the shareholder's meeting, shareholding information was as the above.