

Catalog

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Chapter 1. Agenda of the regular shareholders' meeting

Mildef Crete Inc. Agenda of 2022 ordinary shareholders' meeting

- I. Time: 9:00 a.m. on Thursday, June 9, 2022
- II. Location: 7 / F, No. 250, section 3, Beishan Road, Shengkeng District, Xinbei City
(education and training center of the company)
- III. Announce the meeting
- IV. Address by the chairman
- V. Reporting matters
 - (I) 2021 annual operation report
 - (II) Report of the Audit Committee on the examination of the final accounts of 2021
 - (III) Report on remuneration distribution of directors and employees in 2021
- VI. Recognition matters
 - (I) 2021 annual operation report and financial statement
 - (II) 2021 earnings distribution project
- VII. Discussion items
 - (I) Revision to "procedures for acquisition or disposal of assets"
- VIII. Provisional motion
- IX. Adjourn the meeting

Chapter 2. Reporting matters

Proposal I

Proposal cause: To the board of the "2021 Annual Operation Report".

Note: Please refer to Annex I on #pages5# ~#page6# of this manual.

Proposal II

Proposal cause: To the board of the "Audit Committee Reviewing the Report on the Final Accounts of 2021".

Note: Please refer to #page7#, Annex II of this manual.

Proposal III

Proposal cause: To the board of the "Report on Remuneration Distribution of Directors and Employees in 2021".

- Note:
- I. It shall handle under Article 20 of the articles of association.
 - II. The profit in 2021 was NT \$844,830,560 (i.e. the profit before tax deducting the profit before distributing the remuneration of employees and directors), and 0.8655% of the remuneration of directors was NT \$7,312,233 and 5.00% of the remuneration of employees was NT \$42,241,528, all of which was paid in cash.
 - III. There is no difference between the above allocation amount and the estimated amount of listed expenses in 2021.

Chapter 3. Recognition matters

Proposal I (proposed by the board of directors)

Proposal cause: To the board of the "2021 annual operation report and financial statements are hereby for list".

- Note:
- I. The balance sheet, comprehensive income statement, statement of changes in equity, and cash flow statement for 2021 have been audited by Wei- Ming Shi and Mei-Yan Chen of KPMG.
 - II. Please refer to #page5#- #page6# and Annex I of this manual for the attached operation report for 2021.
 - III. Please refer to Annex III on #pages8# to #page22# of this manual for the attached CPA audit report and independent and consolidated financial statements for 2021.

Resolution:

Proposal II (proposed by the board of directors)

Proposal cause: To the board of the "2021 earnings distribution proposal is hereby submitted for list".

- Note:
- I. Please refer to Annex IV on #page23# of this manual for the statement of earnings distribution in 2021.
 - II. The cash dividend to be distributed to shareholders is NT \$217,136,524, with an allotment of NT\$3.7 per share, calculated to yuan (rounded off below yuan), and the total amount of the abnormal amount included in the other income of the company. After the resolution of the shareholders' meeting is passed, the chairman shall be authorized to set the benchmark date of interest distribution, payment date, and other relevant matters.
 - III. It proposes to request the shareholders' meeting to authorize the chairman to adjust it if the earnings referred to in the preceding paragraph changes due to the change of the company's share capital, which affects the number of outstanding shares and changes the interest distribution rate.

Resolution:

Chapter 4. Discussion items

Proposal I (proposed by the board of directors)

Proposal cause: To the board of the revision to the "procedures for the acquisition or disposal of assets" is hereby proposed for discussion.

Note: It is proposed to amend some provisions of the company's "procedures for the acquisition or disposal of assets" to comply with relevant regulations; Please refer to Annex V on #page24# ~ #page28# of this manual for the comparison table of articles before and after revision.

Resolution:

Chapter 5. Provisional motion

Chapter 6. Adjourning meeting

Chapter 7. Annexes

Annex I

Mildef Crete Inc. 2021 Annual operation report

Dir sir/madam, shareholders, investors, and distinguished guests. I'm glad to pay attention to and review the performance of Mildef Crete Inc. in 2021.

In a year of great changes in 2021, the epidemic continues to burn and wreak havoc in the world, human beings are continuously fighting against the novel coronavirus. Although the vaccine has been put on the market and the vaccination rate in various countries has gradually increased, it still cannot be restored. The global COVID-19 has claimed more than 5.8 million lives at the point time of preparing the annual report, and there is still panic.

This is a challenging year. In 2021, the Mildef Crete system department needs to face several global challenges at the same time: 1 The tight global supply chain has not improved, the supply of semiconductor chips is tight, and the price remains high. 2. The maintenance of high logistics and shipping prices has not eased, and shipping has also increased the transportation cycle time affected by the epidemic in various regions. 3. Inflation is happening. The international oil price has reached a new high this year due to the tense situation in Ukraine, which will then affect the expenditure in other supply chains. It is conceivable that the development of these international economic forms will affect the Mildef Crete systems division in 2021. After the system operation division reached a new high in 2020, the revenue fell slightly in 2021. However, we are confident in achieving growth in 2022 through the efforts of our global partners.

Based on 2020, the Mildef Crete channel operation division will continue to maintain a record-high revenue and profit. It shows that the company's basic strength accumulated hard in the Taiwan market in the past is as strong as a rock and stands out in adversity. I would like to thank all colleagues of the company and shareholders who support us.

Although there are many uncertainties in the international situation, the Mildef Crete still does not forget our fundamentals. This year, the factory manufacturing department has added a lot of new equipment and new manufacturing processes to meet the needs of the market. The company cannot relax in the face of quality and added the production control ERP system. We believe that only with high-quality products, our customers will be confident to obtain more market trust and cooperation opportunities.

Human beings are particularly vulnerable in the face of the epidemic, but we believe that the epidemic will eventually pass and leave an end in history. The company is confident in challenging the market, continues to challenge the revenue in the volatile market, and look for profit opportunities.

The overall financial performance of the company in 2021 is as follows:

I. Financial performance

(I) Operating results:

The consolidated turnover of the Mildef Crete in 2021 was NT \$2.81 billion, a decrease of 5.70% compared with 2.98 billion in 2020; The after-tax earnings attributable to the parent company was NT \$638 million, an increase of 97.52% over NT \$323 million in 2020.

(II) Financial revenue and expenditure (consolidated company):

Unit: NT \$1000

Item	2021	2020	Increase (decrease) ratio (%)
Operation interests	324,548	371,213	(12.57)
Net non-operating income and expenditure	484,629	50,543	858.84
Net profit before tax	809,177	421,756	91.86
After-tax earnings per share	10.87	5.51	97.28

(III) Profitability (consolidated companies):

Item		2021	2020
Return on assets (%)		24.51	14.56
Return on shareholders' equity (%)		34.25	21.04
Ratio to paid-in capital (%)	Operation interests	55.30	63.25
	Net profit before tax	137.88	71.87
Net profit rate (%)		22.95	11.07
Retroactive adjustment of earnings per share (NT\$ 1000)		10.87	5.51

II. Research and development

The research and development cost in 2021 is NT\$65.5 million, a decrease of 9.28% compared with NT\$72.2 million in 2020; It mainly aims the upgrading the existing model platform and the development of special models for regional customers. There are 14 series products that have been developed and started to prepare as Android platform products. We also invested in R & D for the preparation of the new market and began to develop targeted products for the mining market.

III. Operation project and future development strategy

The laptop channel operation division has achieved a stable market share in a year when the market is full of an epidemic this year. The company has increased in the laptop channel due to the surge in the home office and education market. The company still strives to provide services on infrastructure construction. For example, we hope to combine the upstream brand resources with the valuable service of the Mildef Crete through the maintenance serviceability of laptops and the pre-sales and after-sales education and training of customer service to provide consumers with comprehensive and professional laptop services, to improve operation sales.

The system operation division released the launch of 14 series models of this year's new products, injecting new impetus into the market and partners and stimulating customized demand services. The system operation department continuously updates the equipment in the plant at the same time, replaces the old equipment, and purchases new equipment to strengthen the production capacity of the system. We have strengthened the production and manufacturing ERP system, strengthened the quality control, provided optimization and change rate for customized production, and greatly improved the efficiency of production. We are preparing handheld products for the Android system platform in terms of technical extension, constantly strengthening our integration ability, providing customized solutions for customer application devices on different operating systems, and providing one-stop services for customers.

We continue to invest in new markets. Market research, personnel investment, and product development are all in progress simultaneously. The core value of the system division is that we can provide customized products under customer needs. Many products in the market can

not meet the application needs of special industries. The Mildef Cretes can provide customers with complete product solutions. The global customer system is also the strategic goal of the Mildef Crete. It is not only the challenge of constantly expanding new fields, but also the growth space in the future.

IV. Affected by the external tense environment and the overall operation environment

The company's operation is guided by the highest guiding principle of conscience and complies with relevant regulations at home and abroad. The management team also continues to pay close attention to any changes in policies and laws that may affect the company's finance and business as a business reference. It also cooperates with professional institutions to pay close attention to the development of relevant regulations, and immediately adjust the strategy to meet the needs of the operation.

V. Prospect

All our colleagues will work harder to develop new markets and industries, continue to expand marketing, and pursue a sustainable profit model with excellent quality and the belief of serving customers as the core for giving back the support of shareholders, customers, and suppliers.

Thank you!

Best wishes

Good health and good luck

Chairman:
Yi Tong Shen,

General Manager:
Yi Tong Shen,

Accounting Supervisor:
Ya Ping Liu

Mildef Crete Inc.

Audit Committee Review Report

The board of directors prepared the company's 2021 annual operation report, independent and consolidated financial statements, and earnings distribution proposal, among which the independent and consolidated financial statements were audited by CPA Wei- Ming Shi and CPA Mei-Yan Chen of KPMG and issued an audit report. The above-mentioned operation report, independent and consolidated financial statements, and earnings distribution proposal are not inconsistent after examination by this audit committee. To the board of that, a report shall be prepared under Article XIV-IV of the securities and exchange law and Article CCXIX of the company law if there is no discrepancy.

Sincerely

2022 ordinary meeting of shareholders of the Mildef Crete Inc.

Auditor Jun- Ming Wang

Auditor Xiao- Long Feng

Auditor Yong- Cheng Chen

Accountants' Audit Report

To the Board of Directors of Mildef Crete Inc.

Opinion

We have audited balance sheets of Mildef Crete Inc. as of December 31, 2021 and 2020, as well as statements of comprehensive income, changes in equity and cash flows for 2021 and 2020 from January 1 to December 31, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned standalone financial statements have been prepared in all material aspects according to the the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present financial position of Mildef Crete Inc. as of December 31, 2021 and 2020, its financial performance and cash flow for the periods from January 1 to December 31, 2021 and 2020.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of Mildef Crete Inc. for the year 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (7) to the standalone financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the standalone financial statements; concerning provision for inventory write-down, refer to Note 6 (4) to the standalone financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower. Mildef Crete Inc. is engaged in manufacturing and selling rugged computers. Generally, lifecycle of rugged computers is long. In consideration of businesses, inventories shall be maintained for certain key components in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of important matters for evaluation in our audit of financial statements of Mildef Crete Inc.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging report; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc.; and evaluating appropriateness of the past provision for obsolete and slow-moving inventories by the management.

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

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

In preparing the standalone financial statements, management is responsible for assessing ability of Mildef Crete Inc. 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 Mildef Crete Inc. or to cease operations, or has no realistic alternative but to do so.

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

Accountants' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 a material misstatement will be always detected in an audit conducted in accordance with the generally accepted auditing standards when it exists. Misstatements might arise from fraud or error. They 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 standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Mildef Crete Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Mildef Crete Inc. 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 standalone 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 Mildef Crete Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including related notes, and whether the standalone 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 invested companies by equity method to express an opinion on the standalone financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion issued in respect of the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of 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 standalone financial statements for the year 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Accountant:

Competent Securities Authority's . Jin Guan Zheng Liu Zi No.0950103298
Approval Document No. (88) Tai Cai Zheng (Liu) No.18311
March 17, 2022

Mildef Crete Inc.

Balance Sheets

For Years 2021 and 2020 Ended on December 31, 2020

Unit: In Thousands of New Taiwan Dollars

Assets		110.12.31		109.12.31		Liabilities and equity		110.12.31		109.12.31				
		Amount	%	Amount	%			Amount	%	Amount	%			
Current assets:						Current liabilities:								
1100	Cash and cash equivalents (Note 6 (1))	\$	445,347	15	313,124	14	2130	Contract liabilities - current (Notes 6 (15) and 7)	\$	263,911	9	222,333	10	
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))		120,065	4	120,035	5	2150	Notes payable		21,810	1	43,810	2	
1150	Net notes receivable (Note 6 (3) (15))		65,356	2	23,353	1	2170	Accounts payable (Note 7)		113,295	3	104,049	4	
1180	Accounts receivable - related parties (Note 6 (3) (15) and (7))		6,376	-	163,116	7	2209	Accrued expenses (Note 6 (16))		107,661	4	108,052	5	
130X	Inventories (Note 6 (4))		930,250	33	875,136	39	2220	Other payables-related party (Note 7)		-	-	900	-	
1476	Other financial assets - current (Note 6 (1))		246,020	8	255,020	11	2230	Current income tax liabilities		54,074	2	45,573	2	
1479	Other current assets		18,260	1	15,808	1	2280	Lease liabilities-current (Note 6 (9))		19,598	1	16,834	1	
	Total current assets		1,831,674	63	1,765,592	78	2399	Other current liabilities		391	-	352	-	
Non-current assets:						Total				580,740		20	541,903	24
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))		724,022	25	23,431	1	Non-current liabilities:							
							2552	Provisions for warrant liabilities (Note 6 (10))		4,535	-	7,796	-	
							2570	Deferred income tax liabilities (Note 6 (12))		137,055	5	49,271	2	
1550	Investments accounted for using the equity method (Note 6 (5))		26,289	1	159,339	7	2580	Lease liabilities-non-current (Note 6 (9))		14,221	-	4,219	-	
1600	Property, plant and equipment (Notes 6 (6) and 7)		220,590	8	221,944	10	2640	Net defined benefit liabilities-non-current (Note 6 (11))		52,983	2	57,819	3	
1755	Right-of-use assets (Note 6 (7))		33,816	1	20,948	1		Total non-current liabilities		208,794	7	119,105	5	
1780	Intangible assets (Note 6 (8))		7,765	-	4,114	-		Total		789,534	27	661,008	29	
1840	Deferred income tax assets (Note 6 (12))		66,544	2	65,388	3	Equity (Notes 6 (2) and (13)):							
1900	Other non-current assets (Note 8)		5,051	-	4,855	-	3100	Share capital		586,855	20	586,855	26	
	Total non-current assets		1,084,077	37	500,019	22	3200	Capital surplus		72,650	2	72,650	3	
							3300	Retained earnings		1,361,658	47	990,039	44	
							3400	Other equity		105,054	4	(44,941)	(2)	
								Total equity		2,126,217	73	1,604,603	71	
								Total liabilities and equity	\$	2,915,751	100	2,265,611	100	
Total		\$	2,915,751	100	2,265,611	100								

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Mildef Crete Inc.
Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (15) and 7)	\$ 2,807,558	100	2,975,826	100
5000	Operating costs (Notes 6 (3) (4) (6) (7) (8) (10) (11) (16), 7 and 12)	2,217,965	79	2,318,721	78
	Gross operating profit	589,593	21	657,105	22
5910	Minus: Realized gain from sales	(4,488)	-	(1,636)	-
	Realized gross operating profit	594,081	21	658,741	22
	Operating expenses (Notes 6 (6) (7) (8) (9) (11) (16), 7 and 12)				
6100	Selling and marketing expenses	182,778	6	190,601	6
6200	General and administrative expenses	42,356	2	43,141	1
6300	Research and development expenses	65,491	2	72,224	3
	Total operating expenses	290,625	10	305,966	10
	Net operating profit	303,456	11	352,775	12
	Non-operating income and expenses:				
7100	Interest income (Note 6 (17))	8,233	-	8,155	-
7010	Other income (Note 6 (9) and (17))	10,456	-	10,814	-
7020	Other gains and losses (Note 6 (17) and (18))	(5,371)	-	(9,858)	-
7375	Share of the profit of subsidiaries and associates accounted for using the equity method (Note 6 (5))	(17,800)	-	49,734	2
7225	Gains on disposal of investments (Note 6 (5))	496,607	18	-	-
7510	Finance costs (Note 6 (9) and (17))	(304)	-	(334)	-
	Total non-operating income and expenses	491,821	18	58,511	2
	Net profit before tax	795,277	29	411,286	14
7950	Minus: Income tax expense (Note 6 (12))	157,085	6	88,014	3
	Current net profit	638,192	23	323,272	11
8300	Other comprehensive income/(loss):				
8310	Items not reclassified as income and loss				
8311	Remeasurement of defined benefit plans (Note 6 (11) (13))	1,688	-	(5,334)	-
8316	Unrealized returns on equity investments at fair value through other comprehensive income/(loss) (Note 6 (13) (18))	166,995	6	25,838	1
8349	Minus: Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 6 (12))	33,486	1	(1,066)	-
	Total amount of items not reclassified to profit or loss	135,197	5	21,570	1
8360	Items that may be reclassified subsequently to profit or loss				
8380	Amount of other comprehensive income/(loss) of affiliates accounted by equity method (Note 6 (5) (13))	14,798	-	8,605	-
8399	Minus: Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total amount of items that may be reclassified subsequently to profit or loss	14,798	-	8,605	-
8300	Other comprehensive income/(loss)	149,995	5	30,175	1
	Total amount of other current comprehensive gains and losses	\$ 788,187	28	353,447	12
	Earnings per share (NT\$: Note 6 (14))				
	Basic earnings per share	\$ 10.87		5.51	
	Diluted earnings per share	\$ 10.72		5.40	

(For details, please refer to notes to the standalone financial statements)

Chairman:
Shen-Yi Tung

Manager:
Shen-Yi Tung

Accounting Manager:
Liu-Yaping

Mildef Crete Inc.
Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

							Other Equity Items				
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Other comprehensive income (loss) of associates recognized by equity method	Unrealized income/(loss) in financial assets at fair value through other comprehensive income/(loss)	Defined benefits Planned remeasure ment	Total	Total equity
Balance on January 1, 2020	\$ 586,855	72,650	393,749	35,482	461,174	890,405	(23,403)	(12,780)	(16,092)	(52,275)	1,497,635
Current net profit	-	-	-	-	323,272	323,272	-	-	-	-	323,272
Other comprehensive income/(loss)	-	-	-	-	-	-	8,605	25,838	(4,268)	30,175	30,175
Total amount of other current comprehensive gains and losses	-	-	-	-	323,272	323,272	8,605	25,838	(4,268)	30,175	353,447
Appropriation and distribution of earnings:											
Legal reserve	-	-	27,821	-	(27,821)	-	-	-	-	-	-
Special reserve	-	-	-	16,795	(16,795)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(246,479)	(246,479)	-	-	-	-	(246,479)
Disposal of equity instruments designated at fair value through other comprehensive income/(loss)	-	-	-	-	22,841	22,841	-	(22,841)	-	(22,841)	-
Balance on December 31, 2020	586,855	72,650	421,570	52,277	516,192	990,039	(14,798)	(9,783)	(20,360)	(44,941)	1,604,603
Current net profit	-	-	-	-	638,192	638,192	-	-	-	-	638,192
Other comprehensive income/(loss)	-	-	-	-	-	-	14,798	133,847	1,350	149,995	149,995
Total amount of other current comprehensive gains and losses	-	-	-	-	638,192	638,192	14,798	133,847	1,350	149,995	788,187
Appropriation and distribution of earnings:											
Legal reserve	-	-	34,611	-	(34,611)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(7,335)	7,335	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(264,085)	(264,085)	-	-	-	-	(264,085)
Changes in capital surplus from investments in associates accounted for using the equity method	-	37,626	-	-	-	-	-	-	-	-	37,626
Disposal of associates by equity method	-	(37,626)	-	-	-	-	-	-	-	-	(37,626)
Differences between equity price paid and carrying amount of subsidiaries acquired	-	-	-	-	(2,488)	(2,488)	-	-	-	-	(2,488)
Balance on December 31, 2021	\$ 586,855	72,650	456,181	44,942	860,535	1,361,658	-	124,064	(19,010)	105,054	2,126,217

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Mildef Crete Inc.
Statement of Cash Flow
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net income before tax	\$ 795,277	411,286
Adjustments for:		
Profit and loss		
Depreciation expense	40,950	40,976
Amortization expense	4,653	2,729
Expected credit loss	-	723
Net gain on financial assets at fair value through profit or loss	(357)	(665)
Interest expense	304	334
Interest income	(8,233)	(8,155)
Dividend income	(8,844)	(9,603)
Share of loss (profit) of associates accounted for using the equity method	17,800	(49,734)
Gain on disposal of property, plant and equipment	-	(175)
Gain on disposal of investments	(496,607)	-
Realized gain on sales of goods	(4,488)	(1,636)
Total profit/(loss)	(454,822)	(25,206)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Increase in notes and accounts receivable	(42,003)	(3,471)
Decrease (increase) in accounts receivable from related parties	156,740	(45,460)
Increase in inventories	(55,114)	(79,004)
(Increase) decrease in other current assets	(2,452)	249
Total net changes in assets related to operating activities	57,171	(127,686)
Net changes in liabilities related to operating activities		
Increase (decrease) in contract liabilities	41,578	(9,765)
Decrease in notes payable	(22,000)	(7,416)
Increase (decrease) in accounts payable	9,246	(49,564)
(Decrease) increase in other payables - stakeholders	(900)	418
(Decrease) increase in provisions for warranty liabilities	(3,261)	1,200
(Decrease) increase in payables and other current liabilities	(352)	9,841
Decrease in net defined benefit liabilities	(3,148)	(2,683)
Total amount of net changes in liabilities related to operating activities	21,163	(57,969)
Total amount of net changes in assets and liabilities related to operating activities	78,334	(185,655)
Total adjustments	(376,488)	(210,861)
Net cash generated from/(used in) operations	418,789	200,425
Interest received	8,233	8,155
Income tax paid	(95,442)	(77,022)
Net cash inflow from operating activities	331,580	131,558
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	-	67,136
Purchase of financial assets at fair value through profit or loss	(330,000)	(260,000)
Disposal of financial assets at fair value through profit or loss	330,327	269,870
Disposal of investments accounted for using the equity method	77,185	-
Acquisition of property, plant and equipment	(12,991)	(13,055)
Disposal of property, plant and equipment	-	295
Increase in other non-current assets	(196)	(8)
Acquisition of intangible assets	(8,304)	(2,308)
Decrease in other financial assets	9,000	-
Dividends received (including associates)	33,574	18,476
Net cash inflow from investing activities	98,595	80,406
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(26,706)	(26,283)
Payments of cash dividends	(264,085)	(246,479)
Non-controlling interests gained from subsidiaries	(6,857)	-
Interests paid	(304)	(334)
Net cash outflow of financing activities	(297,952)	(273,096)
Increase (decrease) in cash and cash equivalents	132,223	(61,132)
Opening balance of cash and cash equivalents in the consolidated statements of cash flows	313,124	374,256
Closing balance of cash and cash equivalents in the consolidated statements of cash flows	\$ 445,347	313,124

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Statement

The companies of which the consolidated financial statements for affiliates shall include the Company's for the Year 2021 (from January 1 to December 31) as stipulated by the Standards for Preparing Affiliates' Business Reports, Consolidated Financial Statements and Relationship Reports are the same as those to be included in the consolidated financial statements of the parent company and its subsidiaries as recognized by the Financial Supervisory Commission and specified by the valid International Financial Reporting Standard 10. All related information which shall be disclosed in the affiliates' consolidated financial statements have been disclosed in the foregoing consolidated financial statements of the parent company and its subsidiaries. Hence, the affiliates' consolidated financial statements are no longer prepared.

A statement is hereby specially made.

Name of the Company: Mildef Crete Inc.

Chairman: Shen-Yi Tung

Date: March 17, 2022

Accountants' Audit Report

To the Board of Directors of Mildef Crete Inc.

Opinion

We have audited consolidated balance sheets of Mildef Crete Inc. as of December 31, 2021 and 2020, as well as statements of comprehensive income, changes in equity and cash flows for the periods from January 1 to December 31, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements have been prepared in all material aspects according to the the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission. They fairly present financial position of Mildef Crete Inc. as of December 31, 2021 and 2020, its financial performance and cash flow for the periods from January 1 to December 31, 2021 and 2020.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. 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 Mildef Crete Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Mildef Crete Inc. and its subsidiaries for the year 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (8) to the consolidated financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the consolidated financial statements; concerning provision for

Write-downs of inventories and obsolescence losses, refer to Note 6 (4) to the consolidated financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower. Mildef Crete Inc. and its subsidiaries are engaged in manufacturing and selling rugged computers. Generally, lifecycle of rugged computers is long. In consideration of businesses, inventories shall be maintained for certain key components in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of important matters for evaluation in our audit of financial statements of Mildef Crete Inc. and its subsidiaries.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and its subsidiaries and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging reports; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc. and its subsidiaries; and evaluating appropriateness of the past provision for obsolete and slow-moving inventories by the management.

Other matters

Mildef Crete Inc. has prepared standalone financial statements for 2021 and 2020, and we have issued an auditors' report with unqualified opinions for reference.

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

Management is responsible for preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, 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 abilities of Mildef Crete Inc. and its subsidiaries 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 Mildef Crete Inc. and its subsidiaries or to cease their operations, or has no realistic alternative but to do so.

Those of Mildef Crete Inc. and its subsidiaries charged with governance, including the audit committee, are responsible for overseeing the financial reporting processes.

Accountants' 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 general accepted auditing standards will always detect a material misstatement when it exists. Misstatements might arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Mildef Crete Inc. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Mildef Crete Inc. and its subsidiaries 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 Mildef Crete Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities 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 responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of 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 key matters in the audit of the consolidated financial statements of Mildef Crete Inc. and its subsidiaries for the year 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Accountant:

Competent Securities Authority's : Jin Guan Zheng Liu Zi No.0950103298
Approval Document No. (88) Tai Cai Zheng (Liu) No.18311
March 17, 2022

Mildef Crete Inc. and Its Subsidiaries
Consolidated balance sheets
For Years 2021 and 2020 Ended on December 31, 2020

Unit: In Thousands of New Taiwan Dollars

		110.12.31		109.12.31				110.12.31		109.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 500,086	17	355,143	15	2130	Contract liabilities - current (Notes 6 (16) and 7)	\$ 263,911	9	222,333	10
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	120,065	4	120,035	5	2150	Notes payable	24,588	1	46,930	2
1150	Net amount of notes and accounts receivable (Note 6 (3) (16))	65,356	2	23,353	1	2170	Accounts payable	106,155	3	100,840	4
1180	Net amount of accounts receivable - related parties (Note 6 (3) (16) and (7))	6,376	-	163,116	7	2209	Payables (Note 6 (17))	116,163	4	114,764	5
#pageXX#	Inventories (Note 6 (4))	901,160	31	861,968	38	2220	Other payables-related party (Note 7)	-	-	900	-
1476	Other financial assets - current (Note 6 (1))	246,020	8	255,020	11	2230	Current income tax liabilities	58,919	2	50,918	2
1479	Other current assets	19,960	1	16,172	1	2280	Lease liabilities-current (Note 6 (10))	22,898	1	20,216	1
	Total current assets	1,859,023	63	1,794,807	78	2399	Other current liabilities	392	-	362	-
Non-current assets:						2322	Long-term loans due within one year (Notes 6 (9) and 8)	1,751	-	2,101	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	724,022	25	23,431	1		Total	594,777	20	559,364	24
1550	Investments accounted for using the equity method (Note 6 (5))	-	-	137,357	6	Non-current liabilities:					
1600	Property, plant and equipment (Notes 6 (6) and 8)	242,238	8	246,987	11	2540	Long-term loans (Notes 6 (9) and 8)	-	-	1,751	-
1755	Right-of-use assets (Note 6 (7))	51,511	2	24,508	1	2552	Provisions for warranty liabilities (Note 6 (11))	4,535	-	7,796	-
1780	Intangible assets (Note 6 (8))	7,765	-	4,114	-	2570	Deferred income tax liabilities (Note 6 (13))	137,055	5	49,271	2
1840	Deferred income tax assets (Note 6 (13))	68,010	2	66,487	3	2580	Lease liabilities-non-current (Note 6 (10))	28,629	1	4,506	-
1990	Other non-current assets (Note 8)	5,600	-	5,405	-	2640	Net defined benefit liabilities-non-current (Note 6 (12))	52,983	2	57,819	3
	Total non-current assets	1,099,146	37	508,289	22		Total non-current liabilities	223,202	8	121,143	5
							Total	817,979	28	680,507	29
						Equity attributed to owners of the parent company (Note 6 (14)):					
						3110	Ordinary share capital	586,855	20	586,855	25
						3200	Capital surplus	72,650	2	72,650	3
						3300	Retained earnings	1,361,658	46	990,039	43
						3400	Other equity	105,054	4	(44,941)	(1)
							Equity attributed to owners of the parent company	2,126,217	72	1,604,603	70
						#pageXX#	Non-controlling interests	13,973	-	17,986	1
							Total equity	2,140,190	72	1,622,589	71
Total		\$ 2,958,169	100	2,303,096	100		Total liabilities and equity	\$ 2,958,169	100	2,303,096	100

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (16), 7 and 14)	\$ 2,807,705	100	2,975,826	100
5000	Operating costs (Notes 6 (3) (4) (6) (7) (8) (10) (12) (17), 7 and 12)	2,192,100	78	2,294,514	77
	Gross operating profit	615,605	22	681,312	23
5910	Minus: Realized gain from sales	(4,488)	-	(1,636)	-
	Realized gross operating profit	620,093	22	682,948	23
	Operating expenses (Notes 6 (6) (7) (8) (10) (12) (17), 7 and 12)				
6100	Selling and marketing expenses	182,778	6	190,601	7
6200	General and administrative expenses	47,276	2	48,910	2
6300	Research and development expenses	65,491	2	72,224	2
	Total operating expenses	295,545	10	311,735	11
	Net operating profit	324,548	12	371,213	12
	Non-operating income and expenses:				
7100	Interest income (Note 6 (18))	8,247	-	8,169	-
7010	Other income (Note 6 (18))	10,491	-	10,816	-
7020	Other gains and losses (Note 6 (18) and (19))	(5,371)	-	(9,858)	-
7060	Share of the profit (loss) of associates accounted for using the equity method (Note 6 (5))	(24,862)	(1)	42,127	2
7225	Gains on disposal of investments (Note 6 (5))	496,607	18	-	-
7510	Finance costs (Note 6 (10) and (18))	(483)	-	(711)	-
	Total non-operating income and expenses	484,629	17	50,543	2
	Net profit before tax	809,177	29	421,756	14
7951	Minus: income tax expense (Note 6 (13))	164,802	6	92,260	3
	Current net profit	644,375	23	329,496	11
8300	Other comprehensive income/(loss):				
8310	Items not reclassified as income and loss				
8311	Remeasurement of defined benefit plans (Note 6 (12))	1,688	-	(5,334)	-
8316	Unrealized gain on investments in equity instruments as at fair value through other comprehensive income (Note 6 (19))	166,995	6	25,838	1
8349	Minus: Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 6 (13))	33,486	1	(1,066)	-
	Total amount of items not reclassified to profit or loss	135,197	5	21,570	1
8360	Items that may be reclassified subsequently to profit or loss				
8370	Share of the other comprehensive income (loss) of associates accounted for using the equity method	14,798	-	8,605	-
8399	Minus: Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total amount of items that may be reclassified subsequently to profit or loss	14,798	-	8,605	-
8300	Other comprehensive income/(loss)	149,995	5	30,175	1
	Total amount of other current comprehensive gains and losses	\$ 794,370	28	359,671	12
	Net profit/(loss) attributable to				
8610	Owners of the Parent Company	\$ 638,192	23	323,272	11
8620	Non-controlling interests	6,183	-	6,224	-
		\$ 644,375	23	329,496	11
	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Parent Company	\$ 788,187	28	353,447	12
8720	Non-controlling interests	6,183	-	6,224	-
		\$ 794,370	28	359,671	12
	Earnings per share (NT\$: Note 6 (15))				
	Basic earnings per share	\$ 10.87		5.51	
	Diluted earnings per share	\$ 10.72		5.40	

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Mildef Crete Inc. and Its Subsidiaries
Consolidated statements of changes in equity
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of the parent						Other Equity Items						
	Ordinary share capital	Capital surplus	Legal reserve	Retained earnings		Total	Other comprehensive income/(loss) of associates accounted for using the equity method Share of total profit	Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income/(loss)	Defined benefits Planned remeasureme nt	Total	Total equity attributed to owners of the parent company	Non-controlli ng interests	Total equity
				Special reserve	Unappropriat ed earnings								
Balance on January 1, 2020	\$ 586,855	72,650	393,749	35,482	461,174	890,405	(23,403)	(12,780)	(16,092)	(52,275)	1,497,635	11,762	1,509,397
Current net profit	-	-	-	-	323,272	323,272	-	-	-	-	323,272	6,224	329,496
Other comprehensive income/(loss)	-	-	-	-	-	-	8,605	25,838	(4,268)	30,175	30,175	-	30,175
Total amount of other current comprehensive gains and losses	-	-	-	-	323,272	323,272	8,605	25,838	(4,268)	30,175	353,447	6,224	359,671
Appropriation and distribution of earnings:													
Legal reserve	-	-	27,821	-	(27,821)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,795	(16,795)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(246,479)	(246,479)	-	-	-	-	(246,479)	-	(246,479)
Disposal of equity instruments designated at fair value through other comprehensive income/(loss)	-	-	-	-	22,841	22,841	-	(22,841)	-	(22,841)	-	-	-
Balance on December 31, 2020	586,855	72,650	421,570	52,277	516,192	990,039	(14,798)	(9,783)	(20,360)	(44,941)	1,604,603	17,986	1,622,589
Current net profit	-	-	-	-	638,192	638,192	-	-	-	-	638,192	6,183	644,375
Other comprehensive income/(loss)	-	-	-	-	-	-	14,798	133,847	1,350	149,995	149,995	-	149,995
Total amount of other current comprehensive gains and losses	-	-	-	-	638,192	638,192	14,798	133,847	1,350	149,995	788,187	6,183	794,370
Appropriation and distribution of earnings:													
Legal reserve	-	-	34,611	-	(34,611)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(7,335)	7,335	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(264,085)	(264,085)	-	-	-	-	(264,085)	-	(264,085)
Changes in capital surplus from investments in associates accounted for using the equity method	-	37,626	-	-	-	-	-	-	-	-	37,626	-	37,626
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,827)	(5,827)
Investments in associates accounted for using the equity method	-	(37,626)	-	-	-	-	-	-	-	-	(37,626)	-	(37,626)
Differences between equity price paid and carrying amount of subsidiaries acquired	-	-	-	-	(2,488)	(2,488)	-	-	-	-	(2,488)	2,488	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,857)	(6,857)
Balance on December 31, 2021	\$ 586,855	72,650	456,181	44,942	860,535	1,361,658	-	124,064	(19,010)	105,054	2,126,217	13,973	2,140,190

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen-Yi Tung

Manager: Shen-Yi Tung

Accounting Manager: Liu-Yaping

Mildef Crete Inc. and Its Subsidiaries
Consolidated statements of cash flows
From January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	2021	2020
Cash flows from operating activities:		
Net income before tax	\$ 809,177	421,756
Adjustments for:		
Profit and loss		
Depreciation expense	47,984	47,410
Amortization expense	4,653	2,842
Expected credit loss	-	723
Net gain on financial assets at fair value through profit or loss	(357)	(665)
Interest expense	483	711
Interest income	(8,247)	(8,169)
Dividend income	(8,844)	(9,603)
Share of associates' profit/(loss) accounted for by equity method	24,862	(42,127)
Gain on disposal of property, plant and equipment	-	(175)
Returns on Investments accounted for using the equity method	(496,607)	-
Realized gain on sales of goods	(4,488)	(1,636)
Total profit/(loss)	(440,561)	(10,689)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(42,003)	(3,471)
Accounts receivable from related parties	156,740	(45,460)
Inventories	(39,192)	(71,410)
Other current assets	(3,788)	1,080
Total net changes in assets related to operating activities	71,757	(119,261)
Net changes in liabilities related to operating activities		
Contract liabilities	41,578	(9,765)
Notes payable	(22,342)	(6,255)
Accounts payable (including related parties)	5,315	(52,360)
Other payable by related parties	(900)	418
Provisions for warranty liabilities	(3,261)	1,200
Accrued expenses and other current liabilities	1,429	14,681
Net defined benefit liabilities	(3,148)	(2,683)
Total amount of net changes in liabilities related to operating activities	18,671	(54,764)
Total amount of net changes in assets and liabilities related to operating activities	90,428	(174,025)
Total adjustments	(350,133)	(184,714)
Net cash generated from/(used in) operations	459,044	237,042
Interest received	8,247	8,169
Income tax paid	(104,026)	(77,022)
Net cash inflow from operating activities	363,265	168,189
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	-	67,136
Purchase of financial assets at fair value through profit or loss	(330,000)	(260,000)
Disposal of financial assets at fair value through profit or loss	330,327	269,870
Disposal of investments accounted for using the equity method	77,185	-
Acquisition of property, plant and equipment	(13,343)	(19,055)
Disposal of property, plant and equipment	-	295
Increase in other non-current assets	(195)	(8)
Acquisition of intangible assets	(8,304)	(2,309)
Decrease in other financial assets	9,000	-
Dividends received	26,451	18,476
Net cash inflow from investing activities	91,121	74,405
Cash flows from financing activities:		
Repayments of long-term loans	(2,101)	(3,553)
Payment of the principal portion of lease liabilities	(30,090)	(29,548)
Payments of cash dividends	(264,085)	(246,479)
Dividends paid to non-controlling interests	(5,827)	-
Non-controlling interests gained from subsidiaries	(6,857)	-
Interests paid	(483)	(711)
Net cash outflow of financing activities	(309,443)	(280,291)
Increase (decrease) in cash and cash equivalents	144,943	(37,697)
Opening balance of cash and cash equivalents in the consolidated statements of cash flows	355,143	392,840
Closing balance of cash and cash equivalents in the consolidated statements of cash flows	\$ 500,086	355,143

Annex IV

Mildef Crete Inc. Statement of earnings distribution <u>2021</u>	
	Unit: New Taiwan dollars
Item	Amount
Undistributed earnings at the beginning of the period	224,833,460
Add (deduct):	
Difference between equity price and the book value of acquired subsidiaries	(2,489,414)
Net profit after tax in 2021	638,192,266
Sub-total	860,536,312
Provision (reversal) items:	
Provision of 10% legal earnings reserve	(63,570,285)
Reversal of special earnings reserve	44,941,812
earnings available for distribution in the current year	841,907,839
Assign items:	
Shareholder dividends - cash (@ 3.7)	(217,136,524)
Undistributed earnings at the end of the period	624,771,315

Chairman:
Yi Tong Shen,

General Manager:
Yi Tong Shen,

Accounting Supervisor:
Ya Ping Liu

Mildef Crete Inc.**Comparison table of revised provisions of an asset acquisition or disposal procedures**

Articles	Revised	Before revision	Revision Reason
Article V	<p>Investment in non-business property or right of use assets, and the number of securities</p> <p>The amount of the above assets independently acquired by the company and its subsidiaries are as follows:</p> <p>(I) The total amount of immovable property or use right assets, not for business use shall not be more than 50% of the net value.</p> <p>(II) The total amount of investment securities shall not be more than 80% of the net value.</p> <p>(III) The amount of money invested in individual securities shall not be higher than 40% of the net value.</p>	<p>Investment in non-business property and securities</p> <p>The amount of the above assets independently acquired by the company and its subsidiaries are as follows:</p> <p>(I) The total amount of immovable property not for business use shall not be higher than 50% of the net value.</p> <p>(II) The total amount of investment securities shall not be more than 80% of the net value.</p> <p>(III) The amount of money invested in individual securities shall not be higher than 40% of the net value.</p>	Cooperate with the revision of the decree
Article VI	<p>(omitted)</p> <p>When releasing a valuation report or opinion, the person referred to in the preceding paragraph shall comply with the self-discipline norms of their trade associations and the following matters:</p> <p>I. Before undertaking a proposal, you should carefully evaluate your professional ability, practical experience, and independence.</p> <p>II. When executing a proposal, it shall properly plan and implement the appropriate operation process to form a conclusion and release a report or opinion based on it. The procedures, information, and conclusions collected will be detailed in the case working paper.</p> <p>III. It shall be evaluated item by item as the basis for releasing the valuation report or opinion on the appropriateness and rationality of the data sources, parameters, and information used.</p> <p>IV. The declaration shall include the professionalism and independence of relevant personnel, the appropriateness and reasonableness of the information used in the evaluation, and compliance with</p>	<p>(omitted)</p> <p>When releasing a valuation report or opinion, the person referred to in the preceding paragraph shall comply with the following matters:</p> <p>I. Before undertaking a proposal, you should carefully evaluate your professional ability, practical experience, and independence.</p> <p>II. When examining a proposal, it is necessary to properly project and implement the appropriate operation process to form a conclusion and release a report or opinion based on it; The procedures, information, and conclusions collected will be detailed in the proposal paper.</p> <p>III. It shall be evaluated item by item as the basis for issuing the valuation report or opinion on the integrity, correctness, and rationality of the data sources, parameters, and information used.</p> <p>IV. The declaration shall include the professionalism and independence of relevant personnel, the reasonableness and correctness of the information used in the evaluation, and compliance with</p>	Cooperate with the revision of the decree

	related regulations.	related regulations.	
Article VII	<p>(omitted)</p> <p>IV. It shall obtain a valuation report issued by a professional appraiser before the date of occurrence, and comply with the following provisions if the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million in case of the company acquires or disposes of property, equipment, or right of use assets, in addition to trading with domestic government authorities, self-commissioned construction, land rental commissioned construction, or acquiring or disposing of equipment or right-of-use assets for business use:</p> <p>(I) The transaction shall be submitted to the board of directors for resolution if a limited price, specific price, or special price must be used as the reference basis of the transaction price for special reasons. There are also subsequent changes in the transaction conditions.</p> <p>(II) It shall invite two or more professional appraisers for valuation if the transaction amount is more than NT \$1 billion.</p> <p>(III) They shall contact the accountant to express specific opinions on the reasons for the differences and the appropriateness of the transaction price in case of any of the following situations in the valuation results of professional appraisers except that the valuation results of acquired assets are higher than the transaction amount, or the valuation results of disposed of assets are lower than the transaction amount:</p> <p>1. The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p>	<p>(omitted)</p> <p>IV. Appraisal report of property or equipment: It shall obtain an appraisal report issued by a professional appraiser before the date of occurrence, and comply with the following provisions where the company obtains or disposes of property, equipment, or right-of-use assets, in addition to trading with domestic government agencies, self-owned construction, land leasing construction, or obtaining or disposing of machinery, equipment, or right-of-use assets for business use, and the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million:</p> <p>(I) The transaction shall be submitted to the board of directors for resolution if a limited price, specific price, or special price must be used as the reference basis of the transaction price for special reasons. There are also subsequent changes in the transaction conditions.</p> <p>(II) It shall invite two or more professional appraisers for valuation if the transaction amount is more than NT \$1 billion.</p> <p>(III) A professional appraiser shall contact a CPA to handle it under the provisions of the bulletin of Auditing Standards No. 20 issued by the accounting research and development foundation of the Republic of China (hereinafter referred to as the accounting research and Development Foundation) under any of the following circumstances except that the valuation results of assets acquired are higher than the transaction amount, or the valuation results of assets disposed of are lower than the transaction amount and express specific opinions on the reasons for the differences and the appropriateness of the transaction price:</p> <p>1. The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p>	Cooperate with the revision of the decree

	<p>2. The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>(IV) The date of issuance of the report by a professional appraiser and the date of establishment of the contract shall not exceed three months. However, the original professional appraiser may issue an opinion if the current value announced in the same period is applicable and less than six months have elapsed.</p> <p>(V) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court if the company acquired or disposed of assets through court auction procedures.</p> <p>(VI) The calculation of the transaction amount shall be conducted under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction fact. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.</p>	<p>2. The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>(IV) The date of issuance of the report by a professional appraiser and the date of establishment of the contract shall not exceed three months. However, the original professional appraiser may issue an opinion if the current value announced in the same period is applicable and less than six months have elapsed.</p> <p>(V) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court if the company acquired or disposed of assets through court auction procedures.</p> <p>(VI) The calculation of the transaction amount shall be conducted under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction fact. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.</p>	
Article VIII	<p>(omitted)</p> <p>IV.Expert opinions</p> <p>(I) When acquiring or disposing of securities, the company shall take the latest financial statements of the target company audited, certified, or reviewed by a CPA as a reference for evaluating the transaction price before the fact occurs. It shall contact a CPA to express an opinion on the rationality of the transaction price before the fact occurs if the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million. However, this restriction shall not apply if the securities have a public quotation in a flexible market or if the Financial Regulatory Commission (hereinafter referred to as the FSC) otherwise provides.</p>	<p>(omitted)</p> <p>IV.Expert opinions</p> <p>(I) When acquiring or disposing of securities, the company shall take the latest financial statements of the target company audited, certified, or reviewed by a CPA as a reference for evaluating the transaction price before the fact occurs. It shall contact a CPA to express an opinion on the rationality of the transaction price before the fact occurs if the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million. It shall be handled under the statement of Auditing Standards No. 20 released by the accounting research and development foundation if the CPA needs to use an expert report. However, this restriction shall not apply if the securities have a public quotation in a flexible market or if</p>	Cooperate with the revision of the decree

	<p>(II) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court if the company acquires or disposes of assets through court auction procedures.</p> <p>(III) The calculation of the transaction amount shall be conducted under the provisions of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards shall be exempted from recalculation.</p>	<p>the Financial Regulatory Commission (hereinafter referred to as the FSC) otherwise provides.</p> <p>(II) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court if the company acquires or disposes of assets through court auction procedures.</p> <p>(III) The calculation of the transaction amount shall be conducted under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. It shall be exempt from re-inclusion for the part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards.</p>	
Article IX	<p>Procedures for dealing with related party transactions</p> <p>I. The company shall also handle the relevant resolution procedures and evaluate the rationality of transaction conditions under the following provisions to acquire or dispose of assets between the company and its related parties except for the procedures for acquiring property under Article VII. The company shall also obtain the valuation report issued by a professional appraiser or the opinion of a CPA if the transaction amount reaches more than 10% of the company's total assets. The trading amount referred to in the preceding paragraph shall be calculated under the provisions of paragraph I of Article xiv, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current trading. It shall not include again for the part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards.</p> <p>It should also consider the substantive relationship when judging whether the trading partner</p>	<p>Procedures for dealing with related party transactions</p> <p>I. The company shall also handle the relevant resolution procedures and evaluate the rationality of transaction conditions under the following provisions to acquire or dispose of assets between the company and its related parties except for the procedures for acquiring property under Article VII. The company shall also obtain the valuation report issued by a professional appraiser or the opinion of a CPA if the transaction amount reaches more than 10% of the company's total assets. The trading amount referred to in the preceding paragraph shall calculate under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current trading. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.</p> <p>It should also consider the substantive relationship when judging whether the trading partner</p>	

	<p>is a related party except for paying attention to its legal form.</p> <p>II.Evaluation and operation procedures (omitted)</p> <p>The board of directors may authorize the chairman to decide within a certain amount under subparagraphs I and II of paragraph II of Article VII if the company and its parent company, subsidiaries, or subsidiaries directly or indirectly holding 100% of the issued shares or total capital engage in the following transactions with each other, and then submit it to the board of directors of the latest period for ratification:</p> <p>I. Acquire or dispose of equipment or its right-of-use assets for operation.</p> <p>II. Acquire or dispose of property right-of-use assets for operation.</p> <p>The opinions of independent directors shall be fully considered when submitted to the board of directors for discussion. They shall record in the meeting minutes of the board of directors if independent directors have objections or reservations. It shall obtain first the consent of more than half of all members of the audit committee for the matters that shall be listed by the audit committee under paragraph I, and it shall submit a resolution to the board of directors. The provisions of paragraphs III and IV of Article XVII shall apply mutatis mutandis.</p> <p><u>The company shall submit the information listed in paragraph I to the shareholders' meeting for approval before signing the transaction contract and making the payment if the company or a subsidiary of the company that is not a domestic public company has a transaction referred to in paragraph I and the transaction amount reaches more than 10% of the total assets of the company. However, this restriction does not apply to transactions between the company and its parent company, subsidiaries, or subsidiaries.</u></p>	<p>is a related party except for paying attention to its legal form.</p> <p>II.Evaluation and operation procedures (omitted)</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall conduct under subparagraph V, paragraph I, Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction, and the part that has been submitted to the board of directors for approval and listed by the audit committee under these standards shall be exempt from recosting. The board of directors may authorize the chairman to make a decision within a certain amount under Article VII, paragraph II, subparagraphs I and II, and then submit it to the board of directors of the latest period for ratification:</p> <p>I. Acquire or dispose of equipment or its right-of-use assets for operation.</p> <p>II. Acquire or dispose of property right-of-use assets for operation.</p> <p>The opinions of independent directors shall be fully considered when submitted to the board of directors for discussion. They shall record in the meeting minutes of the board of directors if independent directors have objections or reservations. It shall obtain first the consent of more than half of all members of the audit committee for the matters that shall be listed by the audit committee under paragraph I, and it shall submit a resolution to the board of directors. The provisions of paragraphs III and IV of Article XVII shall apply mutatis mutandis.</p>	
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	<p><u>The calculation of the transaction amount referred to in paragraph I and the preceding paragraph shall conduct under paragraph I of Article XIV. The said one-year period base on the date of the occurrence of the current transaction, and the part that has been submitted to the shareholders' meeting, the board of directors, and the Audit Committee for approval under these standards shall be exempt from re-counting.</u></p>		
Article X	<p>(omitted)</p> <p>IV. Expert evaluation opinion report on intangible assets or right-of-use assets or membership card</p> <p>(I) It shall request an expert to release a price evaluation report if the transaction amount of the membership card obtained or disposed of by the company reaches 1% of the paid-in capital or more than NT \$1 million.</p> <p>(II) It shall request an expert to release a price evaluation report if the transaction amount of intangible assets acquired or disposed of by the company reaches 10% of the paid-in capital or more than NT \$20 million.</p> <p>(III) It shall contact a CPA to express its opinion on the rationality of the transaction price before the date of occurrence if the company obtains or disposes of intangible assets or right-of-use assets or membership certificates with a transaction amount of 20% of the company's paid-in capital or NT \$300 million or more, in addition to transactions with domestic government agencies.</p> <p>(IV) The calculation of the transaction amount shall conduct under the provisions of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under the provisions of these standards shall be exempt from recalculation.</p>	<p>(omitted)</p> <p>IV. Expert evaluation opinion report on intangible assets or right-of-use assets or membership card</p> <p>(I) It shall request an expert to release a price evaluation report if the transaction amount of the membership card obtained or disposed of by the company reaches 1% of the paid-in capital or more than NT \$1 million.</p> <p>(II) It shall request an expert to release a price evaluation report if the transaction amount of intangible assets acquired or disposed of by the company reaches 10% of the paid-in capital or more than NT \$20 million.</p> <p>(III) It shall consult a CPA to express its opinion on the rationality of the transaction price before the date of occurrence if the company obtains or disposes of intangible assets or right-of-use assets or membership certificates with a transaction amount of 20% of the company's paid-in capital or more than NT \$300 million in addition to trading with domestic government agencies, and the CPA shall handle it under the provisions of the bulletin of Auditing Standards No. XX was released by the accounting research and development foundation.</p> <p>(IV) The calculation of the transaction amount shall conduct under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction fact. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these</p>	Cooperate with the revision of the decree

		standards shall be exempt from reinclusion.	
Article XIV	<p>I.(I) to (VI) (omitted)</p> <p>(VII) Asset transactions other than those in the preceding six subparagraphs, the disposal of creditor's rights by financial institutions or investment in the mainland, the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million. However, the following circumstances shall not apply:</p> <ol style="list-style-type: none"> 1. Transaction of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan. 2. Those who specialize in investment, buy and sell securities on the stock exchange or the business premises of securities firms, or subscribe to foreign government bonds or ordinary corporate bonds and general financial bonds (excluding subordinated bonds) not involving equity released in the primary market, or subscribe for or buy back securities investment trust funds or futures trust funds, or subscribe for or sell back index investment securities, or securities firms need to act as a consultant for emerging stock companies recommending securities firms to subscribe for securities under the regulations of the ROC OTC market. 3. Buying and selling bonds subject to buy back or sell back conditions, and to subscribe for or buy back money market funds released by domestic securities investment trust enterprises. 	<p>I.(I) to (VI) (omitted)</p> <p>(VII) Asset transactions other than those in the preceding six subparagraphs, the disposal of creditor's rights by financial institutions or investment in the mainland, the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million. However, the following circumstances shall not apply:</p> <ol style="list-style-type: none"> 1. Buying and selling domestic government bonds. 2. Those who specialize in investment, buy and sell securities on domestic and foreign stock exchanges or the business premises of securities firms, subscribe to ordinary corporate bonds and general financial bonds (excluding subordinated bonds) not involving equity issued in the domestic primary market, or subscribe for or buy back securities investment trust funds or futures trust funds, or securities firms due to the needs of underwriting business act as a consultant for emerging stock companies recommending securities firms to subscribe for securities under the regulations of the ROC OTC market. 3. Buying and selling bonds subject to buy back or sell back conditions, and to subscribe for or buy back money market funds released by domestic securities investment trust enterprises. 	
Article XIX	<p>These measures were formulated on July 14, 2000, and implemented after being approved by the shareholders' meeting. Revision I was made on June 21, 2002. Revision II was made on June 26, 2003. Revision III was made on June 23, 2005. Revision IV was made on June 22, 2006. Revision V was made on June 21, 2007. Revision VI was made on June 19, 2008. Revision VII was made on June 6, 2012.</p>	<p>These measures were formulated on July 14, 2000, and implemented after being approved by the shareholders' meeting. Revision I was made on June 21, 2002. Revision II was made on June 26, 2003. Revision III was made on June 23, 2005. Revision IV was made on June 22, 2006. Revision V was made on June 21, 2007. Revision VI was made on June 19, 2008. Revision VII was made on June 6, 2012.</p>	<p>Add revision date</p>

	Revision VIII was made on June 6, 2013. Revision IX was made on June 19, 2014. Revision X was made on June 22, 2017. Revision XI was made on June 13, 2019. <u>Revision XII was made on June 9, 2022.</u>	Revision VIII was made on June 6, 2013. Revision IX was made on June 19, 2014. Revision X was made on June 22, 2017. Revision XI was made on June 13, 2019.	
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VIII. Appendix

Appendix I

Mildef Crete Inc. Rules of procedure of shareholders' meeting

Article 1: these rules are formulated under Article 5 of the code of practice for the governance of listed and OTC companies to establish a good governance system of the company's shareholders' meeting, improve the supervision function and strengthen the management function.

Article 2: the rules of procedure of the shareholders' meeting of this company shall be under these rules unless otherwise provided by law or the articles of association.

Article 3: the shareholders' meeting of this company shall be convened by the board of directors unless otherwise provided by laws and regulations.

The company shall, thirty days before the meeting of the ordinary shareholders' meeting or fifteen days before the meeting of the extraordinary shareholders' meeting, prepare an electronic file of the meeting notice of the shareholders' meeting, the paper of the power of attorney, the causes and explanatory materials of various proposals such as recognition, discussion, election or removal of directors, etc., and transmit it to the public information observatory. The shareholders' meeting handbook and supplementary information shall make into electronic files and transmitted to the public information observation station twenty-one days before the regular shareholders' meeting or fifteen days before the extraordinary shareholders' meeting

. It shall prepare the meeting handbook and supplementary information of the shareholders' meeting for shareholders to read at any time fifteen days before the shareholders' meeting, display them in the company and the professional stock affairs agency appointed by the company, and distribute them on the spot of the shareholders' meeting.

The notice and announcement shall specify the reasons for the convening.

It shall list and explain the reasons for convening the meeting for the election or removal of directors, alteration of the articles of association, capital reduction, application for suspension of the public offering, director's permission to compete, conversion of earnings to capital increase, conversion of the reserve to capital increase, dissolution, merger, division of the company, or matters in the subparagraphs of paragraph I of article CLXXXV of the company law, and shall not propose by temporary motion; The main contents may place on the website designated by the securities authority or the company, and the website shall specify in the notice.

The reason for convening the shareholders' meeting has stated the full re-election of directors and the date of taking office. The date of taking office shall not change by temporary motion or other means at the same meeting after the re-election of the shareholders' meeting completes.

Shareholders holding more than 1% of the total number of issued shares may submit a written proposal to the company at the regular meeting of shareholders. However, it is limited to one proposal. It will not include in the proposal if there is more than one proposal.

However, the board of directors may still include it in the proposal if the shareholder's proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibility. Furthermore, the board of directors may not list it as a proposal if the proposal proposed by the shareholders falls under any of the circumstances in paragraph IV of article CLXXII-I of the company law.

The company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance places, and acceptance period before the date of suspension of share transfer before the convening of the ordinary meeting of shareholders; The period of acceptance shall not be less than ten days.

A proposal proposed by a shareholder shall be limited to 300 words. The proposal shall not be included in the proposal if it exceeds 300 words; The proposing shareholders shall attend the regular meeting of shareholders in person or entrust others to participate in the discussion of the proposal.

The company shall notify the proposing shareholders of the handling results before the date of the meeting notice of convening the shareholders' meeting and list the proposals under this article in the notice of meeting. As for the proposal of shareholders not included in the proposal, the board of directors shall explain the reasons for not being included in the proposal at the shareholders' meeting.

Article 4: a shareholder may, at each shareholders' meeting, issue a power of attorney specifying the scope of authorization and entrust an agent to attend the shareholders' meeting.

The first one shall prevail for a shareholder who issues a power of attorney and is limited to one person shall deliver it to the company five days before the shareholders' meeting in case of repetition of the power of attorney. However, this restriction shall not apply if the entrustment revokes.

After the power of attorney is delivered to the company, it shall give written notice to the company of revocation of the proxy two days before the shareholders' meeting if a shareholder wishes to attend the shareholders' meeting in person; The voting rights of the proxy present shall prevail In case of cancellation within the time limit.

Article 5: the place of the shareholders' meeting shall be the place where the company is located or where it is convenient for shareholders to attend and suitable for the convening of the shareholders' meeting. The starting time of the meeting shall not be earlier than 9 a.m. or later than 3 p.m. the place and time of the meeting shall give full consideration to the opinions of independent directors.

Article 6: the company shall specify in the meeting notice the time, place, and other matters needing attention for the acceptance of shareholders' registration.

The time for shareholders' registration referred to in the preceding paragraph shall be at least thirty minutes before the commencement of the meeting; The check-in office shall be marked and shall handle by adequate and competent personnel. The shareholder himself or the agent entrusted by the shareholder (hereinafter referred to as the shareholder) shall attend the shareholders' meeting on the strength of the attendance card, attendance card, or other attendance certificates. The company shall not arbitrarily add other supporting documents to the supporting documents on which the shareholder attends; The applicant for the power of attorney shall also bring identity documents for verification. The company shall set up a signature book for the shareholders attending to sign in, or the shareholders

attending shall hand in a signature card to sign in on behalf of them.

The company shall deliver the meeting handbook, annual report, attendance card, statement slip, voting votes, and other meeting materials to the shareholders attending the shareholders' meeting; It shall attach an election ticket if there is an election of directors.

When the government or legal person is a shareholder, it shall not limit to one the number of representatives attending the shareholders' meeting. When a legal person is entrusted to attend the shareholders' meeting, it may only appoint one representative to attend.

Article 7: the chairman shall act as the chairman if a shareholders' meeting convenes by the board of directors. It shall appoint a director to act as his proxy when the chairman asks for leave or is unable to exercise his functions and powers for some reason.

If the chairman fails to appoint an agent, one of the directors shall act as his proxy.

The chairman referred to in the preceding paragraph shall be a director who has been in office for more than six months and has an understanding of the company's financial and operating conditions.

The same applies if the chairman is the representative of a corporate director.

The chairman of the board of directors shall preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors shall attend in person, and at least one representative of the members of various functional committees shall attend, and the attendance shall record in the meeting minutes of the shareholders' meeting.

The chairman shall be the convener if a shareholders' meeting is convened by a convener other than the board of directors. If there are more than two conveners, one of them shall elect from the other.

The company may appoint its appointed lawyers, accountants, or related personnel to attend the shareholders' meeting as nonvoting delegates.

Article 8: the company shall continuously record and videotape the whole process of shareholders' registration, meeting, and vote to count from the time of accepting shareholders' registration.

The audio-visual materials referred to in the preceding paragraph shall keep for at least one year. However, if a shareholder brings an action under Article CLXXXIX of the company law, it shall keep until the end of the action.

Article 9: attendance at a shareholders' meeting shall be calculated based on shares. The number of shares present shall be under the signature book or the attendance card submitted.

The chairman shall immediately announce the meeting at the end of the session. However, if the shareholders representing more than half of the total released shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall limit to two, and the total postponement shall not exceed one hour. The chairman shall announce the adjournment of the meeting if the shareholders representing more than one-third of the total issued shares are still not present after the second delay.

A false resolution may be adopted under paragraph I of Article CLXXV of the company law if the above paragraph is delayed two times and still insufficient and shareholders representing more than one-third of the total number of released shares are present, and each shareholder shall notify of the false resolution to convene the shareholders' meeting within one month.

Before the end of the current meeting, the chairman may resubmit the false resolution to the shareholders' meeting for voting under Article CLXXIV of the company law if the number of shares represented by the shareholders present reaches more than half of the total issued shares.

Article 10: its agenda shall determine by the board of directors if a shareholders' meeting is convened by the board of directors. Relevant motions (including interim motions and amendments to the original motion) shall decide by vote on a case-by-case basis. The meeting shall hold under the scheduled agenda and shall not change without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph shall apply *mutatis mutandis* to a shareholders' meeting convened by a person with convening power other than the board of directors.

The chairman shall not announce the adjournment of the meeting without a resolution before the conclusion of the proceedings (including provisional motions).

Other members of the board of directors shall promptly assist the shareholders attending the meeting to formulate procedures by law if the chairman announces the adjournment of the meeting in violation of the rules of procedure, and elect one person as the chairman with the consent of more than half of the voting rights of the shareholders attending the meeting to continue the meeting.

The chairman shall give a full opportunity to explain and discuss the motion and the amendment or interim motion proposed by the shareholders. When they consider that it has reached the level of voting, they may announce the suspension of discussion, put it to vote, and arrange an adequate voting time.

Article 11: A speech note must be filled out before attending a shareholder's speech, indicating the keynote of the speech, the shareholder's account number (or attendance card number), and account name, and the chairman shall determine the order of his speech.

They shall deem not to speak if the shareholders present only put forward a statement but did not speak. The content of the speech shall prevail if the content of the speech is inconsistent with the record of the speech note.

Without the consent of the chairman, each shareholder of the same proposal shall not speak more than twice, each time not more than five minutes. However, the chairman may stop him from speaking if a shareholder's speech violates the provisions or exceeds the scope of the topic.

When attending a shareholder's speech, other shareholders shall not interfere with their speech unless approved by the chairman and the speaking shareholder. The chairman shall stop it in case of violation.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one person may speak on the same motion.

the chairman may reply in person or designate relevant personnel after the shareholders' present speak.

Article 12: the voting at the shareholders' meeting shall calculate based on shares.

In the resolution of the shareholders' meeting, the number of shares of non-voting shareholders shall not include in the total number of released shares.

It shall not participate in the voting, and shall not exercise its voting rights on behalf of

other shareholders when a shareholder has his interests in the matters of the meeting, which may be harmful to the interests of the company.

The number of shares that cannot exercise voting rights in the preceding paragraph shall not include in the voting rights of shareholders present.

The voting rights of his proxy shall not exceed 3% of the total voting rights of the issued shares, and the excess voting rights shall not count when one person is entrusted by two or more shareholders at the same time except for a trust enterprise or a stock affairs agency approved by the competent securities authority.

Article 13: each shareholder has one voting right; However, this restriction shall not apply to those who are restricted or have no voting rights listed in paragraph II of Article CLXXIX of the company law.

When convening a shareholders' meeting, the company shall adopt electronic means and may exercise its voting rights in writing; When it exercises its voting rights in writing or electronically, the method of exercise shall specify in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall deem to have attended the shareholders' meeting in person. However, as the interim motion and the amendment to the original motion of the shareholders' meeting shall deem as a waiver, the company should avoid proposing the interim motion and the amendment to the original motion.

The expression of intention shall be delivered to the company two days before the shareholders' meeting if the voting right is an exercise in writing or electronically in the preceding paragraph. The first one shall prevail if there is a repetition of the expression of intention. However, this restriction shall not apply to the expression of intention before the declaration is revoked.

If a shareholder wishes to attend the shareholders' meeting in person after exercising his voting rights in writing or electronically, It shall revoke the expression of intention to exercise his voting rights in the preceding paragraph in the same manner as exercising his voting rights two days before the shareholders' meeting; The voting rights exercised in writing or electronically shall prevail in case of overdue cancellation. The voting right entrusted to the proxy shall prevail if the voting right is exercised in writing or electronically and the proxy is entrusted to attend the shareholders' meeting by power of attorney.

The voting of a proposal shall approve by a majority of the voting rights of the shareholders present unless otherwise provided in the company law and the articles of association. The chairman or his designated person shall announce the total voting rights of shareholders present when voting, and the shareholders shall vote, and input the results of shareholders' consent, objection, and abstention into the public information observation station on the day after the shareholders' meeting.

The proposal shall deem to have passed if the chairman consults all shareholders present and there is no objection, and its effect shall be the same as that of voting.

A vote shall be taken under the provisions of the preceding paragraph if there is any objection.

When there is a revision or replacement to the same motion, the chairman shall determine the order of voting with the original motion. The other motions shall deem to have been

rejected and there is no need to vote again if one of the motions has passed.

The supervisors and vote counters for the voting of proposals shall designate by the chairman, but the supervisors shall be shareholders.

The vote counting operation of the voting or election proposal of the shareholders' meeting shall conduct in a public place at the shareholders' meeting place, and the voting results, including the statistical weight, shall announce on the spot after the vote-counting completes, and a record shall make.

Article 14: it shall conduct under the relevant election standards set by the company when the shareholders' meeting elects directors, and the election results shall announce on the spot, including the list of elected directors and their election rights.

The electoral votes for the election matters referred to in the preceding paragraph shall seal and sign by the scrutineer and kept properly for at least one year. However, if a shareholder brings an action under Article CLXXXIX of the company law, it shall keep until the end of the action.

Article 15: the resolutions of the shareholders' meeting shall record in the meeting minutes, which shall sign or seal by the chairman, and distributed to all shareholders within twenty days after the meeting. The company may distribute the meeting minutes referred to in the preceding paragraph through a public announcement at the public information observatory.

The meeting minutes shall record under the year, month, day, place, name of the chairman, method of resolution, essentials of the proceedings, and voting results (including statistical weights). It shall disclose the voting rights of each candidate when electing directors.

It shall keep permanently during the existence of the company.

Article 16: the number of shares requisitioned by the requisitioner and the number of shares represented by the entrusted agent shall be disclosed in the shareholders' meeting hall by a statistical table prepared in the prescribed format on the day of the shareholders' meeting.

The company shall transmit the content to the public information observatory within the specified time if there is any material information on the matters decided by the shareholders' meeting that is required by regulations and required by the Taiwan Stock Exchange Corporation (the over the counter securities exchange of the ROC).

Article 17: the business personnel handling the shareholders' meeting shall wear identification cards or armbands.

The chairman may direct pickets or security personnel to assist in maintaining order at the venue. The picket or security personnel shall wear the armband or identification card with the word "picket" when they are present to help maintain order.

The chairman may stop the shareholders from speaking with equipment not provided by the company if the venue is equipped with public address equipment.

The chairman may command the picket or security personnel to ask him to leave the meeting place if a shareholder violates the rules of procedure, disobeys the chairman's correction, and hinders the progress of the meeting.

Article 18: The chairman may announce a break at his discretion when the meeting is in progress. The chairman may rule to suspend the meeting and announce the time of resumption as appropriate in case of force majeure.

Before the conclusion of the proceedings (including provisional motions) of the agenda set by the shareholders' meeting, the shareholders' meeting may decide to find another venue to

continue the meeting if the venue of the meeting cannot be used at that time.

The shareholders' meeting may decide to postpone or renew the meeting within five days under Article CLXXXII of the company law.

Article 19: These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.

Article 20: these rules formulate on April 28, 1998.

Revision I was made on June 19, 2014.

Revision II was made on June 9, 2015.

Revision III was made on June 18, 2020.

Appendix II

Articles of association of Mildef Crete Inc.

Chapter I General Provisions

- Article I: the company is organized under the company law and is named 茂訊電腦股份有限公司. The English name is Mildef Crete Inc.
- Article II: the operation of the company is as follows:
1. CC01110 computer and its peripheral equipment manufacturing.
 2. CC01120 data storage media manufacturing and reproduction.
 3. CC01080 electronic component manufacturing.
 4. F113050 computer and transactional machinery and equipment wholesale.
 5. F213030 retail of computers and transactional machinery and equipment.
 6. E605010 computer equipment installation.
 7. F118010 information software wholesale.
 8. F218010 information software retail.
 9. I301010 information software service.
 10. J399010 software publishing.
 11. F119010 electronic material wholesale.
 12. F219010 electronic material retail.
 13. E701010 communication engineering.
 14. I501010 product design.
 15. F401010 international trade.
- It may operate businesses not prohibited or restricted by regulations in addition to the licensed business for the ZZ99999.
- Article 2-1: investment in other related enterprises is not subject to the restriction of Article XIII of the company law that it shall not exceed 40% of the paid-in share capital of the company.
- Article 2-2: the company may provide external guarantees for operation.
- Article 3: the company has a head office in New Taipei City, and may set up branches at home and abroad by resolution of the board of directors when necessary.
- Article 4: the announcement method of the company shall handle under Article XXVIII of the company law.

Chapter II. Shares

- Article 5: the total capital rating of the company is NT \$700 million, which is divided into 70 million shares with an amount of NT \$10 per share. The board of directors is authorized to release the unissued shares in installments under the operation of the company.

The NT \$48 million shall reserve within the capital amount referred to in paragraph I for the release of employee stock option certificates, corporate bonds with stock options, and

special shares with stock options. A total of 4.8 million shares of NT \$10 per share may release in installments under the meeting of directors.

Article 6: delete.

Article 7: the shares of this company are registered, signed, or sealed by the directors representing the company, and issued after being certified under the law.

Article 7-1: the shares issued by the company may be exempt from printing, but shall be registered with the centralized securities depository enterprise.

Article 7-2: when the shareholders of this company handle stock affairs such as stock transfer, pledge of rights, loss reporting, inheritance, gift, change of seal or address, and exercise all rights unless otherwise provided by laws and regulations and securities rules, they shall handle under the standards for the handling of stock affairs of public companies.

Article 8: the registration of stock transfer shall suspend within sixty days before the ordinary meeting of shareholders, thirty days before the extraordinary meeting of shareholders, or five days before the benchmark date on which the company decides to distribute dividends and other benefits.

Chapter III. shareholders' meeting

Article 9: the shareholders' meeting can divide into the regular meeting and interim meeting. The regular meeting shall hold once a year, which shall hold by law within six months after the end of each fiscal year, and the interim meeting shall be convened by law when necessary.

Article 9-1: the shareholders' meeting shall convene by the board of directors, and the chairman shall be the chairman. The chairman shall appoint a director to act as the proxy in the absence of the chairman. If not, the director shall elect a person to act as the proxy; It shall convene by a convener other than the board of directors, and the chairman shall be the convener. One of them shall be elected from each other if there are more than two conveners.

Article 10: it shall release power of attorney issued by the company if a shareholder is unable to attend the shareholders' meeting for any reason, specify the scope of authorization, sign, and seal, and entrust a proxy to attend the meeting. It shall handle under the provisions of the "rules on the use of power of attorney by public companies to attend shareholders' meetings" in addition to the provisions of article CLXXVII of the company law.

Article 11: the shareholders of the company have one voting right per share unless restricted or listed in Item II of Article CLXXIX of the company law.

Article 12: the resolutions of the shareholders' meeting shall be attended by the shareholders representing more than half of the total issued shares in person or by proxy with the consent of more than half of the voting rights of the shareholders present unless otherwise provided by relevant laws and regulations. However, the voting rights shall be attended by two-thirds of the total number of issued shares in person or by proxy in any of the following circumstances, with the consent of more than half of the voting rights of the shareholders present.

1. Purchase or merge other home and abroad enterprises.
2. Dissolution or liquidation, division.

Article 12-1: the resolutions of the shareholders' meeting shall be recorded in the meeting minutes, which

shall be signed or sealed by the chairman, and distributed to all shareholders within twenty days after the meeting.

The meeting minutes referred to in the preceding paragraph may be prepared and distributed electronically.

The meeting minutes refers to in paragraph I may be distributed by public announcement.

Chapter IV. Directors and supervisors

Article 13: the company has seven to nine directors with a term of office of three years. The system of candidate nomination is adopted. The shareholders' meeting shall elect them from the list of candidates, and they can be re-elected. Among the directors of the company, there shall be no less than three independent directors and no less than one-fifth of the seats of directors. The company has established an audit committee composed of all independent directors under Article XIV-IV of the securities and Exchange Act. They are responsible for the implementation of the functions and powers of supervisors prescribed by the company act, the Securities and Exchange Act, and other regulations.

Article 13-1: when the term of office of a director expires and there is no time for re-election, his executive duties shall be extended until the re-election of a director takes office.

Article 13-2: a director may be dismissed at any time by the shareholders' meeting under the resolution of article CXCIX of the company law.

Article 13-3: when the vacancy of directors reaches one-third, the board of directors shall convene an interim shareholders' meeting within sixty days of the by-election, and its term of office shall be limited to the period of making up the original term.

Article 13-4: the company may purchase liability insurance for all directors to reduce the risk of directors being sued by shareholders or other related parties due to the performance of their duties by law.

Article 14: it shall organize the board of directors by the directors, and it shall elect one chairman by the presence of more than two-thirds of the directors and the consent of more than half of the directors present. The chairman shall represent the company and preside over the overall business.

The chairman of the board of directors may, unless otherwise provided by laws and regulations, increase or decrease the necessary institutions and organizations of the company to prevent the company from encountering emergency adverse events or dealing with major accidents, or meeting the needs of the company's operation, and decide on relevant business policies and deal with current business.

The chairman of the board of directors shall convene and serve as the chairman of the board of directors under Article CCIV of the company law in addition to the convening of the first meeting of the board of directors under Article CCIII of the company law. However, it may call at any time in case of an emergency.

The convener referred to in the preceding paragraph may be notified in writing, by e-mail, or by fax.

It may entrust other directors as his agent if a director is unable to attend the board of directors for some reason, but each person shall be limited to one representative.

However, independent directors shall attend in person on matters that should be attended to

in person under the regulations, and shall not appoint non-independent directors to act as agents. It shall record in the meeting minutes of the board of independent directors who have objections or reservations. If independent directors cannot attend in person for some reason, if they have objections or reservations about the proposal, they shall issue written opinions in advance and record them in the meeting minutes of the board, except for justified reasons.

Article 15: The agency shall handle under Article CCVIII of the company law if the chairman asks for leave or is unable to exercise his functions and powers for some reason.

Article 16: delete.

Chapter V: Managers

Article 17: the company may have a general manager, whose appointment, dismissal, and remuneration shall be handled under Article XXIX of the company law.

Chapter VI. Accounting

Article 18: the company's fiscal year is from January 1 to December 31. The board of directors shall prepare the following statements and books and submit them to the regular meeting of shareholders for a list at the end of each fiscal year.

(I) Business report.

(II) Financial statements.

(III) Proposal for earnings distribution or loss compensation.

After the statements and books referred to in paragraph 1 are listed by the shareholders' ordinary meeting, the board of directors shall distribute the financial statements and the resolution on the earnings distribution or loss compensation to all shareholders.

The financial statements referred to in the preceding paragraph and the distribution of earnings distribution or loss-making up resolutions may be made by public announcement.

Article 19: delete.

Article 20: it shall allocate 5% to 10% for the remuneration of employees and no more than 3% for the remuneration of directors if the company makes profits in the year.

However, it shall reserve the amount to be made up in advance if the company has accumulated losses in previous years, and the rest shall be appropriated under the proportion in the preceding paragraph.

The objects of employee remuneration in the first paragraph to be distributed to stocks or cash include employees of subordinate companies who meet certain conditions.

Article 20-1: it shall pay the tax first to make up for the previous losses if there is any earnings in the company's annual general final accounts, and it shall withdraw 10% of the statutory earnings reserve next time. However, it may not withdraw when the statutory earnings reserve has reached the paid-in capital of the company. Furthermore, the board of directors shall formulate a earnings distribution proposal and submit it to the shareholders' meeting for distribution after the special earnings reserve is withdrawn or converted under the needs and laws and regulations, and the undistributed earnings accumulates together.

Article 20-2: the dividend distribution policy of the company is based on the company's capital budget,

medium and long-term operation plan, and financial situation, and is distributed after the resolution of the shareholders' meeting under the following principles:

I. Except under the provisions of paragraphs II below, the company shall not distribute dividends when there is no earnings. However, the excess part may be distributed as a bonus when the statutory earnings reserve has exceeded 50% of the total capital. One earnings:

1. To meet the needs of the company to expand its operation scale in the future
2. Maintain the balance of earnings per share and profit level of the company
3. Consider the company's cash flow and operating earnings

Cash Dividends account for 20% ~ 100% of the total dividends, and Stock Dividends account for 0% ~ 80% of the total dividends.

The distribution of earnings referred to in the preceding paragraph shall be decided by the board of directors and distributed by resolution of the shareholders' meeting.

II. The company has no earnings to distribute in the current year, or although there is a earnings, the earnings is much lower than the earnings distributed by the company in the previous year, or the company may distribute all or part of the earnings under the law or the regulations of the competent authority under the consideration of the company's finance, business, and operation.

Chapter VII. Supplementary provisions

Article 21: all matters not stipulated in these articles of association shall handle under the provisions of the company law. The relevant organizational procedures and other detailed rules of the company shall formulate by the board of directors.

Article 22: the articles of association conclude on March 8, 1990.

Revision I was made on May 5, 1990.

Revision II was made on October 1, 1990.

Revision III was made on March 15, 1991.

Revision IV was made on December 5, 1991.

Revision V was made on November 1, 1993.

Revision VI was made on January 23, 1997.

Revision VII was made on June 26, 1997.

Revision VIII was made on April 28, 1998.

Revision IX was made on April 28, 1998.

Revision X was made on July 14, 2000.

Revision XI was made on June 21, 2002.

Revision XII was made on June 26, 2003.

Revision XIII was made on June 28, 2004.

Revision XIV was made on June 28, 2004.

Revision XV was made on June 22, 2006.

Revision XVI was made on June 21, 2007.

Revision XVII was made on June 19, 2008.

Revision XVIII was made on June 16, 2009.

Revision XIX was made on June 23, 2010.

Revision XX was made on June 22, 2011.
Revision XXI was made on June 6, 2012.
Revision XXII was made on June 8, 2016.
Revision XXIII was made on June 18, 2020.
Revision XXIV was made on July 15, 2021.

Mildef Crete Inc.

Chairman: Yi- Tong Shen

Appendix III

Mildef Crete Inc. **Procedures for acquisition or disposal of assets**

Article 1: Purpose

This procedure is formulated to protect assets and implement information disclosure.

Article 2: Legal basis

These procedures are formulated under Article XXXVI-I of the securities and exchange law and the relevant provisions of the "guidelines for the acquisition or disposal of assets by public companies".

Article 3: Scope of assets

- I. Securities: including stocks, government bonds, corporate bonds, financial bonds, securities in the list as funds, depositary receipts, call (put) warrants, beneficiary securities, asset-based securities, and other investments.
- II. Property (including land, houses and buildings, investment property, and land use right) and equipment.
- III. Membership card.
- IV. Intangible assets: including patents, copyrights, trademarks, franchises, and other intangible assets.
- V. Right-of-use assets.
- VI. Creditor's rights of financial institutions (including accounts receivable, foreign exchange purchase discount, loan, and collection).
- VII. Derivatives.
- VIII. Assets acquired or disposed of by merger, division, acquisition, or transfer of shares under the law.
- IX. Other important assets.

Article 4: Definition of terms

- I. Derivative commodities refer to forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combination contracts or structured commodities embedded in derivative commodities, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "forward contract" does not include insurance contract, performance contract, after-sales service contract, long-term lease contract, and long-term purchase (Sales) contract.
- II. Assets acquired or disposed of by merger, division, acquisition, or share transfer by law: refers to assets acquired or disposed of by merger, division, or acquisition under the enterprise merger and Acquisition Act, the financial holding company act, the Financial Institution Merger Act or other laws, or releasing new shares to acquire shares of other companies under article CLVI-III of the Company Act (hereinafter referred to as share transfer).
- III. Related parties and subsidiaries shall be listed under the standards for the preparation of financial reports by securities issuers.
- IV. Professional appraiser: refers to a property appraiser or other person who can engage

in property and equipment appraisal business by law.

- V. Actual date: refers to the date of signing the transaction, the date of payment, the date of entrusted transaction, the date of transfer of ownership, the date of the resolution of the board of directors, or other dates sufficient to determine the trading partner and transaction amount, whichever is the former. However, the date of the above opening or the date of receipt of the approval of the competent authority shall prevail for investors subject to the approval of the competent authority.
- VI. Investment in mainland China: refers to the mainland investment conducted under the regulations of the Investment Review Commission of the Ministry of economic affairs on the licensing of investment or technical cooperation in mainland China.
- VII. Stock Exchange: domestic stock exchange refers to Taiwan Stock Exchange Co., Ltd; Foreign stock exchange refers to any organized securities exchange managed by the competent securities authority of the country.
- VIII. Operation premises of securities firms: the operation premises of domestic securities firms refer to the places where securities firms set up special counters for the transaction under the regulations governing the trading of securities on the business premises of securities firms; The operation premises of foreign securities firms refer to the operating premises of financial institutions that are managed by the competent foreign securities authority and may operate securities business.

Article 5: investment in property or right-of-use assets not for operation and the number of marketable securities

The amount of the above assets independently acquired by the company and its subsidiaries are set as follows:

- (I) The total amount of property or right-of-use assets not for operation shall not be higher than 50% of the net value.
- (II) The total amount of investment in securities shall not be higher than 80% of the net value.
- (III) The amount of investment in independent securities shall not be higher than 40% of the net value.

Article 6. The professional appraiser and its appraisers, accountants, lawyers, or securities underwriters shall comply with the following requirements in the valuation report or the opinion of accountants, lawyers, or securities underwriters obtained by the company:

- I. It has not been sentenced to fixed-term imprisonment of more than one year for violating this law, the company law, the banking law, the insurance law, the financial holding company law, and the business accounting law, or for fraud, breach of trust, embezzlement, forgery, or business crimes. However, this restriction shall not apply if three years have elapsed after the completion of execution, the expiration of probation, or pardon.
- II. Circumstances in which a party to a transaction may not be a related party or have a material relationship with the transaction party.
- III. Appraisers of different specialties or appraisers shall not be related to each other or have a substantial relationship with each other if the company should obtain the appraisal reports of two or more professional appraisers.

When releasing a valuation report or opinion, the person referred to in the preceding

paragraph shall comply with the following matters:

- I. Before undertaking a proposal, you should carefully evaluate your professional ability, practical experience, and independence.
- II. When examining a proposal, it is necessary to properly plan and implement the appropriate operation process to form a conclusion and release a report or opinion based on it; It will be detailed in the proposal paper for the procedures, information, and conclusions collected.
- III. The integrity, correctness, and rationality of the data sources, parameters, and information used shall be evaluated item by item as the basis for releasing the valuation report or opinion.
- IV. The declaration shall include the professionalism and independence of relevant personnel, the reasonableness and correctness of the information used in the evaluation, and compliance with relevant regulations.

Article 7. procedures for acquisition or disposal of property and equipment

- I. Evaluation and operation procedures
The acquisition or disposal of property and equipment by the company shall be handled under the fixed assets circulation procedure of the company's internal control system.
- II. Procedures for determining trading conditions and authorization limits
 - (I) When acquiring or disposing of property, it is necessary to refer to the announced present value, assessed value, actual transaction price of adjacent property, etc., determine the transaction conditions and transaction price, prepare an analysis report and submit it to the chairman of the board of directors. If the amount is less than NT \$20 million, it shall submit to the chairman of the board of directors for approval and the board of directors for filing at the latest subsequent meeting of the board of directors; It shall submit to the board of directors for approval if the amount exceeds NT \$20 million.
 - (II) The acquisition or disposal of equipment shall be conducted by inquiry, price comparison, negotiation, or bidding. It shall approve level by level under the authorization regulations if the amount is less than NT \$10 million (inclusive); It shall submit to the general manager for approval and approved by the board of directors if the amount exceeds NT \$10 million.
- III. Executive unit
When the company obtains or disposes of property or equipment, it shall submit a decision under the approval authority in the preceding paragraph, and the user department and management department shall be responsible for implementation.
- IV. The valuation report issued by a professional appraiser shall be obtained before the date of occurrence, and the following requirements shall be met for the property or equipment appraisal report the company obtains or disposes of property, equipment, or right-of-use assets except for trading with domestic government agencies, self land contracting, land leasing, or acquiring and disposing of machinery and equipment or right-of-use assets for operation if the transaction amount reaches 20% of the company's paid-in capital or NT \$300 million or more:
 - (I) The transaction shall be submitted to the board of directors for resolution if a

limited price, specific price, or special price must be used as the reference basis of the transaction price for special reasons; The same applies to subsequent changes in trading conditions.

- (II) It shall invite two or more professional appraisers for valuation if the transaction amount is more than NT \$1 billion.
- (III) A professional appraiser shall contact a CPA to handle it and express specific opinions on the reasons for the differences and the appropriateness of the transaction price under the provisions of the bulletin of Auditing Standards No. 20 issued by the accounting research and development foundation of the ROC (hereinafter referred to as the accounting research and Development Foundation) under any of the following circumstances, except that the valuation results of assets acquired are higher than the transaction amount, or the valuation results of assets disposed of are lower than the transaction amount:
 - 1. The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
 - 2. The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.
- (IV) The date of issuance of the report by a professional appraiser and the date of establishment of the contract shall not exceed three months. However, the original professional appraiser may issue an opinion if the current value announced in the same period is applicable and less than six months have elapsed.
- (V) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court when the company acquired or disposed of assets through court auction procedures.
- (VI) The calculation of the transaction amount shall conduct under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part of the valuation report or CPA's opinion released by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.

Article 8: procedures for acquiring or disposing of securities investment

I. Evaluation and operation procedures

The purchase and sale of the company's securities handle under the investment cycle operation of the company's internal control system.

II. Procedures for determining transaction conditions and authorization limits

- (I) Securities transactions on the centralized trading market or the operating premises of securities firms, domestic beneficiary certificates, overseas mutual funds, and depositary receipts shall be determined by the responsible unit under the market conditions. It shall approve by the chairman of the board of directors and reported to the board of directors at the latest meeting afterward if the amount is less than NT \$10 million (inclusive). At the same time, it shall submit an analysis report on the unrealized benefits or losses of long-term and short-term securities; It shall submit to the board of directors for approval if the amount exceeds NT \$10

million.

- (II) As for the trading of securities not on the centralized trading market or the business premises of securities firms, it shall be used as a reference for evaluating the trading price for the financial statements of the target company audited, certified, or reviewed by a CPA in the most recent period, taking into account its net worth per share, profitability, and future development potential. It shall approve by the chairman of the board of directors and submit to the board of directors for filing at the most recent board of directors if the amount is less than NT \$20 million (inclusive), and the chairman's Analysis report on unrealized benefits or losses of short-term securities; It shall submit to the board of directors for approval if the amount exceeds NT \$20 million.

(III) Such monetary (bond) funds are not subject to the above restrictions.

III. Executive unit

When the company invests in long-term and short-term securities, the financial and accounting unit shall be responsible for the implementation of the report after it is submitted for approval under the approval authority in the preceding paragraph.

IV. Expert opinions

- (I) When acquiring or disposing of securities, the company shall take the latest financial statements of the target company audited, certified, or reviewed by a CPA as a reference for evaluating the transaction price before the fact occurs. Furthermore, the company shall contact a CPA to express an opinion on the rationality of the transaction price before the fact occurs if the transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million. It shall handle under the statement of Auditing Standards No. 20 issued by the accounting research and development foundation if the CPA needs to use an expert report. However, this restriction shall not apply if the securities have a public quotation in a flexible market or if the Financial Regulatory Commission (hereinafter referred to as the FSC) otherwise provides.
- (II) It may substitute the appraisal report or CPA's opinion with the supporting documents issued by the court if the company acquires or disposes of assets through court auction procedures.
- (III) The calculation of the transaction amount shall conduct under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part of the valuation report or CPA's opinion issued by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.

Article 9: procedures for dealing with related party transactions

- I. The company shall also handle the relevant resolution procedures and evaluate the rationality of transaction conditions under the following provisions to acquire or dispose of assets between the company and its related parties except for the procedures for acquiring property under Article VII. Furthermore, the company shall also obtain the valuation report issued by a professional appraiser or the opinion of a CPA if the transaction amount reaches more than 10% of the company's total assets.

The trading amount referred to in the preceding paragraph shall be calculated under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current trading. The part of the valuation report or CPA's opinion released by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.

It should also consider the substantive relationship when judging whether the trading partner is a related party, in addition to paying attention to its legal form.

II. Evaluation and operation procedures

The following information shall submit to the Audit Committee for approval and approved by the board of directors before signing the transaction contract and making the payment if the company acquires or disposes of property or right-of-use assets from a related person, or acquires or disposes of other assets other than property or right-of-use assets with a related person, and the transaction amount reaches 20% of the company's paid-in capital, 10% of its total assets, or NT \$300 million or more, except for transaction in domestic government bonds, bonds with repurchase or repurchase conditions, and subscription or repurchase of money market funds released by domestic securities investment trust enterprises:

- (I) The purpose, necessity, and expected benefits of the acquisition or disposal of assets.
- (II) The reason for selecting the related party as the trading partner.
- (III) Information related to the evaluation of the reasonableness of the scheduled trading conditions under subparagraphs (I) and (IV) of paragraph III of this article when acquiring property or right-of-use assets from related parties.
- (IV) The original acquisition date and price of the related party, the trading partner, and its relationship with the company and the related party.
- (V) It expects the cash income and expenditure forecast statement of each month in the coming year from the beginning of the contracting month and evaluates the necessity of the transaction and the rationality of the use of funds.
- (VI) A valuation report released by a professional appraiser obtained under the preceding article, or an opinion of a CPA.
- (VII) Restrictions on this transaction and other important agreements.

The calculation of the transaction amount referred to in the preceding paragraph shall conduct under subparagraph V, paragraph I, Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction, and the part that has been submitted to the board of directors for approval and listed by the audit committee under these standards shall be exempt from recosting.

The board of directors may authorize the chairman to make a decision within a certain amount under Article VII, paragraph II, subparagraphs I and II, and then submit it to the board of directors of the latest period for ratification:

- I. Acquire or dispose of equipment or its right-of-use assets for operation.
- II. Acquire or dispose of property right-of-use assets for business use.

The opinions of independent directors shall be fully considered when submitted to the

board of directors for discussion. It shall record in the meeting minutes of the board of directors if independent directors have objections or reservations.

It shall obtain the consent of more than half of all members of the audit committee first for matters that shall be listed by the audit committee under paragraph I, and it shall submit a resolution to the board of directors. The provisions of paragraphs III and IV of Article XVII shall apply *mutatis mutandis*.

III Rationality evaluation of transaction cost

- (I) When acquiring property or right-of-use from related parties, the company shall evaluate the rationality of transaction costs under the following methods:
 - 1. Add the necessary capital interest and the cost borne by the buyer by law under the transaction price of the related party. The interest cost of the necessary funds shall calculate based on the weighted average interest rate of the borrowings of the company in the year of purchasing the assets, but it shall not be higher than the maximum borrowing rate of the non-financial industry published by the Ministry of finance.
 - 2. It shall be the total value of the loan evaluation of the subject matter by the financial institution if the related party has created a mortgage loan with the subject matter to a financial institution except for the cumulative value of the actual loan of the financial institution to the subject matter shall reach more than 70% of the total value of the loan evaluation and the loan period has exceeded one year. However, this does not apply if the financial institution and one of the parties to the transaction are related parties to each other.
- (II) The transaction costs of the land and house may be evaluated respectively under any of the methods listed in the preceding paragraph for the merger purchase or lease of the same subject-matter land and house.
- (III) When the company obtains property or right-of-use assets from related parties, it shall evaluate the cost of the property or right-of-use assets under paragraphs (I) and (II) of paragraph III of this article, and shall contact a CPA for review and express specific opinions.
- (IV) When the appraisal results of the property acquired by the company from the related parties are lower than the transaction price under paragraphs (I) and (II) of paragraph III of this article, it shall be handled under paragraph (V) of paragraph III of this article. However, it shall not apply if objective evidence is provided and specific reasonable opinions are obtained from professional property appraisers and accountants due to the following circumstances:
 - 1. It may prove that it meets one of the following conditions if the related party obtains the plain land or rents the land for reconstruction:
 - (1) The property is calculated under the construction cost of the related party and the reasonable construction profit if the land is assessed under the method prescribed in the preceding article, and the total amount exceeds the actual transaction price. The "reasonable construction profit" shall base on the average operating gross profit margin of the Construction Department of the related party in the most recent three years or the latest gross profit margin of the construction industry published by the Ministry of finance,

whichever is lower.

- (2) Other non-related party transaction cases on other floors of the same subject property or in adjacent areas within one year, with similar area, and the transaction conditions are equivalent after the evaluation of the reasonable floor or regional price difference under the practice of property sales or leasing.
 - (3) It estimates that the transaction conditions are equivalent under the reasonable floor price difference under the property leasing for other non-related party leasing cases of other floors of the same subject property within one year.
2. The company provides evidence to prove that the transaction terms of the property purchased from the related party or the property right-of-use assets obtained by leasing are equivalent to those of other non-related party transactions in the adjacent area within one year, and the area is similar. The above-mentioned trading cases in adjacent areas shall base on the principle of the same or adjacent street and less than 500 meters away from the subject matter of the transaction or its announced present value is similar. It shall base on the principle that the area of other non-related party transaction cases is not less than 50% of the area of the subject matter of the transaction if the said area is similar. The above-mentioned one-year period is one year retroactively calculated based on the date of the acquisition of property or right-of-use assets.
- (V) When the company obtains property or right-of-use assets from related parties and the evaluation results are lower than the transaction price under subparagraphs (I) - (IV) of paragraph III of this article, it shall handle the following matters. Furthermore, when the company and a public company that adopts the equity method to evaluate the company's investors have set aside a special earnings reserve under the above provisions, the special earnings reserve shall not be used until the assets purchased or leased at a high price have been listed as falling price losses, or the lease has been disposed of or terminated, or appropriate compensation or restitution has been made, or there is other evidence to determine that there is no unreasonable reason, and with the consent of the FSC.
1. The company shall set aside a special earnings reserve under paragraph I of Article XLI of the securities and exchange activities for the difference between the transaction price of the property or right-of-use assets and the evaluation cost, and shall not distribute or increase capital and shares. It shall also set aside a special earnings reserve under paragraph I of Article XLI of the securities and exchange act under the shareholding ratio if the investor who adopts the equity method to evaluate the company's investment is a public company.
 2. The audit committee shall act under Article CCXVIII of the company law.
 3. The handling of points I and II of paragraph III (V) of this paragraph shall be reported to the shareholders' meeting, and transaction details shall disclose in the annual report and prospectus.
- (VI) When the company obtains property or right-of-use assets from related parties under any of the following circumstances, it shall proceed under the provisions of

paragraphs I and II of this article on the evaluation and operating procedures, and the provisions of paragraphs III (I), (II) and (III) of this article on the evaluation of the rationality of transaction costs shall not apply:

1. Related parties acquire property or right-of-use assets due to inheritance or gift.
2. It has been more than five years since the date of this transaction that the related party contracted to obtain the property or right-of-use assets.
3. Sign a joint construction contract with the related party, or entrust the related party to build the property from the Land Commission, land lease Commission, etc.
4. The company and its parent company, subsidiaries, or subsidiaries directly or indirectly holding 100% of the released shares or total capital acquire property or right-of-use assets for operation.

(VII) It shall also handle it under subparagraph (v) of paragraph III of this article if the company obtains property or right-of-use assets from related parties and there is other evidence that the transaction is not in line with business practices.

Article 10: procedures for obtaining or disposing of membership cards or intangible assets

I. Evaluation and operation procedures

The company's acquisition or disposal of membership cards or intangible assets shall be handled under the fixed assets circulation procedure of the company's internal control system.

II. Procedures for determining trading conditions and authorization limits

(I) To obtain or dispose of a membership card, It shall prepare an analysis report and submit it to the general manager by referring to the fair market price of the market, determining the trading conditions and prices. It shall submit to the general manager for approval and to the board of directors for filing at the latest subsequent board meeting if the amount is less than 1% of the paid-in capital or less than NT \$1 million; It shall submit to the board of directors for approval if the amount exceeds NT \$1 million.

(II) As for the acquisition or disposal of intangible assets, it shall make an analysis report by referring to the expert evaluation report or the fair market price of the market, deciding the trading conditions and prices, and submitted to the chairman of the board. It shall submit to the chairman of the board of directors for approval and the latest board of directors for filing if the amount is less than 10% or less than the paid-in capital of NT \$20 million; It shall submit to the board of directors for approval if the amount exceeds NT \$20 million.

(III) The acquisition or disposal of assets by the company shall be approved by the audit committee under the prescribed handling procedures or other legal provisions. When it is submitted to the board of directors for discussion, the opinions of each independent director shall be fully considered, and the opinions and reasons for their consent or objection shall be included in the minutes of the meeting.

III. Executive unit

When the company obtains or disposes of membership cards or intangible assets, it shall submit for approval under the approval authority in the preceding paragraph, and

the following department, including the user department, the finance department, or the administrative department, shall be responsible for the implementation.

IV. Expert evaluation opinion report on intangible assets or right-of-use assets or membership card

- (I) It shall request an expert to release a price evaluation report when the transaction amount of the membership card obtained or disposed of by the company reaches 1% of the paid-in capital or more than NT \$1 million.
- (II) It shall request an expert to release a price evaluation report when the transaction amount of intangible assets acquired or disposed of by the company reaches 10% of the paid-in capital or more than NT \$20 million.
- (III) It shall consult a CPA to express its opinion on the rationality of the transaction price before the date of occurrence, and the CPA shall handle it under the provisions of the bulletin of Auditing Standards No. 20 issued by the accounting research and development foundation when the company obtains or disposes of intangible assets or right-of-use assets or membership certificates with a transaction amount of 20% of the company's paid-in capital or NT \$300 million or more, in addition to the transaction with domestic government agencies.
- (IV) The calculation of the transaction amount shall be conducted under subparagraph V of paragraph I of Article XIV, and the said one-year period is calculated retroactively for one year based on the date of the occurrence of the current transaction. The part of the valuation report or CPA's opinion released by the person who has obtained professional valuation under these standards shall be exempt from re-inclusion.

Article 11: procedures for obtaining or disposing of claims of financial institutions

In principle, the company will not engage in the transaction of acquiring or disposing of the creditor's rights of financial institutions. It will submit it to the board of directors for approval before formulating its evaluation and operating procedures if it wants to engage in the transaction of acquiring or disposing of the creditor's rights of financial institutions later.

Article 12: procedures for acquiring or disposing of derivatives

The company has also formulated "procedures for dealing with derivatives transactions".

Article 13: handling procedures for the merger, division, acquisition, or share transfer

I. Evaluation and operation procedures

- (I) It should appoint lawyers, accountants, and underwriters to jointly discuss the expected schedule of legal procedures, and organize an a project group to implement it under the legal procedures when dealing with mergers, splits, acquisitions, or share transfers. Before convening the resolution of the board of directors, the company shall entrust accountants, lawyers, or securities underwriters to express their opinions on the reasonableness of the share exchange ratio, the purchase price or the distribution of shareholders' cash or other property, and submit them to the board of directors for discussion and approval.
However, the company may be exempt from obtaining the reasonable opinions issued by the previous experts for the merger of its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, or the merger between its subsidiaries that directly or indirectly hold 100% of the issued shares or total

capital.

- (II) The company shall prepare a public document to the shareholders before the shareholders' meeting on the important contents and relevant matters of the merger, division, or acquisition, and deliver the expert opinions in paragraph I (I) of this article and the meeting notice of the shareholders' meeting to the shareholders as a reference for whether to agree to the merger, division or acquisition. However, it shall not apply if the convening of a shareholders' meeting may be waived under other regulations to resolve matters of the merger, division, or acquisition. Furthermore, as for the company participating in the merger, division, or acquisition, the company participating in the merger, division, or acquisition shall immediately publicly explain the reasons for the occurrence, subsequent handling operations, and the expected date of the shareholders' meeting if the shareholders' meeting of either party is unable to be held, resolved, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, voting rights or other legal restrictions.

II. Other precautions

- (I) Date of the board of directors: it shall convene the board of directors and shareholders' meeting on the same day to resolve matters related to the merger, division, or acquisition for the company participating in the merger, division, or acquisition unless otherwise provided by other laws or with special factors. A company participating in the transfer of shares shall convene a meeting of the board of directors on the same day unless otherwise provided by other laws or with special factors reported to and approved by the FSC in advance. A company that is listed or whose shares are traded on the over-the-counter market of a securities firm participating in a merger, division, acquisition, or transfer of shares shall make a complete written record of the following information and keep it for five years for verification:
 - I. Basic information of personnel: including the title, name, and ID card number of all persons involved in the merger, division, acquisition, or share transfer plan or the implementation of the plan before the disclosure of the information (passport number in case of foreigners).
 - II. Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract, and the board of directors.
 - III. Important documents and minutes: including merger, division, acquisition or share transfer plan, letter of intent or memorandum, important contract, meeting minutes of the board, and other documents.

As for the merger, division, or participation in the trading of shares of a listed company or a securities transferee in the OTC market, it shall report to the FSC in the Internet information system in the prescribed format for recordation of the information in Items I and II of paragraph I of the preceding paragraph within two days from the date of adoption of the resolution of the board of directors. The company shall agree with it and handle it under subparagraph I of the preceding paragraph II when a company participating in a merger, division, acquisition, or

share transfer is a company that is not listed or whose shares are traded on the over-the-counter market of a securities firm.

- (II) Prior confidentiality commitment: all persons who participate in or know the company's merger, division, acquisition or share transfer plan shall release a written confidentiality commitment. Before the information is made public, they shall not disclose the contents of the project, nor shall they buy or sell the shares and other equity securities of all companies related to the merger, division, acquisition, or share transfer by themselves or in the name of others.
- (III) Principles for determining and changing the share exchange ratio or purchase price: before the board of directors of both parties, companies participating in the merger, division, acquisition, or share transfer shall entrust accountants, lawyers, or securities underwriters to express their opinions on the rationality of the share exchange ratio, purchase price or cash or other property allocated to shareholders and submit them to the shareholders' meeting. In principle, the share exchange ratio or purchase price shall not be changed arbitrarily, except that the conditions for change have been set in the contract and have been publicly disclosed. The conditions for the change of share exchange ratio or purchase price are as follows:
 - 1. Handling cash capital increase, the release of convertible corporate bonds, free allotment of shares, the release of corporate bonds with warrants, special shares with warrants, warrants, and other equity securities.
 - 2. The disposal of the company's major assets and other acts affecting the company's finance.
 - 3. Major disasters, major technological changes, and other events that affect the shareholders' equity or securities price of the company.
 - 4. Adjustment of the repurchase of treasury shares by any party of the company participating in the merger, division, acquisition, or share transfer by law.
 - 5. Increase or decrease in the number of entities or companies participating in a merger, division, acquisition, or share transfer.
 - 6. Other conditions that may be changed have been stipulated in the contract and have been publicly disclosed.
- (IV) Contents of the contract: in addition to the provisions of article CCCXVII-I of the company law and Article XXII of the enterprise merger and Acquisition Law, the contract for the merger, division, acquisition, or transfer of shares of the company shall also specify the following items.
 - 1. Handling of breach of contract.
 - 2. Principles for the handling of securities with an equity nature of treasury shares that have been released or repurchased by the company that has been eliminated or divided due to a merger.
 - 3. The number of treasury shares that a participating company may buy back under the law after the benchmark date for calculating the share exchange ratio and its handling principles.
 - 4. The handling method of the increase or decrease in the number of participants

or households.

5. Estimated progress of plan implementation and estimated completion schedule.

6. Relevant handling procedures such as the scheduled date for convening the shareholders' meeting shall be ordered by law if the project is incompleted within the time limit.

- (V) When the company participating in the merger, division, acquisition, or transfer of shares changes its addenda: It shall be re-executed by all participating companies for the completed procedures or legal acts in the original merger, division, acquisition, or share transfer case, in addition to participating companies may be exempt from convening a shareholders' meeting to resolve again after any party of the company participating in the merger, division, acquisition or share transfer is made public, if it plans to merge, split, acquire or transfer shares with other companies, except that the number of participants reduces and the shareholders' meeting has resolved and authorized the board of directors to change its authority.
- (VI) When the company participating in the merger, division, acquisition, or share transfer is a non-public company, it shall enter into an agreement with it and handle it under the date of convening the board of directors in paragraph II (I), the prior confidentiality commitment in paragraph II, and the additional changes of the company participating in the merger, division, acquisition or share transfer in paragraph V of this article.

Article 14: information disclosure procedures

- I. The relevant information shall be publicly announced and reported on the website designated by the FSM within two days from the date of occurrence of the facts under the nature and the prescribed format in case of any of the following circumstances in terms of the items to be publicly announced and the standards for public announcement and reporting:
 - (I) Acquire or dispose of property or right-of-use assets from related parties, or acquire or dispose of other assets other than property or right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets, or more than NT \$300 million. However, this restriction shall not apply to the purchase and sale of domestic government bonds, bonds with buy back or sell back conditions, or the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, division, acquisition, or transfer of shares.
 - (III) Losses from derivatives trading reach the maximum amount of all or independent contract losses specified in the prescribed handling procedures.
- (IV) The type of assets acquired or disposed of is equipment or right-of-use assets for operation, and the trading partner is not a related party, with a trading amount of more than NT \$500 million.
- (V) A public company engaged in construction business obtains or disposes of property or right-of-use assets for construction use, and its trading partner is not a related party, with a trading amount of more than NT \$500 million.

- (VI) The company expects to invest more than NT \$500 million in the transaction of property acquired through self-owned land contracting, land leasing, joint construction and house distribution, joint construction and sharing, joint construction and sub-sale, and its trading partner is not a related party.
- (VII) The transaction amount reaches 20% of the company's paid-in capital or more than NT \$300 million for the asset transactions other than those in the preceding six paragraphs, disposal of creditor's rights by financial institutions, or investment in the mainland. However, the following circumstances shall not apply:
1. Buying and selling domestic government bonds.
 2. Trading of securities on domestic and foreign stock exchanges or the business premises of securities firms with investment as a profession, or subscribing to ordinary corporate bonds offered and issued in the domestic primary market and general financial bonds not involving equity (excluding secondary bonds), or subscribe for or buy back securities investment trust funds or futures trust funds, or a securities firm acting as an emerging stock company to guide and recommend securities firms to subscribe for securities under the regulations of the ROC OTC market.
 3. The purchase and sale of bonds with buyback and sell back conditions or buyback money market funds issued by domestic securities investment trusts.
- The trading amount referred to in the preceding paragraph shall be calculated in the following manner, and the said one-year period shall be calculated retroactively for one year based on the date of the occurrence of the current trading, and the part announced under the regulations shall be exempt from re-counting.
1. Amount of each transaction.
 2. The accumulated amount of target transactions of the same nature obtained or disposed of with the same counterpart within one year.
 3. The accumulated amount of property or right-of-use assets acquired or disposed of (acquired and disposed of respectively) in the same development plan within one year.
 4. The cumulative amount of the same securities acquired or disposed of (acquired and disposed of separately) within one year.
- II. Time limit for public announcement and reporting It shall make the announcement and reporting within two days from the date of occurrence if the acquisition or disposal of assets by the company has items that shall announce under paragraph of this article and the transaction amount meets the standards for announcement and reporting under this article.
- III. Announcement and declaration procedure
- (I) The company shall publicly announce and report relevant information on the website designated by the Financial Regulatory Commission.
 - (II) The company shall enter the information of the company monthly and its subsidiaries that are not domestic company engaged in derivatives trading as

of the end of last month into the information reporting website designated by this Commission under the prescribed format before the 10th day of each month.

- (III) The company shall re-announce and report all items within two days from the date of knowing if there are errors or omissions in the announcement of items that should be announced by the company under regulations and should be corrected.
- (IV) When acquiring or disposing of assets, the company shall keep relevant contracts, meeting minutes, reference books, valuation reports, and opinions of accountants, lawyers, or securities underwriters with the company for at least five years, unless otherwise provided by other laws.
- (V) It shall publicly announce and report relevant information on the website designated by the FSC within two days from the date of occurrence after the company has publicly announced and reported transactions under the preceding article, in any of the following circumstances:
 - 1. There is any change, termination, or dissolution of the relevant contracts signed in the original transaction.
 - 2. The merger, division, acquisition, or share transfer shall not complete under the scheduled schedule of the contract.
 - 3. The content of the original announcement has changed.

Article 15: the subsidiaries of the company shall comply with the following provisions:

- I. The subsidiary shall also formulate the "procedures for the acquisition or disposal of assets" under the relevant provisions of the "guidelines for the acquisition or disposal of assets by public companies". It shall submit to the shareholders' meeting of both parties, and the same shall apply for amendment after being approved by the board of directors of the subsidiary.
- II. It shall also comply with the provisions of the company if a subsidiary obtains or disposes of assets.
- III. The acquisition or disposal of assets shall be announced and reported by the public company under the preceding paragraph if a subsidiary is not a public company.
- IV. The amount paid in capital or total assets of a public company shall prevail over the amount paid in capital or total assets of a subsidiary applying the reporting standards to be announced in the preceding paragraph. The requirement of 10% of total assets shall be calculated based on the number of total assets in the latest independent or independent financial reports specified in the standards for the preparation of financial reports of securities issuers.

Article 16: penalties

It shall regularly submit for assessment under the personnel management measures and employee manual of the company and to be punished under the seriousness of the case if an employee of the company violates the provisions of these procedures by obtaining and disposing of assets.

Article 17: implementation and revision

The company's "procedures for acquisition or disposal of assets" are approved by the audit

committee, approved by the board of directors, and submitted to the shareholders' meeting for approval. The same applies to amendments.

It shall approve by more than half of all the members of the audit committee for the establishment or amendment of the procedures for the acquisition or disposal of assets and the trading of major assets or derivatives, and submit to the board of directors for resolution. It may be approved by more than two-thirds of all directors if the preceding paragraph has not been approved by more than half of the members of the audit committee, and the resolution of the audit committee shall be recorded in the meeting minutes of the board.

All members and directors of the Audit Committee referred to in the preceding paragraph shall be calculated by the actual incumbent.

Article 18: Supplementary Provisions

Any matters not covered in this procedure shall be handled under relevant regulations.

Article 18-1: the provisions of these standards regarding 10% of total assets shall be calculated based on the number of total assets in the most recent independent or independent financial reports specified in the standards for the preparation of financial reports of securities issuers.

Article 19: these measures were formulated on July 14, 2000, and implemented after being approved by the shareholders' meeting.

Revision I was made on June 21, 2002.

Revision II was made on June 26, 2003.

Revision III was made on June 23, 2005.

Revision IV was made on June 22, 2006.

Revision V was made on June 21, 2007.

Revision VI was made on June 19, 2008.

Revision VII was made on June 6, 2012.

Revision VIII was made on June 6, 2013.

Revision IX was made on June 19, 2014.

Revision X was made on June 22, 2017.

Revision XI was made on June 13, 2019.

Appendix IV

Mildef Crete Inc. Shareholding of directors

- I. As of April 11, 2022, the minimum number of shares to be held by all directors and the number of shares recorded in the shareholder register

Title	Number of shares to be held	Number of shares registered in the register of shareholders
Director	4,694,843 shares	6,237,775 shares

II. List of shares held by Directors

Title	Name	Number of shares registered in the register of shareholders	Remark
Chairman	Yi- Tong Shen	3,126,244 shares	Account No.: 1
Director	Nankang Rubber Tire Representative: Jun- Ying Lin	2,150,829 shares	Account No.: 30
Director	Ming- Xiao Lu	945,563 shares	Account No.: 22
Director	Wen- Chun Cai	15,139 shares	Account No.: 408
Independent director	Jun- Ming Wang		
Independent director	Xiao- Long Feng	65,132 shares	Account No.: 226
Independent director	Yong- Cheng Chun		

Note 1: date of suspension of transfer: April 11 to June 9, 2022.

Note 2: as the company has set up an audit committee, there is no application for the statutory number of shares to be held by the supervisor.

Note 3: the shareholding of independent directors elected by a public company doesn't include in the total number of legal shares.