



Committed to Customer Success

Stock code : 8234



NEXCOM International Co., Ltd.

Handbook for the 2023 Annual Meeting of Shareholders (TRANSLATION)

Convention Method: Physical shareholders meeting
Meeting Date: June 27, 2023

Note to Readers:

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

Content of 2023 Annual General Shareholders' Meeting

Handbook

Meeting Agenda	1
Report Items	2
Ratification Items.....	2
Discussion Items	4
Extraordinary Motions	5

Attachments

I. Business Report for 2022	6
II. Audit Committee Review Report for 2022	11
III. Independent Auditor's Report and Financial Statements (including Consolidated Financial Statements) for 2022.....	12
IV. Comparison Table for Amendments to “Articles of Incorporation”	38
V. Comparison Table for Amendments to “Procedures for Acquisition and Disposal of Assets”	39

Appendices

I. Rules and Procedures of Shareholders' Meeting	41
II. Articles of Incorporation.....	43
III. Procedures for Acquisition and Disposal of Assets (before amendments)	50
IV. Shareholding of Directors.....	72
V. Other matters.....	73

Meeting Agenda

Time: June 27, 2023 (Tuesday), 9.00 a.m.

Venue: 9F., No. 920, Zhongzheng Rd., Zhonghe Dist., New Taipei City (auditorium of the Company)

Method: physical shareholders' meeting

I. Call Meeting to Order (Reporting the Number of Attending Voting Rights)

II. Chairperson's Address

III. Report Items

1. Business Report for 2022.

2. Audit Committee's Review Report of Audited Financial Statements for 2022.

3. Status Report on the Distributions of Employee Compensation and Director Remuneration for 2022.

IV. Ratification Items

1. Business Report and Financial Statements for 2022

2. Motion for the 2022 earnings distribution.

V. Discussion Items

1. Amendments to the Company's "Articles of Incorporation".

2. Amendments to the Company's "Procedures for Acquisition and Disposal of Assets".

VI. Extraordinary Motions

VII. Adjournment

Report Items

I. Business Report for 2022

Description: For Business Report for 2022, please see Attachment 1 at page 6 of the Handbook.

II. Audit Committee's Review Report of Audited Financial Statements for 2022.

Description: For Audit Committee Review Report for 2022, please see Attachment 2 at page 11 of the Handbook.

III. Status Report on the Distributions of Employee Compensation and Director Remuneration for 2022.

Description: I. In accordance with "Articles of Incorporation", Article 20, employee compensation and Director remuneration are appropriated.

II. In 2022, the profit of the Company amounted to NT\$1,192,400,998 (pre-tax profit before employee compensation and Director remuneration). The Company appropriated 1% of the profit or NT\$11,924,010 as employee compensation, and 0.361188812% of the profit or NT\$4,306,819 as Director remuneration. Both were disbursed in cash. The disbursements did not differ from the compensation and remuneration expenses recognized.

Ratification Items

Proposal 1

(Proposed by the Board of Directors)

Item: Ratification of business report and financial statements for 2022.

Description: I. The Standalone and Consolidated Financial Statements for 2022 (Balance Sheet, Comprehensive Income Statement, Statement of Changes in Equity and Statement Of Cash Flows) have been audited by CPAs from PricewaterhouseCoopers Taiwan (PwC Taiwan), Wu Han-Chi and Tsai Yi-Tai. The financial statements, along with the Business Report have been submitted to the Audit Committee for review. A written report has since been issued and documented.

II. For Business Report, Independent Auditor's Report and the aforementioned Financial Statements, please see Attachment 1 at page 5 and Attachment 3 at page 9 of the Handbook.

III. Kindly ratify.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Item: Ratification of earnings distribution for 2022.

Description: I. The net profit after tax of the Company for 2022 amounted to NT\$902,188,330. In accordance with the provisions of the Company Act, the Company appropriated NT\$91,559,122 for legal capital reserve and reversed the special reserve in an amount of NT\$35,937,114. Adding the adjusted beginning balance of undistributed earnings of NT\$386,037,389, the accumulated distributable earnings amounted to NT\$1,232,603,711.

II. 2022 Earnings Distribution Table is as follows:

NEXCOM International Co., Ltd.

2022 Earnings Distribution Table

Unit: NT\$

Item	Amount
Beginning balance of undistributed earnings	372,634,499
Add: Adjustment to retained earnings for 2022	13,402,890
Adjusted beginning balance of undistributed earnings	386,037,389
Add: Net profit after tax for 2022	902,188,330
Less: Provision for legal reserve	(91,559,122)
Less: Appropriation of special reserve Add: Reversal of special reserve	35,937,114
Distributable earnings	1,232,603,711
Assign items	
Dividends – cash (NT\$3.0 per share)	423,679,416
End balance of undistributed earnings	808,924,295
Remarks: The shareholder dividend is distributed based on a total of 141,226,472 outstanding shares on March 31, 2023.	

Chairperson: Lin Mao-Chang

Manager: Yang Chien-Hsing

Head of Accounting: Chen Yuan-Pin

- III. Proposal for distributing cash dividend of NT\$3 per share, in which cash dividend shall be computed based on distribution proportion and rounded down to the nearest dollar (any amount below NT\$1 shall be omitted). The total fractional cash dividends less than NT\$1 shall be adjusted in the order starting from the largest to the smallest decimal number as well as from the smallest to the largest shareholder account number, until it reaches the total amount of the cash dividend to be distributed.
- IV. The ex-dividend and disbursement dates, and other relevant matters regarding the earnings distribution shall be determined subsequent to a resolution passed in the Shareholders' Meeting, in which the Chairperson shall be authorized to take charge of the undertaking.
- V. In the event that the share capital of the Company undergoes a change which affects the total number of outstanding shares, and changing the dividend payout ratio becomes necessary, the Chairperson shall be authorized with discretionary powers to make decisions pertaining to such matters.
- VI. The distribution of earnings for 2022 shall be prioritized in the upcoming earnings distribution proposal.

Resolution:

Discussion Items

Proposal 1

(Proposed by the Board of Directors)

Item: Proposal for amendments to the Company's "Articles of Incorporation".

Description: I. In compliance with provisions of laws and in order to increase the flexibility of the means for convening a shareholders' meeting, it is proposed to amend the Company's "Articles of Incorporation" by adding the provision that the Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

II. For the comparison table for amendments to the "Articles of Incorporation", please see Attachment 4 at pages 38 of the Handbook.

Resolution:

Proposal 2

(Proposed by the Board of Directors)

Item: Proposal for amendments to “Procedures for Acquisition and Disposal of Assets”.

Description: I. In order to align with the Company’s actual practice, it is proposed to amend the Company’s

“Procedures for Acquisition and Disposal of Assets”.

II. For the comparison table for amendments to “Procedures for Acquisition and Disposal of Assets”, please see Attachment 5 at pages 39 of the Handbook.

Resolution:

Extraordinary Motions

Adjournment

Attachment 1

NEXCOM International Co., Ltd.

Business Report for 2022

I. 2022 business results

In 2022, the Company's consolidated revenue stood at NT\$7.91670 billion, an increase of 16.76% from NT\$6.78058 billion in 2021; 2022 net profits after tax at NT\$902.19 million and basic earnings per share at NT\$6.39, a increase of 537% from NT\$141.55 million in 2021 and a increase of 539% from NT\$1.00, respectively.

The global pandemic has subsided since last year, and the economy has been recovering. Despite the component shortage in the first half of the year, demands have significantly grown, especially when the Company's downstream clients have won long-term contracts packed with orders. In addition, products and solutions that have been held back by the trade war and pandemic in the past three years, such as robots, smart manufacturing, smart transportation and webcams, have all returned back on the growth track. Although the sale of the subsidiary NEXCOM China Co., Ltd. has led to a decline in revenue, the overall consolidated revenue of the last year was kept at around 17% with a significant growth in profit due to said sale. On the other hand, NEXCOM has also been harvesting the fruits of its development in Industry 4.0 solutions, and its leadership in the industry has thus been affirmed. In the coming year, a conspicuous growth is foreseeable.

1. Financial income and expenses; profitability

Unit: NT\$ thousand

Item		2021	2022
Financial income and expenses	Net sales revenue	6,780,580	7,916,697
	Net profits before tax	205,295	1,353,491
Profitability	Return on Assets (%)	2.23	11.16
	Return on Shareholders' Equity (%)	5.40	29.72
	Ratio of operating profit to paid-in capital (%)	12.47	29.03
	Net profits before tax to paid-in capital (%)	14.54	95.84
	Net profit margin (%)	2.09	11.40
	Basic earnings per share	1.00	6.39

2. R&D status

Unit: NT\$ thousand

Item	2021	2022
Research and development expenses	593,414	551,492
Ratio of research and development expense to net sales revenue (%)	8.75	6.97

3. Technology and products successfully developed in 2022:

- (1) 400G high-end network switch
- (2) 5G disaggregated cell site gateway (DCSG) router
- (3) 5G mmWave smart enterprise wireless network gateway
- (4) Efficient and multi-functional 5G/cyber-security application platform
- (5) Industrial cyber-security gateway and switch.
- (6) Developed the VIC series, which successfully introduced the RPA computer applications to the semiconductor industry and the packaging industry.
- (7) Developed the Autonomous Mobile Robots (AMR) under the brand of NexMOV for the use of conveyance within an electronics factory and a tourist hotel.
- (8) Developed an enterprise ground-end data middle platform under the brand of NexDATA supporting the microservices to form a data service platform for big data analysis and ESG carbon tracking for enterprises.
- (9) Developed the robot safety control platform SCB100 (Functional Safety SIL2-3), which is the first solution in the world to feature an Intel processor as a control unit.
- (10) Developed the algorithm for an end effector that can track objects in a curved path, and successfully developed a robotic arm that can operate an automated optical inspection (AOI) equipment for curved objects.
- (11) Developed the advanced I/O controllers nPAC and nDAS series for Level 1 of the iAT2000 system and a controller that integrates the host, the I/O module, the wireless communication, and the VIC-Flow editing software.
- (12) Servo-driven network speed dome, which significantly enhances the detection accuracy and stability.
- (13) Developed eSAF Frontier X series products for the prevention of malware and cyberattacks, providing comprehensive IT/OT network protection.

- (14) Developed eSAF Frontier V series products that provide comprehensive OT web mining and deep packet inspection and protection.
- (15) The subsidiary TMR Technologies Co., Ltd. received the 2022 “Digital Transformation Leader Award” hosted by the Taiwan Electrical and Electronic Manufacturers’ Association and National Development Council, for its effort in providing comprehensive industrial cyber security protection solutions for the digital transformation of smart manufacturing. It was the only cyber security company to receive this award.

II. Summary of the Business Plan for 2023

NEXCOME has transformed into an innovative entrepreneurial group that provides Industry 4.0 total solutions and AIoT digital transformation. All business units, both the hardware platform units and the solutions units, have become the growth engines by collaborating with each other and focusing on their professional domain. While continuing to grow its hardware product portfolio, NEXCOM has become an industry leader for its ventures in robots, smart manufacturing, manufacturing cyber security, smart health care, and in all respects concerning industry 4.0 and AIoT solutions, not to mention its undertaking of smart factory turnkey projects. It has also modularized and platformized all of its technologies and products and made them free for download and painless development, in order to construct a network platform and ecosystem for sharing, co-creation, and mutual prosperity. The business focus for 2023 will be the following:

1. NEXCOME will respond to the government’s incentive policy to actively engage in the business of whole smart plant output; it will also act in phase to develop ecological systems among different industries, play the national team, and actively participate in associations to advance its discourse right.
2. NEXCOME will continue to market its hardware products in the form of industry 4.0 total solutions. Meanwhile, NEXCOME will continue its “cross-industry alliance and whole plant export” strategy in Taiwan, and tap deeply into the markets of the US, China, and emerging countries in the Southeast Asia and scale up, so as to seize the growing opportunities.
3. NEXCOM will continue to enhance the relationship with its solution partners and important strategic alliance partners (e.g., ERP companies, CNC companies, and ESG carbon footprint verification companies) in scale and in depth by means of product collaborations and joint

marketing, and thus form a long-term partnership for further growth, which on the other hand adds value to NEXCOM's products.

4. Capitalizing on NEXCOM's leading software and hardware products and technologies in connection with smart manufacturing and smart machinery, NEXCOM, on the subsidiary All IoT Cloud Corp.'s website, offers free downloads, experience, and developments to schools, enterprises, and startup companies, and sells standard modules and all related software and hardware packages of robots, smart manufacturing, industrial IoT, enterprise situation rooms, and solutions to assist Taiwan and the world in the development of talents and entrepreneurs for Industry 4.0 and AIoT digital transformation. Thereby, it expands the outlets for IPC hardware by providing solutions and subsequently spreads over the network ecosystem.

Sales volume forecast and the basis therefor

Item	Estimated sales amount for 2023
Single-board computer (piece)	155,000
System product (unit)	520,000
Industrial computer peripherals (article)	175,000

Basis: The Company's estimated sales volume is forecast based on consideration of the industrial environment, market supply and demand in the future, R&D plan, business development, and the orders currently on hand.

Compared with 2022, NEXCOM will make progress in terms of products, organization, global deployment, and management team, and so its market competitiveness will only be even greater. So will be its customer base in terms of number and scale. Aided by new products, new markets, and supports from strategic partners, NEXCOM will boost its reach to brand new areas and construct much more powerful growth engines. The new year will bring new harvest to NEXCOM.

In 2022, NEXCOM's sales and profit both significantly grew due to the subsidence of the COVID-19 pandemic and material shortages, giving rise to the increase in both demand and supply. Although the inflation and war in this year has caused adverse impacts on the economy and put investor confidence at stake, the market for Industry 4.0 smart manufacturing and AIoT digital transformation has been gaining momentum along with the trend to establish smart factories for a resilient supply chain, and many of the NEXCOM's ventures have just started to make significant revenue contributions. Moreover, the new products, major customers, and new projects have all given rise to the strong demands for NEXCOM's leading products, so, in spite of these mixed factors,

NEXCOM still looks forward to a prosperous year in 2023. This is no doubt the result of the efforts of all staff and the support of all shareholders. This year, under the guidance and supervision of the Board of Directors, NEXCOM expects to deliver more good news.

We wish you good health, and may all your wishes come true.

Chairperson: Lin Mao-Chang President: Yang Chien-Hsing Head of Accounting: Chen Yuan-Pin

Attachment 2

NEXCOM International Co., Ltd.

Audit Committee Review Report

The Board of Directors prepared and presented the Company's 2022 Business Report, 2022 individual financial statements, and 2022 consolidated financial statements, among which the 2022 individual financial statements and 2022 consolidated financial statements were audited by CPA Wu Han-Chi and CPA Tsai Yi-Tai of PwC Taiwan, who also released an independent auditors' report containing their opinion. The above-mentioned financial statements have been reviewed by the Audit Committee and no discrepancies have been found and a report was prepared for your review according to the provisions of Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act.

To

The 2023 General Shareholders' Meeting of NEXCOM International Co., Ltd.

Audit Committee Convener

Wang Yun-Yuao

February 22, 2023

Attachment 3

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NEXCOM International Co., Ltd.

PWCR22000542

Opinion

We have audited the accompanying parent company only balance sheets of NEXCOM International Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Disposal of subsidiaries in Beijing

We draw attention to Notes 6(5) to the consolidated financial statements, which describes that the Board of Directors of the Company resolved to dispose all the shares of its second-tier subsidiary, NEXSEC Incorporated, and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries and recognised a gain on disposal of NT\$846,367 thousand in 2022. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Adequacy of allowance for inventory valuation loss

Description

Refer to Note 4(10) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for details of inventories. As of December 31, 2022, the Company's inventories and allowance for inventory valuation loss amounted to NT\$2,188,038 thousand and NT\$225,725 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of industrial personal computers and there is a higher risk of inventory losing value or becoming obsolete due to the rapid technology innovation and stiff competition in the market. The Company's inventories are stated at the lower of cost and net realisable value, and the Company recognises loss on decline in value of obsolete or damaged inventories based on specific identification.

Since the amounts of inventories are material, types of inventories are various, and the identification of the net realisable value for individually identified obsolete or scrap inventories involves subjective judgement, we identified the adequacy of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of and assessed the reasonableness of accounting policies on provision of allowance for inventory valuation losses and confirmed whether they were adopted consistently in the comparative period.
- B. Inspected the annual plan of the physical inventory count and performed observation on inventory count, and evaluated the effectiveness of procedures in determining obsolete inventories.
- C. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed whether it is consistent with the accounting policy.

- D. For the net realisable value of inventories that are over a certain age and individually identified obsolete and damaged inventories, discussed with the management, obtained supporting documents and reviewed the calculation of the net realisable value.
- E. Tested the market price used to estimate the net realisable value of individual inventories, and selected samples to verify the calculation of net realisable value.

Cutoff of sales revenue

Description

Refer to Note 4(26) for description of accounting policy on revenue recognition and Note 6(21) for the details of operating revenue.

The Company's sales mainly arise from manufacturing and sales of industrial personal computers and is mainly for export. The Company recognises export revenue in accordance with the terms of the transaction with the customer. Since the Company has many sales targets, sales regions and transaction conditions, we considered the cutoff of sales revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the transaction terms of sales revenue and tested the internal control relating to revenue recognition.
- B. Selected samples to check the supporting documents for revenue recognition. The procedures performed include checking relevant documents such as orders and delivery orders to evaluate the appropriateness of cutoff of revenue.
- C. Performed sales transaction cut-off test for a certain period before and after balance sheet date to assess the appropriateness of cutoff on sales revenue.

Other matter - Reference to the audits of other auditors

The financial statements of certain investees accounted for using equity method for the years ended December 31, 2022 and 2021 were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements in respect of these companies, is based solely on the reports of the other auditors. The aforementioned investments accounted for using equity method amounted to NT\$396,742 thousand and NT\$158,160 thousand, constituting 5% and 2% of the Company's total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income recognised from the aforementioned investees amounted to NT\$82,866 thousand and NT\$12,866 thousand, constituting 8% and 10% of the Company's total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit.

We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Han-Chi

Tsai, Yi-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 474,583	6	\$ 111,355	2
1150	Notes receivable, net	6(2)	3	-	7	-
1170	Accounts receivable, net	6(2)	1,154,346	14	770,490	11
1180	Accounts receivable - related parties	7	822,706	10	894,195	13
1200	Other receivables		34,035	1	37,346	1
1210	Other receivables - related parties	7	20,753	-	30,415	1
130X	Inventory	6(3)	1,962,313	24	1,806,263	26
1410	Prepayments		10,932	-	20,682	-
11XX	Total current assets		4,479,671	55	3,670,753	54
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	44,344	-	117,207	2
1550	Investments accounted for under equity method	6(5)	1,525,140	19	839,999	12
1600	Property, plant and equipment	6(6) and 8	1,393,935	17	1,414,927	21
1755	Right-of-use assets	6(7)	385,465	5	438,691	6
1760	Investment property - net	6(9) and 8	172,555	2	174,075	2
1780	Intangible assets	6(10)	45,803	-	59,636	1
1840	Deferred income tax assets	6(26)	67,071	1	86,021	1
1900	Other non-current assets	6(11) and 8	60,493	1	57,657	1
15XX	Total non-current assets		3,694,806	45	3,188,213	46
1XXX	Total assets		\$ 8,174,477	100	\$ 6,858,966	100

(Continued)

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 2,405,000	29	\$ 2,327,680	34
2110	Short-term notes and bills payable	6(13)	100,000	1	100,000	2
2130	Current contract liabilities	6(21)	38,000	1	18,770	-
2170	Accounts payable	7	1,074,182	13	992,083	15
2200	Other payables	6(14) and 7	403,222	5	285,660	4
2230	Current income tax liabilities		80,802	1	13,456	-
2250	Provisions for liabilities - current	6(15)	31,059	-	27,912	-
2280	Current lease liabilities		52,800	1	51,896	1
2300	Other current liabilities		11,364	-	5,721	-
21XX	Total current liabilities		4,196,429	51	3,823,178	56
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(15)	11,490	-	9,744	-
2570	Deferred income tax liabilities	6(26)	183,020	3	1,514	-
2580	Non-current lease liabilities		340,152	4	391,842	6
2600	Net defined benefit liability - non-current		2,222	-	2,051	-
25XX	Total non-current liabilities		536,884	7	405,151	6
2XXX	Total liabilities		4,733,313	58	4,228,329	62
Equity						
	Share capital	6(18)				
3110	Common stock		1,412,265	17	1,412,265	20
	Capital surplus	6(19)				
3200	Capital surplus		367,987	4	367,763	5
	Retained earnings	6(20)				
3310	Legal reserve		336,749	4	322,108	5
3320	Special reserve		66,125	1	45,978	1
3350	Unappropriated retained earnings		1,288,225	16	548,648	8
	Other equity interest					
3400	Other equity interest		(30,187)	-	(66,125)	(1)
3XXX	Total equity		3,441,164	42	2,630,637	38
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 8,174,477	100	\$ 6,858,966	100

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7		\$ 5,576,554	100	\$ 4,297,547	100
5000 Operating costs	6(3)(24)(25) and 7		(4,481,287)	(80)	(3,617,460)	(84)
5900 Net operating margin			1,095,267	20	680,087	16
5910 Unrealised profit from sales			(36,346)	(1)	(32,464)	(1)
5920 Realised profit from sales			32,464	-	53,496	1
5950 Net operating margin			1,091,385	19	701,119	16
Operating expenses	6(24)(25)					
6100 Selling expenses			(352,756)	(6)	(260,950)	(6)
6200 General and administrative expenses			(129,678)	(2)	(119,286)	(3)
6300 Research and development expenses			(355,108)	(7)	(375,814)	(8)
6450 (Expected credit impairment loss) impairment gain determined in accordance with IFRS 9	12(2)		(4,840)	-	4,712	-
6000 Total operating expenses			(842,382)	(15)	(751,338)	(17)
6900 Operating profit (loss)			249,003	4	(50,219)	(1)
Non-operating income and expenses						
7010 Other income	6(22) and 7		110,884	2	120,465	3
7020 Other gains and losses	6(23)		39,728	1	(11,441)	-
7050 Finance costs			(37,458)	(1)	(23,057)	(1)
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(5)		814,013	15	108,627	2
7000 Total non-operating income and expenses			927,167	17	194,594	4
7900 Profit before income tax			1,176,170	21	144,375	3
7950 Income tax expense	6(26)		(273,982)	(5)	(2,830)	-
8200 Profit for the year			\$ 902,188	16	\$ 141,545	3
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Actuarial gains on defined benefit plan	6(16)		\$ 2,650	-	\$ 6,075	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income			5,112	-	(5,078)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)		(530)	-	(1,215)	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss			7,232	-	(218)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation			42,109	1	(15,069)	-
8300 Other comprehensive income (loss) for the year			\$ 49,341	1	(\$ 15,287)	-
8500 Total comprehensive income for the year			\$ 951,529	17	\$ 126,258	3
Earnings per share (in dollars)	6(27)					
9750 Basic earnings per share			\$ 6.39		\$ 1.00	
9850 Diluted earnings per share	6(27)		\$ 6.38		\$ 1.00	

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Retained Earnings				Other Equity Interest			
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2021								
Balance at January 1, 2021	\$ 1,412,265	\$ 367,368	\$ 311,451	\$ 82,927	\$ 488,932	(\$ 24,993)	(\$ 20,985)	\$ 2,616,965
Profit for the year	-	-	-	-	141,545	-	-	141,545
Other comprehensive income (loss) for the year	-	-	-	-	4,860	(15,069)	(5,078)	(15,287)
Total comprehensive income (loss)	-	-	-	-	146,405	(15,069)	(5,078)	126,258
Distribution of 2020 earnings								
Legal reserve	-	-	10,657	-	(10,657)	-	-	-
Special reserve	-	-	-	(36,949)	36,949	-	-	-
Cash dividends	-	-	-	-	(112,981)	-	-	(112,981)
Share-based payment transactions	-	41	-	-	-	-	-	41
Changes in ownership interests in subsidiaries	-	354	-	-	-	-	-	354
Balance at December 31, 2021	\$ 1,412,265	\$ 367,763	\$ 322,108	\$ 45,978	\$ 548,648	(\$ 40,062)	(\$ 26,063)	\$ 2,630,637
Year ended December 31, 2022								
Balance at January 1, 2022	\$ 1,412,265	\$ 367,763	\$ 322,108	\$ 45,978	\$ 548,648	(\$ 40,062)	(\$ 26,063)	\$ 2,630,637
Profit for the year	-	-	-	-	902,188	-	-	902,188
Other comprehensive income for the year	-	-	-	-	2,120	42,109	5,112	49,341
Total comprehensive income	-	-	-	-	904,308	42,109	5,112	951,529
Distribution of 2021 earnings								
Legal reserve	-	-	14,641	-	(14,641)	-	-	-
Special reserve	-	-	-	20,147	(20,147)	-	-	-
Cash dividends	-	-	-	-	(141,226)	-	-	(141,226)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	224	-	-	11,283	-	(11,283)	224
Balance at December 31, 2022	\$ 1,412,265	\$ 367,987	\$ 336,749	\$ 66,125	\$ 1,288,225	\$ 2,047	(\$ 32,234)	\$ 3,441,164

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,176,170	\$ 144,375
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(6)(9)(24)	74,717	84,919
Depreciation (Right-of-use assets)	6(7)(24)	54,400	54,738
Amortization	6(10)(24)	34,098	38,449
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		(4,840)	(4,712)
Interest expense		33,319	18,631
Interest expense (lease liability)		4,139	4,426
Interest income	6(22)	(603)	(188)
Dividend income	6(22)	(5,200)	(4,250)
Share-based payment transactions	6(17)	413	41
Share of profit of subsidiaries accounted for under the equity method	6(5)	(814,013)	(108,627)
Gain on disposal and scrap of property, plant and equipment	6(23)	(6)	-
Loss on disposal of investment	6(23)	-	960
Unrealised gross profit		36,346	32,464
Realised gross profit		(32,464)	(53,496)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		4	-
Accounts receivable		(380,619)	(173,798)
Accounts receivable - related parties		73,092	(70,353)
Other receivables		3,661	(15,111)
Other receivables - related parties		9,662	(12,330)
Inventories		(156,050)	(781,031)
Prepayments		9,750	(14,285)
Other non-current assets		-	(48)
Changes in operating liabilities			
Current contract liabilities		19,230	(720)
Notes payable		-	(111)
Accounts payable (including related parties)		82,099	433,402
Other payables		126,616	25,740
Provision		4,893	(2,942)
Other current liabilities		5,643	1,018
Cash inflow (outflow) generated from operations		354,457	(402,839)
Interest received		585	179
Dividends received		190,138	20,007
Interest paid		(36,684)	(23,609)
Income tax paid		(6,710)	(1,407)
Net cash flows from (used in) operating activities		501,786	(407,669)

(Continued)

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value			
through other comprehensive income		\$ 77,975	\$ -
Increase in investments accounted for using equity			
method		(18,360)	-
Return of capital from liquidation of subsidiary		-	4,111
Acquisition of property, plant and equipment	6(28)	(44,662)	(48,698)
Proceeds from disposal of property, plant and equipment		380	-
Acquisition of intangible assets	6(28)	(29,707)	(16,356)
Decrease in refundable deposits		10,506	237
Increase in restricted assets		(21)	(618)
Increase in other non-current assets		(14,835)	(562)
Net cash flows used in investing activities		(18,724)	(61,886)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		77,320	508,960
Increase in short-term notes and bills payable		-	100,000
Increase (decrease) in guarantee deposits received		171	(192)
Payment of lease liabilities		(56,099)	(55,780)
Cash dividends paid	6(20)	(141,226)	(112,981)
Net cash flows (used in) from financing activities		(119,834)	440,007
Net increase (decrease) in cash and cash equivalents		363,228	(29,548)
Cash and cash equivalents at beginning of year	6(1)	111,355	140,903
Cash and cash equivalents at end of year	6(1)	\$ 474,583	\$ 111,355

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NEXCOM International Co., Ltd.

PWCR22000525

Opinion

We have audited the accompanying consolidated balance sheets of NEXCOM International Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Emphasis of matter - Disposal of subsidiaries in Beijing

We draw attention to Notes 4(3) and 6(32) to the consolidated financial statements, which describes that the Board of Directors of the Company resolved to dispose all the shares of its second-tier subsidiary, NEXSEC Incorporated and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries and recognised a gain on disposal of NT\$846,367 thousand in 2022. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Adequacy of allowance for inventory valuation loss

Description

Refer to Note 4(12) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the Group's inventories and allowance for inventory valuation loss amounted to NT\$2,744,077 thousand and NT\$330,812 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of industrial personal computers and there is a higher risk of inventory losing value or becoming obsolete due to the rapid technology innovation and stiff competition in the market. The Group's inventories are stated at the lower of cost and net realisable value, and the Group recognises loss on decline in value of obsolete or damaged inventories based on specific identification.

Since the amounts of inventories are material, types of inventories are various, and the identification of the net realisable value for individually identified obsolete or scrap inventories involves subjective judgement, we identified the adequacy of allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of and assessed the reasonableness of accounting policies on provision of allowance for inventory valuation losses and confirmed whether they were adopted consistently in the comparative period.

- B. Inspected the annual plan of the physical inventory count and performed observation of inventory count, and evaluated the effectiveness of procedures in determining obsolete inventories.
- C. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed whether it is consistent with the accounting policy.
- D. For the net realisable value of inventories that are over a certain age and individually identified obsolete and damaged inventories, discussed with the management, obtained supporting documents and reviewed the calculation of the net realisable value.
- E. Tested the market price used to estimate the net realisable value of individual inventories, and selected samples to verify the calculation of net realisable value.

Cutoff of sales revenue

Description

Refer to Note 4(28) for description of accounting policy on revenue recognition and Note 6(25) for the details of operating revenue.

The Company's sales mainly arise from manufacturing and sales of industrial personal computers and is mainly for export. The Company recognises export revenue in accordance with the terms of the transaction with the customer. Since the Company has many sales targets, sales regions and transaction conditions, we considered the cutoff of sales revenue as a key audit matter

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the transaction terms of sales revenue and tested the internal control relating to revenue recognition
- B. Selected samples to check the supporting documents for revenue recognition. The procedures performed include checking relevant documents such as orders and delivery orders to evaluate the appropriateness of cutoff of revenue.
- C. Performed sales transaction cut-off test for a certain period before and after balance sheet date to assess the appropriateness of cutoff on sales revenue.

Other matter - Reference to the audits of other auditors

The financial statements of certain subsidiaries and investments accounted for under the equity method as at and for the years ended December 31, 2022 and 2021 were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements in respect of these subsidiaries and investees, is based solely on the reports of the other auditors. Total assets of these subsidiaries including investments accounted for using equity method, amounted to NT\$1,562,997 thousand and NT\$338,702 thousand, constituting 18% and 4% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the operating revenue amounted to NT\$2,752,109 thousand and NT\$604,910 thousand, constituting 35% and 9% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of NEXCOM International Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed 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 the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Han-Chi

Tsai, Yi-Tai

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,464,475	17	\$ 709,436	9
1150	Notes receivable, net	6(2)	2,919	-	8,713	-
1170	Accounts receivable, net	6(2)	1,896,736	21	1,598,043	20
1180	Accounts receivable - related parties	7	23,107	-	107,770	1
1200	Other receivables	6(3)	421,861	5	51,056	1
130X	Inventory	6(4)	2,413,265	27	2,782,314	35
1410	Prepayments		75,019	1	112,727	1
11XX	Total current assets		6,297,382	71	5,370,059	67
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	44,801	1	117,664	2
1535	Non-current financial assets at amortised cost	6(6)	307	-	3,899	-
1550	Investments accounted for under equity method	6(7)	13,911	-	17,863	-
1600	Property, plant and equipment	6(8) and 8	1,436,124	16	1,495,061	19
1755	Right-of-use assets	6(9)	435,946	5	546,523	7
1760	Investment property - net	6(11) and 8	172,555	2	174,075	2
1780	Intangible assets	6(12)	55,462	1	72,981	1
1840	Deferred income tax assets	6(30)	91,192	1	108,282	1
1900	Other non-current assets	6(13) and 8	295,916	3	77,840	1
15XX	Total non-current assets		2,546,214	29	2,614,188	33
1XXX	Total assets		\$ 8,843,596	100	\$ 7,984,247	100

(Continued)

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 2,470,000	28	\$ 2,542,702	32
2110	Short-term notes and bills payable	6(15)	100,000	1	100,000	1
2130	Current contract liabilities	6(25)	179,685	2	103,003	1
2150	Notes payable		382	-	181	-
2170	Accounts payable	7	1,232,124	14	1,340,179	17
2200	Other payables	6(16)	527,649	6	422,520	5
2230	Current income tax liabilities		108,336	1	22,646	-
2250	Provisions for liabilities - current	6(17)	31,059	-	27,912	1
2280	Current lease liabilities		66,524	1	93,375	1
2300	Other current liabilities	6(18)	10,591	-	13,176	-
21XX	Total current liabilities		4,726,350	53	4,665,694	58
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(18) and 8	-	-	477	-
2550	Provisions for liabilities - non-current	6(17)	11,490	-	9,744	-
2570	Deferred income tax liabilities	6(30)	184,376	2	1,514	-
2580	Non-current lease liabilities		382,451	5	467,127	6
2600	Other non-current liabilities		2,482	-	2,065	-
25XX	Total non-current liabilities		580,799	7	480,927	6
2XXX	Total liabilities		5,307,149	60	5,146,621	64
Equity attributable to owners of parent						
	Share capital	6(22)				
3110	Common stock		1,412,265	16	1,412,265	18
	Capital surplus	6(23)				
3200	Capital surplus		367,987	4	367,763	4
	Retained earnings	6(24)				
3310	Legal reserve		336,749	4	322,108	4
3320	Special reserve		66,125	1	45,978	1
3350	Unappropriated retained earnings		1,288,225	14	548,648	7
	Other equity interest					
3400	Other equity interest		(30,187)	-	(66,125)	(1)
31XX	Equity attributable to owners of parent		3,441,164	39	2,630,637	33
36XX	Non-controlling interest		95,283	1	206,989	3
3XXX	Total equity		3,536,447	40	2,837,626	36
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 8,843,596	100	\$ 7,984,247	100

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(25) and 7	\$ 7,916,697	100	\$ 6,780,580	100
5000	Operating costs	6(4)(28)(29) and 7	(5,906,015)	(75)	(5,215,867)	(77)
5900	Gross profit from operations		2,010,682	25	1,564,713	23
	Operating expenses	6(28)(29)				
6100	Selling expenses		(783,349)	(10)	(626,507)	(9)
6200	Administrative expenses		(189,558)	(2)	(181,297)	(2)
6300	Research and development expense		(551,492)	(7)	(593,414)	(9)
6450	(Expected credit impairment loss) impairment gain determined in accordance with IFRS 9	12(2)	(76,338)	(1)	12,605	-
6000	Total operating expenses		(1,600,737)	(20)	(1,388,613)	(20)
6900	Operating profit		409,945	5	176,100	3
	Non-operating income and expenses					
7010	Other income	6(26)	71,773	1	83,413	1
7020	Other gains and losses	6(27)	921,523	12	(20,970)	-
7050	Finance costs		(45,521)	(1)	(34,605)	(1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	(4,229)	-	1,357	-
7000	Total non-operating income and expenses		943,546	12	29,195	-
7900	Profit from continuing operations before income tax		1,353,491	17	205,295	3
7950	Income tax expense	6(30)	(423,016)	(5)	(25,874)	(1)
8200	Profit for the year		\$ 930,475	12	\$ 179,421	2

(Continued)

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31				
		2022		2021		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gains on defined benefit plans	6(20)				
		\$	2,650	-	\$ 6,075	-
8316	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	6(5)				
			5,112	-	(5,078)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)				
		(	530)	-	(1,215)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		7,232	-	(218)	-
Other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements		45,491	-	(16,499)	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		45,491	-	(16,499)	-
8300	Total other comprehensive income (loss) for the year		<u>\$ 52,723</u>	-	<u>(\$ 16,717)</u>	-
8500	Total comprehensive income for the year		<u>\$ 983,198</u>	<u>12</u>	<u>\$ 162,704</u>	<u>2</u>
Profit attributable to:						
8610	Owners of the parent		\$ 902,188	12	\$ 141,545	1
8620	Non-controlling interest		28,287	-	37,876	1
			<u>\$ 930,475</u>	<u>12</u>	<u>\$ 179,421</u>	<u>2</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 951,529	12	\$ 126,258	1
8720	Non-controlling interest		31,669	-	36,446	1
			<u>\$ 983,198</u>	<u>12</u>	<u>\$ 162,704</u>	<u>2</u>
Earnings per share (in dollars)						
9750	Basic earnings per share	6(31)		<u>\$ 6.39</u>	<u>\$ 1.00</u>	
9850	Diluted earnings per share	6(31)		\$ 6.38	\$ 1.00	

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Non-controlling interest	Total	Total equity
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other Equity Interest						
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
Year ended December 31, 2021													
Balance at January 1, 2021		\$ 1,412,265	\$ 367,368	\$ 311,451	\$ 82,927	\$ 488,932	(\$ 24,993)	(\$ 20,985)	\$ 2,616,965	\$ 195,382	\$ 2,812,347		
Profit for the year		-	-	-	-	141,545	-	-	141,545	37,876	179,421		
Other comprehensive income (loss) for the year		-	-	-	-	4,860	(15,069)	(5,078)	(15,287)	(1,430)	(16,717)		
Total comprehensive income (loss)		-	-	-	-	146,405	(15,069)	(5,078)	126,258	36,446	162,704		
Distribution of 2020 earnings	6(24)	-	-	-	-	-	-	-	-	-	-		
Legal reserve		-	-	10,657	-	(10,657)	-	-	-	-	-		
Special reserve		-	-	-	(36,949)	36,949	-	-	-	-	-		
Cash dividends		-	-	-	-	(112,981)	-	-	(112,981)	-	(112,981)		
Share-based payment	6(21)	-	41	-	-	-	-	-	41	-	41		
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(4,336)	(4,336)		
Changes in ownership interests in subsidiaries		-	354	-	-	-	-	-	354	(20,503)	(20,149)		
Balance at December 31, 2021		\$ 1,412,265	\$ 367,763	\$ 322,108	\$ 45,978	\$ 548,648	(\$ 40,062)	(\$ 26,063)	\$ 2,630,637	\$ 206,989	\$ 2,837,626		
Year ended December 31, 2022													
Balance at January 1, 2022		\$ 1,412,265	\$ 367,763	\$ 322,108	\$ 45,978	\$ 548,648	(\$ 40,062)	(\$ 26,063)	\$ 2,630,637	\$ 206,989	\$ 2,837,626		
Profit for the year		-	-	-	-	902,188	-	-	902,188	28,287	930,475		
Other comprehensive income for the year		-	-	-	-	2,120	42,109	5,112	49,341	3,382	52,723		
Total comprehensive income		-	-	-	-	904,308	42,109	5,112	951,529	31,669	983,198		
Distribution of 2021 earnings	6(24)	-	-	-	-	-	-	-	-	-	-		
Legal reserve		-	-	14,641	-	(14,641)	-	-	-	-	-		
Special reserve		-	-	-	20,147	(20,147)	-	-	-	-	-		
Cash dividends		-	-	-	-	(141,226)	-	-	(141,226)	-	(141,226)		
Disposal of equity instruments at fair value through other comprehensive income	6(5)	-	-	-	-	11,283	-	(11,283)	-	-	-		
Disposal of subsidiaries	6(32)	-	-	-	-	-	-	-	-	(150,137)	(150,137)		
Changes in non-controlling interest		-	-	-	-	-	-	-	-	5,872	5,872		
Changes in ownership interests in subsidiaries		-	224	-	-	-	-	-	224	890	1,114		
Balance at December 31, 2022		\$ 1,412,265	\$ 367,987	\$ 336,749	\$ 66,125	\$ 1,288,225	\$ 2,047	(\$ 32,234)	\$ 3,441,164	\$ 95,283	\$ 3,536,447		

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,353,491	\$ 205,295
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(27)(28)	99,318	112,382
Depreciation (Right-of-use assets)	6(9)(28)	84,987	103,896
Amortization	6(12)(28)	36,309	41,174
Expected credit loss (impairment gain)	12(2)	76,338	(12,605)
Interest expense		36,886	24,560
Interest expense (lease liability)	6(9)	8,635	10,045
Interest income	6(26)	(7,713)	(899)
Dividend income	6(26)	(5,200)	(4,250)
Share-based payments	6(21)	-	41
Share of loss (profit) of associates accounted for under the equity method	6(7)	4,229	(1,357)
(Gain) loss on disposal and scrap of property, plant and equipment	6(27)	(522)	294
Gain on disposal of subsidiaries	6(27)	(846,367)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		5,594	8,927
Accounts receivable	(	521,621)	(31,623)
Accounts receivable - related parties	(	27,797)	(93,489)
Other receivables	(	39,442)	(16,642)
Inventories	(	337,221)	(1,353,595)
Prepayments		19,999	(72,496)
Other non-current assets	(	(9,200)	(663)
Changes in operating liabilities			
Contract liabilities		83,725	14,518
Notes payable		201	(1,733)
Accounts payable		426,476	533,640
Other payables		164,451	59,295
Provision		4,893	(2,942)
Other current liabilities		2,210	(9,288)
Other liabilities		260	-
Cash inflow (outflow) generated from operations		612,919	(487,515)
Interest received		1,663	888
Dividends received		5,200	4,250
Interest paid	(	(44,748)	(35,210)
Income tax paid	(	(146,950)	(42,035)
Net cash flows from (used in) operating activities		428,084	(559,622)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	77,975	-
Decrease in financial assets at amortised cost		3,592	92
Acquisition of property, plant and equipment	6(32)	(84,130)	(71,292)
Proceeds from disposal of property, plant and equipment		1,480	117
Acquisition of intangible assets	6(32)	(34,010)	(25,480)
Increase in refundable deposits		10,671	3,165
Decrease in restricted assets		2,727	32,996
Increase in other non-current assets	(	(6,013)	-
Cash outflow from disposal of subsidiaries	6(32)	523,164	(4,704)
Increase in other non-current assets	(	(16,400)	(1,573)
Net cash flows from (used in) investing activities		479,056	(66,679)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		25,931	660,155
Increase in short-term notes and bills payable		-	100,000
Payment of long-term debt	(	(5,245)	(4,810)
Increase (decrease) in guarantee deposits received		170	(8,542)
Payment of lease liabilities	(	(89,837)	(107,978)
Cash dividends paid	6(24)	(141,226)	(112,981)
Change in non-controlling interest		10,298	(4,336)
Net cash flows (used in) from financing activities	(	(199,909)	521,508

(Continued)

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
Effect of foreign exchange translations		\$ 47,808	(\$ 20,239)
Net increase (decrease) in cash and cash equivalents		755,039	(125,032)
Cash and cash equivalents at beginning of year	6(1)	709,436	834,468
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,464,475</u>	<u>\$ 709,436</u>

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

Attachment 4

NEXCOM International Co., Ltd.

Comparison Table for Amendments to “Articles of Incorporation”

“After” amendments	“Before” amendments	Description
<u>Article 9-1</u> <u>The Company’s shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. The shareholders’ meeting held by means of visual communication network shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.</u>	New article	1. This article is newly added. 2. Amendment is made in compliance with laws and in alignment with actual business need.
Article 22 The Articles of Incorporation were established on November 3, 1992. (omitted) The 23rd amendment was made on June 25, 2019. <u>The 24th amendment was made on June 27, 2023.</u>	Article 22 The Articles of Incorporation were established on November 3, 1992. (omitted) The 23rd amendment was made on June 25, 2019.	The number and date for the 24th amendment are added.

Attachment 5

NEXCOM International Co., Ltd.

Comparison Table for Amendments to “Procedures for Acquisition and Disposal of Assets”

“After” amendments	“Before” amendments	Description
<p>Article 8: Procedures for acquisition or disposal of property, plant and equipment or related right-of-use assets thereof</p> <p>I. Approval process for transaction terms and authorization limits</p> <p>(I) For the acquisition or disposal of real property or <u>right-of-use thereof</u>, if the amount is <u>less than 20% of the paid-in capital or NT\$300 million</u>, it shall be submitted to the Chairperson for approval; if the amount reaches 20% of the paid-in capital or NT\$300 million or more, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>(II) Where the amount of acquisition or disposal of <u>equipment or the right-of-use thereof</u> is <u>less than NT\$100 million</u>, it shall be approved according to the rules of authorization; <u>where the amount reaches NT\$100 million</u> or more, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>II, III. (omitted) no amendment</p>	<p>Article 8: Procedures for acquisition or disposal of property, plant and equipment or related right-of-use assets thereof</p> <p>I. Approval process for transaction terms and authorization limits</p> <p>(I) For the acquisition or disposal of real property, if the amount is <u>less than NT\$100 million</u>, the transaction shall be approved by the Chairperson; <u>if the amount is between NT\$100 million and less than 20% of the paid-in capital or NT\$300 million</u>, after being approved by the Chairperson, the transaction shall also be reported to the latest Board of Directors meeting; if the amount exceeds 20% of the paid-in capital or NT\$300 million, the approval of the Board of Directors shall be obtained before proceed.</p> <p>(II) For the acquisition or disposal of equipment, if the amount is <u>less than NT\$10 million</u>, the approval process shall be undertaken as per the authorization procedures; <u>if the amount is between NT\$10 million and NT\$50 million</u>, after being approved by the Chairperson, the transaction shall be</p>	<p>Amendment is made in alignment with the Company’s actual practice.</p>

	<p><u>reported to the latest Board of Directors meeting; if the amount exceeds NT\$50 million, the approval of the Board of Directors shall be obtained before proceed.</u></p> <p><u>(III) For the acquisition or disposal of right-of-use assets, if the amount is less than NT\$100 million, the transaction shall be approved by the Chairperson; if the amount is between NT\$100 million and NT\$500 million, after being approved by the Chairperson, the transaction shall also be reported to the latest Board of Directors meeting; if the amount exceeds NT\$500 million, the approval of the Board of Directors shall be obtained before proceeding.</u></p> <p>II, III. (omitted) no amendment</p>	
<p>Article 10: Procedures for acquisition or disposal of membership or intangible assets</p> <p>I. Approval process for transaction terms and authorization limits</p> <p>(I) For the acquisition or disposal of membership, if the amount <u>reaches</u> NT\$0.1 <u>billion or more</u>, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>(II) For the acquisition or disposal of intangible assets, if the amount <u>reaches</u> NT\$0.1 <u>billion or more</u>, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>II, III. (omitted) no amendment</p>	<p>Article 10: Procedures for acquisition or disposal of membership or intangible assets</p> <p>I. Approval process for transaction terms and authorization limits</p> <p>(I) For the acquisition or disposal of membership, if the amount exceeds NT\$1 <u>million</u>, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>(II) For the acquisition or disposal of intangible assets, if the amount exceeds NT\$30 <u>million</u>, the approval of the Board of Directors shall be obtained before proceeding.</p> <p>II, III. (omitted) no amendment</p>	<p>Amendment is made in alignment with the Company's actual practice.</p>

Appendix 1

NEXCOM International Co., Ltd. Rules and Procedures of Shareholders' Meeting

Article 1: Except as otherwise provided by the law and regulations, Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

Article 2: The Company shall specify in its Shareholders' Meeting Notices the time during which shareholder attendance registration shall be accepted, the venue to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The venue at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to undertake the registrations.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance book or attendance cards submitted by the shareholders.

Shareholders shall attend the Meetings based on attendance cards, sign-in cards, or other certificates of attendance, and bring along identification documents for verification. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Article 3: If the number of shares represented by the shareholders present at the Meeting has constituted the quorum, the Chairperson shall call the Meeting to order. If the number of shares represented by the shareholders present at the Meeting has yet to constitute the quorum at the time scheduled for the Meeting, the Chairperson may postpone the time for the Meeting. The postponements shall be limited to two times at the most. If no quorum can yet be constituted but the shareholders present at the Meeting representing more than one third of the total outstanding shares, tentative resolutions may be made in accordance with the Company Act, Article 175, whereby, "a tentative resolution may be passed by a majority of those present. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the Chairperson may submit the tentative resolutions to the Meeting for ratification.

Article 4: The Meeting agenda shall be set by the Board of Directors and distributed to attending shareholders or proxies.

Article 5: During the Meeting, the Chairperson may, at his discretion, set a time for intermission.

Article 6: When an attending shareholder wishes to speak, a Speech Note should be filled out with the account number and name of the shareholder. The sequence of speeches by shareholders should be determined by the Chairperson.

Article 7: During the discussion, the discussion items shall be sequenced as per the Meeting agenda. In the event that the speech of any shareholder violates the procedures, the Chairperson may stop the speech of such shareholder.

- Article 8: A single speech of the shareholder may not exceed five minutes. However, with the permission of the Chairperson, the speech may be extended for another three minutes.
- Article 9: For each discussion item, each shareholder shall not speak more than two times.
- Article 10: The Chairperson shall allow ample opportunity for explanation and discussion for proposals, and amendments or extraordinary motions put forth by the shareholders. When the Chairperson opines that a proposal has been discussed sufficiently to put to a vote, the Chairperson may announce the discussion closed and call for a vote.
- Vote counting for the Meeting proposals shall be conducted in open at the Meeting venue. Promptly after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site, and documentation of the vote shall be made.
- Article 11: Except otherwise specified in the provision of Company Act on special resolution, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairperson.
- Article 12: In case of incident of force majeure, the Chairperson may decide to temporarily suspend the Meeting and select another date to convene the Meeting.
- Article 12-1: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Meeting, and the voting and vote counting procedures.
- The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to the Company Act, Article 189, the recorded materials shall be retained until the conclusion of the litigation.
- Article 13: Any matter not provided in these Rules and Procedures shall be undertaken in accordance with the Company Act, the relevant law and regulations, and Articles of Incorporation.
- Article 14: These Rules and Procedures, and any amendments hereto, shall be implemented after adoption by the Meetings.

These Rules and Procedures were approved by resolution of the Meeting on April 10, 2000.

Amendments to these Rules and Procedures were approved by resolution of the Meeting on May 31, 2002.

Amendments to these Rules and Procedures were approved by resolution of the Meeting on June 25, 2013.

Appendix 2

NEXCOM International Co., Ltd. **Articles of Incorporation**

Section 1 General Provisions

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be “新漢股份有限公司” in the Chinese language.
(NEXCOM International Co., Ltd. in the English language)
- Article 2 The Company shall engage in the businesses as shown in the left:
- (I) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 - (II) CC01060 Wired Communication Mechanical Equipment Manufacturing
 - (III) CC01070 Wireless Communication Mechanical Equipment Manufacturing
 - (IV) CC01080 Electronics Components Manufacturing
 - (V) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - (VI) CC01110 Computer and Peripheral Equipment Manufacturing
 - (VII) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 - (VIII) CE01010 General Instrument Manufacturing
 - (IX) E605010 Computer Equipment Installation
 - (X) E701040 Simple Telecommunications Equipment Installation
 - (XI) EZ05010 Instrument and Meters Installation Engineering
 - (XII) F108031 Wholesale of Medical Devices
 - (XIII) F208031 Retail Sale of Medical Apparatus
 - (XIV) F113020 Wholesale of Electrical Appliances
 - (XV) F213010 Retail Sale of Electrical Appliances
 - (XVI) F213030 Retail Sale of Computers and Clerical Machinery Equipment
 - (XVII) F213060 Retail Sale of Telecommunication Apparatus
 - (XVIII) F218010 Retail Sale of Computer Software
 - (XIX) F401010 International Trade
 - (XX) F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
 - (XXI) I301010 Information Software Services
 - (XXII) I301020 Data Processing Services

(XXIII) I301030 Electronic Information Supply Services

(XXIV) IG03010 Energy Technical Services

(XXV) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company may become a shareholder of limited liability in other companies. The total amount of its investment in such other companies shall not be subject to the provision of the Company Act, Article 13 on the restriction of investment contribution.

Article 3 Due to business needs, the Company may provide endorsement or guarantee in accordance with the Procedures for Endorsement or Guarantee.

Article 4 The Company shall have its head office in New Taipei City. When it is deemed necessary, the Company shall establish representative and branch offices at various locations within and without the territory of the Republic of China.

Article 5 Public announcements of the Company shall be made in accordance with the Company Act, Article 28 and regulations enacted by the competent authority of securities and futures.

Section 2 Capital Stock

Article 6 The total capital stock of the Corporation shall be in the amount of NT\$1,800,000,000, divided into 180,000,000 shares, at NT\$10 each. For the unissued stocks, the Board of Directors is authorized to perform issuance in installments. The total capital mentioned in the preceding paragraph includes NT\$150,000,000 for issuance of stock option certificates, for a total of 15,000,000 shares, at the par value of NT\$10 each. The Board of Directors is authorized to perform issuance in installments.

Article 7 The shares of the Company shall be registered, which shall be signed or sealed by at least three Directors. Following which, the shares shall be certified by the competent authority or a registration institution approved by the competent authority for the issuance thereof. For the shares of the Company after public issuance, the printing of share certificates may be exempted, but shall engage a centralized securities depository enterprise for the registration of book-entry shares.

Article 7-1 To cease its status as a public company, the Company shall put to the Shareholders' Meeting for a resolution. Furthermore, during the trading period on emerging stock market or centralized trading floor or over the counter trading places, this article shall not be altered.

Article 7-2 The parties eligible for the transfer of treasury stocks bought back by the Company in accordance with the Company Act shall include employees of the controlling or affiliated

company meeting certain conditions. The Board of Directors shall be authorized to establish the conditions and distribution method.

Employees eligible for the employee stock options shall include employees of the controlling or affiliated company meeting certain conditions. The Board of Directors shall be authorized to establish the conditions and distribution method.

When the Company issues new stocks, employees subscribing to the employee stock options shall be employees of the controlling or affiliated company who have met certain conditions. The Board of Directors shall be authorized to establish the conditions and distribution method.

Employees eligible for restricted stock shall include employees of the controlling or affiliated company meeting certain conditions. The Board of Directors shall be authorized to establish the conditions and distribution method.

Article 8 All stock transaction conducted by shareholders of the Company shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

Section 3 Shareholders’ Meeting

Article 9 There are two types of Shareholders’ Meetings for the Company, namely: (1) ordinary meeting and (2) extraordinary meeting. Ordinary meetings shall be convened by the Board of Directors within six (6) months after the close of each fiscal year. Extraordinary meetings shall be convened when necessary in accordance with the relevant regulations.

The notice for the convention of Shareholders’ Meeting may be made via electronic transmission, after obtaining a prior consent from the recipient(s) thereof. For shareholders holding the registered share certificates in a number less than 1,000 shares, the aforementioned notice may be effected by way of a public notice.

Article 10 Where a shareholder for any reasons cannot attend the Shareholders’ Meeting in person, he or she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The regulations for authorizing proxies to attend meetings on behalf of shareholders of the Company shall comply with the Company Act, Article 177 and shall also be established in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.

Article 11 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act, Article 179.

Article 12 Except as otherwise provided in the related law and regulations, the resolutions of the

Shareholders' Meeting shall be adopted if the meeting is attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and shall be executed based on the majority of the voting rights of attending shareholders.

Article 12-1 The resolutions of the Shareholders' Meeting shall be recorded in the minutes, and the documentation shall be undertaken in accordance with the Company Act, Article 183.

Section 4 Directors and Audit Committee

Article 13 The Corporation shall have five to seven Directors. The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election. Directors shall be elected by adopting the candidate nomination system as specified in the Company Act, Article 192-1, who shall be elected by the Shareholders' Meeting from among the list of candidates. The shareholding ratio of all Directors shall comply with the regulations promulgated by the competent authority of securities.

In the roster of Directors described in the preceding paragraph, the number of Independent Directors shall not be less than three and shall not be less than one fifth of the total number of Directors.

In accordance with the provision of Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all Independent Directors. The composition, responsibilities, rules and procedures for committee meeting and other matters related to compliance shall be undertaken in accordance with the regulations promulgated by the competent authority of securities.

Article 13-1 The Company may purchase liability insurance for Directors.

Article 13-2 (Deleted)

Article 14 The Board of Directors meeting shall be organized by Directors and attended by more than two-thirds of the Directors along with the consents of the majority of the attending Directors in order to elect a Chairperson among the Directors to represent the Company.

Any Director attending the Board meeting via video conference shall be deemed attending the meeting in person.

Article 14-1 The notice for the convention of Board of Directors meeting shall specify the purpose of the meeting and shall be sent to the Directors seven days prior to the date of the meeting. In case of urgent circumstances, the convention of Board of Directors meeting may be undertaken whenever necessary. The notice for the convention of Board of Directors meeting may be made in writing, e-mail or facsimile method to inform all Directors.

Article 15 The management policies and other material matters of the Company shall be determined by

the resolutions of the Board of Directors meeting. Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened in accordance with the Company Act, Articles 203 and 203-1, the Chairperson shall convene meetings of the Board of Directors and serve as the Chairperson of the Board. In case where the Chairperson is on leave or cannot exercise his power and authority for any cause, the meeting shall be undertaken in accordance with the Company Act, Article 208.

Article 15-1 Unless otherwise specified in the Company Act and these Articles, resolutions of Board of Directors shall be executed based on the attendance of the majority of Directors and the consents of more than half of the attending Directors. The Directors shall attend the Board of Directors meeting in person. In case where a Director cannot attend due to reasons, he/she may appoint another Director to act as a proxy for attending the meeting on his/her behalf by executing a power of attorney stating therein the scope of power authorized to the proxy, and that the proxy shall only accept the appointment of one Director only.

Article 16 The remuneration for a Director of the Company shall be determined by the assessment of Remuneration Committee on his/her participation level and value of contribution to the operation of the Company. Regardless of the business performance of the Company, the Board of Directors is authorized to determine the payment thereof according to the assessment of Remuneration Committee along with the consideration of the standard adopted in the same industry.

In case a Director holds concurrent position in the Company, the Chairperson is authorized by the Board of Directors to determine the disbursement of compensation of the concurrent position in accordance with the internal management policy.

Section 5 Manager

Article 17 The Corporation may appoint one Chief Executive Officer, one President, and such other officers. The appointment, discharge and compensation shall be undertaken in accordance with the Company Act, Article 29.

Section 6 Accounting

Article 18 The accounting fiscal year of the Company shall start from January 1 to December 31. Settlement shall be performed by at the end of each fiscal year. The Board of Directors shall prepare the following reports and statements for submitting to the ordinary shareholder's meeting not later than the 30th day prior to the meeting date in order to request for approval thereof:

- I. Business Report.
- II. Financial Statements.
- III. Proposal for Distribution of Profit or Covering Losses.

Article 19 (Deleted)

Article 20 If the Company has earnings (i.e., the net profits before tax before providing employee remuneration and director remuneration) on the annual final account, it shall provide no less than 1% of such amount as employee remuneration and no greater than 1% of such amount as director remuneration. Nevertheless, the Company shall have reserved a sufficient amount to offset its accumulated losses.

The aforementioned employee compensation shall be distributed by way of stocks or cash. Eligible employees include employees of the controlling or affiliated company meeting certain conditions. The Director remuneration shall be distributed by way of cash. The remuneration of each Director is capped at NT\$30,000,000 per year.

The remuneration mentioned in the preceding two paragraphs may be made only after an approval has been obtained by a majority vote at a Board meeting attended by two thirds of total Board members, and shall be reported to the shareholders' meeting.

Article 20-1 If the Company has earnings (net of the employee remuneration and director remuneration specified in Article 20) on the final account, it should use such amount to: (1) pay taxes and duties; (2) compensate for prior deficits; (3) provide 10% of the remainder as legal reserves, except in the case where the legal reserve has reached the paid-in capital; (4) provide or reverse special reserves as required by law; (5) add the remainder, if any, to the accumulated undistributed earnings to from the distributable earnings, which shall be taken by the Board of Directors to draft an earnings distribution proposal and may be distributed after the shareholders' meeting has approved such a proposal.

Considering the business environment, the growth phase it is in, future capital needs, and long-term financial planning, the Company distributes no greater than 90% of the annual distributable earnings as shareholder dividends, and no less than 5% of such shareholder

dividends as cash dividends. Nevertheless, in the event that the total distributable dividend has not reached NT\$0.5 per share, the restriction of the aforementioned proportion does not apply.

Section 7 Supplementary Provisions

Article 21 The Company shall undertake matters not stipulated by the Articles in accordance with the Company Act.

Article 22 The Articles of Incorporation were established on November 3, 1992.

The 1st amendment was made on November 19, 1993.

The 2nd amendment was made on October 13, 1997.

The 3rd amendment was made on July 31, 1998.

The 4th amendment was made on June 21, 1999.

The 5th amendment was made on April 10, 2000.

The 6th amendment was made on May 23, 2001.

The 7th amendment was made on May 31, 2002.

The 8th amendment was made on June 30, 2004.

The 9th amendment was made on June 30, 2005.

The 10th amendment was made on November 8, 2005.

The 11th amendment was made on June 29, 2006.

The 12th amendment was made on June 28, 2007.

The 13th amendment was made on June 27, 2008.

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

The 15th amendment was made on June 17, 2010.

The 16th amendment was made on June 22, 2011.

The 17th amendment was made on June 22, 2012.

The 18th amendment was made on June 25, 2013.

The 19th amendment was made on June 24, 2014.

The 20th amendment was made on October 1, 2014.

The 21st amendment was made on June 21, 2016.

The 22nd amendment was made on June 20, 2017.

The 23rd amendment was made on June 25, 2019.

Appendix 3 (Before amendments)

NEXCOM International Co., Ltd.

Procedures for Acquisition and Disposal of Assets

Article 1: Purpose

These Procedures shall be established to protect assets and implement information disclosure.

Article 2: Applicable Laws and Regulations

These procedures are promulgated pursuant to the Securities and Exchange Act (hereinafter referred to as “the Regulations”), Article 36-1 and regulations promulgated by Financial Supervisory Commission (hereinafter referred to as “FSC”).

Article 3: Scope of Assets

- I. Securities investments: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real properties (including land, buildings, investment properties, inventory of construction business) and equipment.
- III. Membership.
- IV. Intangible assets: Including patents, copyrights, trademarks, and franchise rights.
- V. Right-of-use assets.
- VI. Derivatives.
- VII. Assets that are acquired or disposed through mergers, spin-offs, acquisitions or share transfers.
- VIII. Other important assets.

Article 4: Definition

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- II. Assets acquired or disposed through mergers, de-mergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, de-mergers or acquisitions conducted under the “Business Mergers and Acquisitions Act,” “Financial Holding Company Act,” “Financial Institution Merger Act” and other acts or the transfer of shares from another company through the issuance of new shares of its own as the

consideration therefor (hereinafter referred to as "transfer of shares") under the Company Act, Article 156-3.

- III. Related party or subsidiary: As defined in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”
- IV. Professional appraiser: Refers to a real property appraiser or other persons duly authorized by law to engage in the appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. If an investment requires the approval of the competent authority, the earliest of the above dates or the date that approval by the competent authority was received shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.”
- VII. “Within the preceding year” as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. Items duly announced shall be excluded from the transaction amount.
- VIII. “Latest Financial Statements” used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulations before the subject acquisition or disposal of assets.

Article 5: Any professional appraiser and their officers, certified public accountants, attorneys or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall satisfy the requirements as set forth as follows:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with industry codes of trading associations and the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When undertaking a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall perform an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel preparing the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with the applicable law and regulations.

Article 6: The total amounts of real properties, right-of-use assets and securities investments acquired by the Company and each subsidiary for non-business use, and limits on individual securities are as follows:

- I. For real properties and related right-of-use assets thereof acquired for non-business use, the total amount shall not exceed 30% of the Company's net worth.
- II. For individual real property and related right-of-use assets thereof acquired for non-business use, the total amount shall not exceed 15% of the Company's net worth.
- III. For securities investments, the total initial investment amount shall not exceed 60% of the Company's net equity in the latest financial statements.
- IV. For individual securities investment, the initial investment amount shall not exceed 30% of the Company's net equity in the latest financial statements.
- V. If the securities investments are of the subsidiaries of the Company, the individual initial investment amount and total investment amount shall not exceed 100% of the Company's net worth or paid-in capital (whichever is higher).

Article 7: The provisions of Procedures for Acquisition and Disposal of Assets or other regulations shall be agreed by the majority of all members of the Audit Committee, and proposals shall be submitted to the Board of Directors for resolution. If the majority consent of the all members of the Audit Committee is not granted, it may be approved by a two-thirds majority of all Directors. The resolution of the Audit Committee shall also be recorded in the Board of Directors meeting minutes.

Article 8: Procedures for acquisition or disposal of property, plant and equipment or related right-of-use assets thereof

I. Approval process for transaction terms and authorization limits

- (I) For the acquisition or disposal of real property, if the amount is less than NT\$100 million, the transaction shall be approved by the Chairperson; if the amount is between NT\$100 million and less than 20% of the paid-in capital or NT\$300 million, after being approved by the Chairperson, the transaction shall also be reported to the latest Board of Directors meeting; if the amount exceeds 20% of the paid-in capital or NT\$300 million, the approval of the Board of Directors shall be obtained before proceed.
- (II) For the acquisition or disposal of equipment, if the amount is less than NT\$10 million, the approval process shall be undertaken as per the authorization procedures; if the amount is between NT\$10 million and NT\$50 million, after being approved by the Chairperson, the transaction shall be reported to the latest Board of Directors meeting; if the amount exceeds NT\$50 million, the approval of the Board of Directors shall be obtained before proceed.
- (III) For the acquisition or disposal of right-of-use assets, if the amount is less than NT\$100 million, the transaction shall be approved by the Chairperson; if the amount is between NT\$100 million and NT\$500 million, after being approved by the Chairperson, the transaction shall also be reported to the latest Board of Directors meeting; if the amount exceeds NT\$500 million, the approval of the Board of Directors shall be obtained before proceeding.

II. Execution Unit

For any acquisition or disposal of property, equipment or related right-of-use assets thereof, the Company shall seek the approval according to the preceding article and designate the departments using the assets and Management Service Department to execute the transaction.

III. Appraisal report for property, plant and equipment or related right-of-use assets thereof

Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition or disposal of equipment or related right-of-use assets thereof for business use, an appraisal report issued by a professional appraiser shall be obtained prior to the date of occurrence for any acquisition or disposal of property, equipment or related right-of-use assets thereof, for which the amount represents 20% of the Company's paid-in capital or more than NT\$300 million. Furthermore, the following provisions shall be complied with:

- (I) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
- (II) If the transaction price is over NT\$1 billion, the Company shall retain at least two professional appraisers to perform the appraisal.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the reasonableness of the transaction price:
 - 1. The discrepancy between the appraisal result and the transaction amount exceeds 20%.
 - 2. The discrepancy between the appraisal results of two or more professional appraisers and the transaction amount exceeds 10%.
- (IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 9: Procedures for acquisition or disposal of securities investments

I. Approval process for transaction terms and authorization limits

- (I) For securities investment traded on centralized securities exchange markets or over-the-counter markets, the designated unit shall determine according to market conditions; for securities investment not traded on centralized securities exchange markets or over-the-counter markets, the audited financial statements shall be obtained to serve as a reference for assessing the reasonableness of the transaction price before the date of occurrence of such acquisition or disposal of securities. Furthermore, should the transaction price reach 20% of the Company's paid-in capital or exceed NT\$300 million, an opinion on the reasonableness of the transaction price issued by a certified public accountant shall be obtained before the date of occurrence of such acquisition or disposal of securities.

However, these requirements are not applicable if such securities are quoted on an active market or if unless otherwise provided by FSC. Where the Company acquires or disposes of securities investment through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

(II) Authorization limits of securities investments

Item	Approver	Approval limit
Investments to be sold within a short period of time	Board of Directors	A single transaction exceeding NT\$30 million.
	Chairperson	Below NT\$30 million (inclusive)
Investments not to be sold within a short period of time	Board of Directors	A single transaction exceeding NT\$50 million.
	Chairperson	Below NT\$50 million (inclusive)

For fixed income government bonds or money market funds, the Chairperson is authorized to approval for any amount.

II. Execution Unit

For securities investment transactions, the Company shall seek the approval according to the preceding article and designate the financial and accounting units to execute the transactions.

Article 10: Procedures for acquisition or disposal of membership or intangible assets

I. Approval process for transaction terms and authorization limits

(I) For the acquisition or disposal of membership, if the amount exceeds NT\$1 million, the approval of the Board of Directors shall be obtained before proceeding.

(II) For the acquisition or disposal of intangible assets, if the amount exceeds NT\$30 million, the approval of the Board of Directors shall be obtained before proceeding.

II. Execution Unit

For the acquisition or disposal of membership or intangible assets, the Company shall seek the approval according to the preceding article and designate the responsible departments to execute the transactions.

III. Opinion of certified public accountant

Except for transactions with domestic government institutions, before the date of occurrence of the acquisition or disposal of membership or intangible assets, should the transaction price reach 20% of the Company's paid-in capital or more than NT\$300 million, an opinion on the reasonableness of the transaction price issued by a certified public accountant shall be obtained before the date of occurrence of such acquisition or disposal of securities.

Article 10-1: The computation of transaction amount for the acquisition or disposal of property, plant and equipment or related right-of-use assets, securities investments, membership or intangible assets shall be undertaken as per Article 14. “Within the preceding year” as used in the preceding paragraph refers to one year preceding the date of the event of the subject acquisition or disposal of assets. Appraisal report provided by professional appraiser or opinion offered by certified public accountant shall be excluded from the transaction amount.

Article 11: Procedures for related party transactions

- I. For the acquisition or disposal of assets from or to a related party, apart from complying with procedures for resolution passing and evaluation of reasonableness of the transaction terms prescribed from Articles 8 to 10, if the transaction amount exceeds 10% of the Company’s total assets, the Company shall obtain appraisal report provided by professional appraiser or opinion offered by certified public accountant. The computation of transaction amount shall be undertaken as per Article 10-1. When determining whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- II. If the Company intends to acquire or dispose of property or related right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than property or related right-of-use assets thereof from or to a related party and the transaction amount reaches 20% of the Company’s paid-in capital, 10% of the Company’s total assets, or more than NT\$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company shall submit the following information to the Audit Committee and Board for approval prior to entering into any transaction contract or making payment. For transaction per the preceding paragraph between the Company and any subsidiaries that are not domestic public companies, when the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the following types of information as prescribed below to the General Shareholders’ Meeting for approval prior to entering into a transaction contract or making a payment. However, for transactions between the Company and its subsidiaries, or transactions between their subsidiaries, this restriction shall not apply:
 - (I) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.

- (II) The rationale for choosing the related party as a trading counterparty.
- (III) Information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with these Procedures with respect to the acquisition of property or related right-of-use assets thereof from a related party.
- (IV) The date and price at which the related party originally acquired the property, the original trading counterparty, and such trading counterparty's relationship to the Company and such related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (VI) An appraisal report from a professional appraiser or an opinion by a certified public accountant obtained in compliance with the preceding paragraphs.
- (VII) Restrictive covenants and other important stipulations associated with the transaction.

The aforementioned transaction amount shall be computed in accordance with the provision of Article 14. "Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. Items duly announced in accordance with these Procedures that have been reported to and approved by the General Shareholders' Meeting, Audit Committee and Board of Directors shall be excluded from the transaction amount.

III. Evaluation process of reasonableness of transaction costs

- (I) The Company, when acquiring real property or related right-of-use assets thereof from a related party shall, evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with the law and regulations. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall

have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties

- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) For the acquisition of real property or related right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or related right-of-use assets thereof in accordance with the provision of this Article and engage a CPA to review the appraisal and render a specific opinion.
- (IV) For the acquisition of real property or related right-of-use assets thereof from a related party, if any of the following conditions is present, the Company shall undertake the transaction in accordance with the provision on appraisal and operating procedure of this Article. The provision on evaluating the reasonableness of the transaction costs shall not apply:
 - 1. The related party has acquired the property or related right-of-use assets thereof through inheritance or as a gift.
 - 2. More than five years will have elapsed from the time the related party signed the contract to obtain the property or related right-of-use assets thereof to the signing date for the current transaction.
 - 3. The property has been acquired through signing of a joint development contract with the related party, or through contract development with the related party as the developer to develop a land of the Company or leased from a third-party landowner.
 - 4. The acquisition of the property or related right-of-use assets thereof is for business use and occurs between the Company and its subsidiaries, or between subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company,
- (V) When the results of the Company's appraisal conducted in accordance with the provision of this Article for the acquisition of real property from a related party are uniformly lower than the transaction price, the matter shall be handled as per the

relevant provisions of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional property appraiser and a CPA, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices or standard property leasing market practices.
2. Where the Company acquiring property or leasing the related right-of-use of the property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. "Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph", in principle, refers to transaction price or publicly announced current value of parcels on the same or an adjacent block and within a distance of no more than 500 meters; "transaction for similarly sized parcels", in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; "within the preceding year" refers to

the year preceding the actual date of acquisition of the property or related right-of-use assets thereof.

(VI) When the results of the Company's appraisal conducted in accordance with the provision of this Article for the acquisition of property or related right-of-use assets thereof from a related party are uniformly lower than the transaction price, the matter shall be handled in compliance with the following provisions: Where the Company and a public company uses the equity method to account for its investment in the Company set aside the special reserve in accordance with the following provisions, they may not utilize the special reserve until they have recognized a loss on decline in market value of the assets they purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

1. A special reserve shall be set aside in accordance with the Regulations, Article 41, Paragraph 1 for the difference between the transaction price and the appraised cost of the property or related right-of-use assets thereof, and may not be distributed or used for capital increase or issuance of bonus shares.

Where the investor using the equity method to account for its investment in the Company is a public company, then the special reserve shall be set aside pro rata in a proportion in accordance with the Regulations, Article 41, Paragraph 1.

2. Actions taken pursuant to the aforementioned shall be reported to Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(VII) When the Company obtains real property or related right-of-use assets thereof from a related party, it shall also comply with the provisions of the preceding subparagraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 12: Procedures for acquisition or disposal of derivatives

I. Trading principles and strategies

(I) Types of trading transactions

1. The derivatives traded by the Company refers to transaction contracts whose value is derived from a specified interest rate, financial instrument price, commodity price,

foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (e.g. forward contracts, options contracts, futures contracts, interest rate or foreign exchange rate contracts, swap contracts, and hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives).

2. Relevant matters related to trading of securities bonds shall be undertaken according to relevant requirements of these Procedures. The provisions of these Procedures do not apply to the trading of securities bonds under repurchase agreements.

(II) Business strategies

The derivative transactions of the Company are for hedging purposes. The selection of derivatives shall mainly for mitigating the risks generated from the Company's operation. Other derivative transactions with specific purpose shall be carefully evaluated and reported to the Board of Directors for approval before proceeding.

(III) Division of duties and authority

1. Financial department

(1) Trading personnel

- A. Formulate trading strategies.
- B. Trading personnel shall collect market information, perform trend analysis and risk assessment, formulate operation strategies, and submit transactions for approval according to authorization limits, all of which shall serve as the basis of transactions.
- C. Perform transaction according to authorization limits and existing strategies.
- D. In the event that the financial market undergoes material changes and the trading personnel determine that the existing strategies are no longer applicable, they shall promptly produce an assessment report and re-formulate strategies, which shall then be submitted to the supervisor of the financial unit for approval, all of which serve as the basis of transactions.

(2) Confirmation personnel: Verify transaction information.

(3) Settlement personnel: Oversee the settlement of transactions.

(4) Authorization limits for derivative transactions

A. Authorization limits for hedging transactions

Approver	Authorization limits for daily transactions	Authorization limits for net position
Supervisor of financial unit	Below US\$1 million (inclusive)	Below US\$1 million (inclusive)
Chairperson	Above US\$1 million	Above US\$1 million

- B. Other derivative transactions with specific purpose shall be reported to the Board of Directors for approval before proceeding.

(IV) Regular assessments

1. Hedging transactions

- (1) Using foreign exchange cost on the book and profit or loss arising from derivative transaction as the basis of assessment.
- (2) To closely monitor and convey the risk evaluation of derivative transactions, the Company adopts a monthly valuation method to evaluate the profit or loss.
- (3) The financial department shall provide the valuation of foreign exchange net position, foreign exchange market trend and analysis to the supervisor of the financial unit as a reference of management and instruction.

2. Derivative transactions with specific purpose

The performance evaluation shall be made based on the actual profit and loss of position. Furthermore, the accounting unit shall prepare and submit a report on the position to the overseeing supervisor on a regular basis.

(V) Establishment of total contract amount and loss limits

1. Total contract amount

(1) Hedging transaction limit

The financial department shall monitor the overall position of the Company for risk hedging purposes. The hedging transaction amount shall not exceed the total net position of the Company.

(2) Derivative transactions with specific purpose

Based on the forecast of market change, the financial unit shall formulate strategies based on the Company's needs and submit to the overseeing supervisor. The Company may proceed with the transaction after obtaining the approval of the Board of Directors.

2. Establishment of loss limits

- (1) Hedging transactions: The loss limit of contract shall not exceed 50% of the contract amount.
- (2) Derivative transactions with specific purpose: The loss limit of individual contract shall not exceed US\$20 thousand or 10% of the contract amount, whichever is lower. The total loss limit for the year shall amount to US\$300 thousand. When exceeding loss limit, the financial department shall report to the President and Chairperson to discuss the necessary countermeasures, which shall also be

reported to the latest Board of Directors meeting.

II. Risk management measures

(I) Credit risk management

The market is susceptible to changes fueled many factors, thus giving rising to risks in operating derivatives. Hence, the market risk management shall be undertaken following the principles below:

1. Trading counterparties: Mainly well-known domestic and overseas financial institutions.
2. Trading products: Products offered by well-known domestic and overseas financial institutions.

(II) Market risk management

The Company shall mainly engage in open foreign exchange market provided by banks and shall not consider venturing into the futures market for the moment.

(III) Liquidity risk management

To ensure access to market liquidity, the Company mainly selects financial products with higher liquidity (i.e. where positions can be easily squared in the market). The financial institutions conducting transactions on behalf of the Company must possess adequate information and capability to undertake transactions in any market and at any given time.

(IV) Cash flow risk management

To ensure the stability of working capital, the capital for engaging in derivative transactions belongs to the equity fund of the Company. Furthermore, the amount invested shall take into consideration the forecast of capital needs of future cash inflow and outflow.

(V) Operation risk management

1. The Company shall observe the authorization limits and operating procedures, and include them in internal audit to mitigate operating risk.
2. The trading personnel shall not hold concurrent positions in transaction confirmation and settlement departments, and vice versa.
3. The personnel who take charge of the measurement, supervision and control of risks must not be from the aforementioned departments, and report to the Board of Directors, or to senior management personnel designated by the Board that is not in charge of the decision making of transaction or position.

(VI) Financial product risk management

Internal trading personnel shall possess comprehensive and accurate professional knowledge on financial products and require banks to fully disclose the risks involved to avoid the risk of misusing financial products.

(VII) Legal risk management

Any documents with the financial institutions must be reviewed by the foreign exchange and legal personnel or the legal consultant of the Company before signing to avoid legal risk.

III. Periodic evaluation method

Derivatives trading positions held shall be evaluated at least once per week. Positions for hedge trades required by business shall however be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

IV. Internal audit system

The internal auditors shall periodically check the appropriateness of the internal controls for derivatives trading. In addition, the trading department's compliance with the operating procedure for derivatives trading shall be audited on a monthly basis and the transaction cycle analyzed to prepare an audit report. For any discovery of major violations, written report shall be submitted to the Audit Committee.

V. The supervision and management principles of the Board of Directors on derivative trading.

(I) The Board of Directors shall designate senior management personnel to closely supervise and control the risk of derivative trading. The management principles are as follows:

1. Regularly evaluate whether the risk management measures in use are compliant with these Procedures and the operating procedure for derivatives trading established by the Company.
2. Supervise the trading and monitor gains or losses of the Company. If any anomaly is found, the personnel must undertake the necessary countermeasures and report to the Board. The Independent Directors shall attend the Board meeting and express their opinion.

(II) Regularly evaluate whether the performance of the derivative transactions meet the existing management strategies and the risk is within the exposure limit of the Company.

(III) The Company shall authorize relevant personnel to undertake derivative trading as prescribed by the operating procedure for derivatives trading, and submit for ratification

by the Board in its next meeting.

- (IV) For derivative trading, the Company shall establish log books, listing the derivative types, amount, date of resolution passed by the Board and items prescribed in these Procedures for careful evaluation.

Article 13: Procedures for Mergers, De-merger, Acquisition, or Transfer of Shares

I. Evaluation and operating procedure

- (I) To conduct a merger, de-merger, acquisition, or transfer of shares, the Company shall engage an attorney, CPA, or securities underwriter to determine the time schedule for legal procedures to be undertaken and form a project team to execute the legal procedures. Prior to convening the Board of Directors meeting, the Company shall engage an attorney, CPA, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, de-merger, or acquisition prior to the shareholders meeting and include it along with the expert opinion when sending shareholders notification of the Shareholders' Meeting for reference in deciding whether to approve the merger, de-merger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, de-merger, or acquisition, this restriction shall not apply. Where the Shareholders' Meeting of the Company and other companies participating in a merger, de-merger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders meeting, the Company and other companies participating in the merger, de-merger or acquisition shall immediately provide a public explanation for the reasons, follow-up measures and the preliminary date of the next Shareholders' Meeting.

II. Other considerations

- (I) Date of the board meeting: Unless otherwise provided by laws or due to special factors, the companies participating in the merger, division or acquisition shall convene a board meeting and shareholders' meeting on the same day to resolve matters related to the

merger, division, or acquisition. unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- (II) When participating in a merger, de-merger, acquisition, or transfer of shares of another public company or traded in over-the-counter market, the Company shall prepare a full written record of the following information and retain it for five years for reference:
1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers for foreign nationals) of all persons involved in the planning or implementation of any merger, de-merger, acquisition or transfer of shares prior to disclosure of the information.
 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 3. Important documents and minutes: Including merger, de-merger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (III) The Company shall, within two days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in the preceding subparagraphs to the FSC for documentation in the prescribed format and via the internet-based information system.
- (IV) Where the Company participating in a merger, de-merger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of this Paragraph.
- (V) Advanced confidentiality undertaking: Every person participating in or privy to the plan for merger, de-merger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, de-merger, acquisition, or transfer of shares.
- (VI) Principle of altering share exchange ratio or acquisition price: The Company and other companies participating in a merger, de-merger or acquisition, prior to convening the Board of Directors meeting, shall engage an attorney, CPA, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. In principle, the share exchange ratio or

acquisition price shall not be subject to random change, except for other terms in the contract stipulating the conditions for alteration which have been publicly disclosed.

Conditions for amendments to share exchange ratio and acquisition price:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based derivatives.
2. An action, such as a disposal of major assets that affects the Company's financial operations.
3. Major disaster or major change in technology that affects shareholder equity or share price.
4. Where any of the companies participating in the merger, de-merger, acquisition, or transfer of shares from another company buys back treasury stock in accordance with the law.
5. An increase or decrease in the number of entities or companies participating in the merger, de-merger, acquisition, or transfer of shares.
6. Other terms in the contract stipulating the conditions for alteration which have been publicly disclosed.

(VII) Content of contract: Apart from information prescribed in the Company Act, Article 317-1 and Business Mergers And Acquisitions Act, Article 22, the contract for participation in a merger, de-merger, acquisition, or of shares shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of share exchange ratio calculation, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

(VIII) Change in number of companies participating in the merger, de-merger, acquisition, or share transfer: After public disclosure of information, if any company participating in the merger, de-merger, acquisition, or share transfer intends further to carry out a merger,

de-merger, acquisition, or share transfer with another company, all of the participating companies shall carry out new procedures or legal actions that had originally been completed toward the merger, de-merger, acquisition, or share transfer; except that where the number of participating companies has decreased and the participating company's shareholders' meeting has adopted a resolution authorizing the Board to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

(IX) Where any of the companies participating in a merger, de-merger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of this Article.

Article 14: Information disclosure

I. Circumstances and conditions required to be announced or reported

- (I) Acquisition or disposal of property or related right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or related right-of-use assets thereof from or to a related party where the transaction amount reaches more than 20% of the paid-in capital, more than 10% of the Company's total assets, or more than NT\$300 million. However, the restriction shall not be applied to the trading of government bonds or bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts.
- (II) Mergers, de-merger, acquisition, or transfer of shares.
- (III) The loss of trading derivatives reaches the limit for all or single contract set forth in these Procedures for financial derivatives transactions.
- (IV) Acquisition or disposal of equipment or related right-of-use assets thereof for business use from or to a related party and the transaction amount exceeds NT\$500 million.
- (V) Property acquired by engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, in which the trading counterparty is a related party and the amount the Company expects to invest in the transaction is more than NT\$500 million.
- (VI) Apart from asset transaction, disposal of receivables to a financial institution, or an investment in mainland China area in the preceding five subparagraphs, transaction that reaches 20% of the Company's paid-in capital or amounts to NT\$300 million or more. However, this shall not apply to the following circumstances:

1. Trading of government bonds or foreign government bonds whose credit rating is not lower than the credit rating of ROC.
 2. Bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts.
- (VII) The aforementioned transaction amount shall be computed as follows. “Within the preceding year” as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. Items duly announced shall be excluded from the transaction amount.
1. The amount of any individual transaction.
 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of properties or related right-of-use assets thereof in the same development project within the preceding year.
 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same derivative product within the preceding year.

II. Deadline for announcement and reporting

If the Company’s acquisition or disposal of assets meets the circumstances required to be announced and the transaction amount required to be reported, the relevant information shall be declared and reported within two days from the date of occurrence.

III. Procedures for announcement and reporting

- (I) The Company shall declare and report the relevant information according to the characteristics and format prescribed by FSC.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in for up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the 10th day of each month.
- (III) When the Company at the time of public disclosure makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

- (IV) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.
- (V) If any of the following conditions relating to the Company's transactions required to make public disclosure and declaration as prescribed in the aforementioned provisions, the relevant information shall be declared and reported on the website designated by FSC within two days from the date of occurrence:
 - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - 2. The merger, de-merger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - 3. Change to the originally publicly announced and reported information.

Article 15: The subsidiaries of the Company shall comply to the following provisions:

- I. The subsidiaries acquiring or disposing assets shall comply to the provisions of these Procedures, and shall not engage in derivative trading.
- II. If the subsidiaries of the Company is not a public company, the Company shall publicly disclose and report the information on the acquisition and disposal of assets in accordance with these Procedures on behalf on the subsidiary.
- III. For the public announcement and reporting standard of the subsidiaries, the provision that "the transaction amount reaches 20% of the Company's paid-in capital or 10% of the Company's total assets" is based on the paid-in capital or total assets of the Company.

Article 16: The provision regarding 10% of the Company's total assets is computed in accordance with the total assets in the parent company only financial reports in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 17: Penalties

In the event of employee violating these Regulations, the undertaking unit shall report to the human resource department. In accordance with the relevant regulations of the Company, the appropriate penalty should be imposed according to the severity of the violation.

Article 18: Implementation and amendments

- I. Subsequent to approval of the Audit Committee, the "Procedures for Acquisition and Disposal of Assets" shall be approved by the Board of Directors and submitted to the General Shareholders' Meeting for approval. The same applies to the amendments of the

procedures. Meanwhile, when submitting the “Procedures for Acquisition and Disposal of Assets” to the Board of Directors for discussion, the Company shall take into consideration the opinion of Independent Directors to the fullest extent, and document their consent or objection in meeting records.

If the majority consent of the all members of the Audit Committee is not granted on the first paragraph, it may be approved by a two-thirds majority of all Directors. The resolution of the Audit Committee shall also be recorded in the Board of Directors meeting minutes.

- II. The terms "all Audit Committee members" and "all Directors" of these Procedures shall be counted as the actual number of persons currently holding those positions.

Article 19: Supplementary Provisions

Any other matters not set forth in these Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

The Board of Directors approved these Procedures by resolution on April 10, 2000.

The Shareholders' Meeting dated June 27, 2003 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated November 8, 2005 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 28, 2007 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 22, 2011 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 22, 2012 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 24, 2014 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 26, 2015 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 20, 2017 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 29, 2018 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 25, 2019 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 23, 2020 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated August 27, 2021 approved the amendments to these Procedures by resolution.

The Shareholders' Meeting dated June 29, 2022 approved the amendments to these Procedures by resolution.

Appendix 4

NEXCOM International Co., Ltd.

Shareholding of Directors

1. The paid-in capital of the Company amounts to NT\$1,412,264,720. The number of issued and outstanding stocks amounts to 141,226,472 shares.
2. In accordance with Securities and Exchange Act, Article 26 and “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the collective minimum number of shares held by all Directors: 8,473,588 shares.

Nevertheless, the Company has established Audit Committee, and the number of Independent Directors comprises more than half of the total number of Board seats, the aforementioned provision on the collective minimum number of shares held shall not apply.

3. As of the date for suspension of share transfer for the coming Shareholders’ Meeting (April 29, 2023), the shares held by individual and all Directors collectively on shareholder register are as follows:

Title	Name	Shares held as per shareholder register as of date for suspension of share transfer	
		Number of Shares	Shareholding Percentage
Chairperson	Lin Mao-Chang	5,457,657 (Note)	3.86% (Note)
Director	Lin Jeng-Tay	808,656	0.57%
Director	Chen Wen-Chuan	0	0%
Independent Director	Wang Yun-Yuao	0	0%
Independent Director	Chen Ching-Yin	0	0%
Independent Director	Tai Cheng-Chieh	16,760	0.01%
Independent Director	Chen Hong-Ming	0	0%
Total number of shares held		6,283,073	4.44%

Note: Excluding 2,000,000 entrusted shares of which the holder retains the right to decide the allocation.

Appendix 5

Other Explanations

Explanation of shareholders' proposals at the general shareholders' meeting:

1. In accordance with Article 172-1 of the Company Act, shareholders holding more than 1% of the total number of issued shares may submit to the company in writing a proposal for the general shareholders' meeting; only one proposal may be made, and the proposal is limited to 300 words.
2. The period for acceptance of the applications of shareholders' proposals for the general shareholders' meeting this year is from April 21, 2023 to May 2, 2023. According to law, an announcement of the above has been made on the Market Observation Post System.
3. The company has not received any shareholder's proposal as of the proposal deadline.

Headquarters

NEXCOM International Co., Ltd.

9F, No.920, Zhongzheng Rd., ZhongHe District, New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7782
www.nexcom.com

NEXCOM International Co., Ltd.

Taiwan

NexAloT Co., Ltd.

Taipei Office

13F, No.922, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7796
Fax: +886-2-8226-7926
Email: jacobhuang@nexaiot.com
www.nexaiot.com

NexAloT Co., Ltd.

Taichung Office

16F, No.250, Sec. 2, Chongde Rd.,
Beitun District,
Taichung City, 406, Taiwan, R.O.C.
Tel: +886-4-2249-1179
Fax: +886-4-2249-1172
Email: jacobhuang@nexaiot.com
www.nexaiot.com

NexCOBOT Taiwan Co., Ltd.

13F, No.916, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7926
Email: jennyshearn@nexcobot.com
www.nexcobot.com

GreenBase Technology Corp.

13F, No.922, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7900
Email: vivianlin@nexcom.com.tw
www.nexcom.com.tw

DivioTec Inc.

19F-1, No.97, Sec. 4, ChongXin Rd.,
SanChong Dist.,
New Taipei City, 24161 Taiwan(R.O.C)
Tel: +886-2-89763077
E-mail: sales@diviotec.com
www.diviotec.com

AIOT CLOUD CORP.

13F, No.922, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7782
Email: support@aiotcloud.dev
www.aiotcloud.dev

EMBUX Technology Co., Ltd.

13F, No.916, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7782
Email: info@embux.com
www.embux.com

TMR Technologies Co., Ltd.

13F, No.916, Zhongzheng Rd.,
Zhonghe District,
New Taipei City, 23586, Taiwan, R.O.C.
Tel: +886-2-8226-7786
Fax: +886-2-8226-7782
Email: services@tmrtek.com
www.tmrtek.com

China

NEXCOM Shanghai

Room 406-407, Building C, No 154, Lane 953,
Jianchuan Road, Minhang District,
Shanghai, 201108, China
Tel: +86-21-5278-5868
Fax: +86-21-3251-6358
Email: sales@nexcom.cn
www.nexcom.cn

NEXCOM Surveillance Technology Corp.

Floor 8, Building B3, Xiufeng Industrial Zone,
GanKeng Community, Buji Street,
LongGang District,
ShenZhen, 518112, China
Tel: +86-755-8364-7768
Fax: +86-755-8364-7738
Email: steveyang@nexcom.com.tw
www.nexcom.cn

NEXGOL Chongqing

1st Building No.999, Star Boulevard,
Yongchuan Dist.,
Chongqing City, 402160, China
Tel: +86-23-4960-9080
Fax: +86-23-4966-5855
Email: sales@nexgol.com.cn
www.nexcom.cn

Beijing NexGemo

Technology Co.,Ltd.

Floor 2, Gemotech Building, No.1,
Development Rd.,
Changping International Information
Industry Base, Changping District,
Beijing, 102206, China
Tel: +86-10-8072-2025
Fax: +86-10-8072-2022
Email: sales@nexgemo.cn
www.nexgemo.com

Japan

NEXCOM Japan

9F, Tamachi Hara Bldg.,
4-11-5, Shiba Minato-ku,
Tokyo, 108-0014, Japan
Tel: +81-3-5419-7830
Fax: +81-3-5419-7832
Email: sales@nexcom-jp.com
www.nexcom-jp.com

America

USA

NEXCOM USA

46665 Fremont Blvd.,
Fremont, CA 94538, USA
Tel: +1-510-656-2248
Fax: +1-510-656-2158
Email: sales@nexcom.com
www.nexcomusa.com



Committed to Customer Success

Please verify specifications before quoting. This guide is intended for reference purpose only.

All product specifications and information are subject to change without notice.

No part of this publication may be reproduced in any form or by any means without prior written permission of the publisher.

All brand and product names are registered trademarks of their respective companies.

©NEXCOM International Co., Ltd. 2023