

Chenbro Micom Co., Ltd

## **2022 Annual Shareholders' Meeting Handbook**

Stock Code : 8210

Time and Date: 9:00 a.m., Tuesday, May 31, 2022

Venue: RF, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City  
(Physical Shareholders Meeting)

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# **Chenbro Micom Co., Ltd.**

## **2022 Annual General Meeting**

Time and Date: 9:00 a.m., Tuesday, May 31, 2022

Venue: RF, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City

### **Meeting Agenda**

- I. Meeting Called to Order
- II. Chairperson Remarks
- III. Reports:
  1. 2021 Business Reports.
  2. Audit Committee's review report of 2021 financial statements.
  3. Distribution of employee compensation and remuneration to directors for 2021.
  4. Report on the Company's investment in mainland China.
  5. Report on the status of endorsements/guarantees and funds loaned to others.
- IV. Ratifications:
  1. Ratification of 2021 Business Report and Financial Statements.
  2. Ratification of Distribution of Earnings for 2021.
- V. Discussions:
  1. Amendment to the Articles of Incorporation.
  2. Amendment to the Procedures for Acquisition or Disposal of Assets.
  3. Amendment to the Rules of Procedure for Shareholders' Meetings.
  4. Release of ban on non-compete agreements for directors.
- VI. Extempore Motions
- VII. Adjournment

# **1 [Reports]**

## **Report 1**

Subject: 2021 Business Reports.

Description: 2021 Business Report (Please refer to Attachment 1 on page 10 of the handbook ).

## **Report 2**

Subject: Audit Committee's review report of 2021 financial statements.

Description: Audit Committee's review report (Please refer to Attachment 2 on page 15 of the handbook).

## **Report 3**

Subject: Distribution of employee compensation and remuneration to directors for 2021.

Description:

1. The employee compensation and the remuneration to directors of the Company for 2021 were approved by the board of directors on March 15, 2022 to allocate 6.8% for employee compensation and 2% for the remuneration to directors, both of which will be distributed in cash.
2. The total amount of the Company's employee compensation for 2021 is NT\$ 58,569,238.
3. The total amount of the Company's remuneration to directors for 2021 is NT \$ 17,226,247.

## **Report 4**

Subject: Report on the Company's investment in mainland China.

Description: As of December 31, 2021, the Company's investment in mainland China is as follows:

Unit: NT\$ thousand

Name of investee	Main business	Paid-in capital
Chenbro Technology (Kunshan) Co, Ltd.	Computer case manufacturing and processing	\$ 276,800
Dongguan Procase Electronic Co., Ltd.	Computer case manufacturing and processing	\$ 347,163
ChenPower Information Technology (Shang Hai) Co., Ltd.	Trade and purchase order accepting	\$ 58,128

## Report 5

Subject: Report on the status of endorsements/guarantees and funds loaned to others.

Description:

1. The aggregate amount of endorsements/guarantees provided by the Company as of December 31, 2021 should not exceed NT\$2,494,093 thousand (60% of the Company's net worth), and the limit of endorsements/guarantees to a single company is NT\$831,364 thousand (20% of the Company's net worth), and the aggregate amount of endorsements/guarantees to subsidiaries, in which the Company holds 90% or more of the equity, should not exceed NT\$2,078,411 thousand (50% of the Company's net worth). The actual implementation is as follows:

Unit: NT\$ thousand

Party being Endorsed/Guaranteed		The Highest Endorsement/ Guarantee Balance for the Current Period	Outstanding Endorsement s/Guarantees - Ending	Actual Drawdown	Ratio of Cumulative Endorsements/guarantees to the Net Equity Stated in the Latest Financial Statements
Company Name	Relationship				
CLOUDWELL HOLDINGS, LLC.	Subsidiary of the Company	159,824	155,008	103,375	3.73%

2. The Company's loaning of funds to external parties as of December 31, 2021: None.

## 2 [Ratifications]

### **Proposal 1(proposed by the board of directors)**

Subject: Ratification of 2021 Business Report and Financial Statements.

Description:

1. The 2021 Financial Statements have been audited by certified public accountants (CPAs) Hui-Ling Pan and Chun-Yao Lin from PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee.
2. Please refer to [Attachment 1] on page 10 and [Attachment 3] on page 16 of the handbook for the 2021 Business Report and Financial Statements and CPAs' audit report.
3. The proposal is hereby submitted to the shareholders' meeting for ratification.

Resolution:

### **Proposal 2(proposed by the board of directors)**

Subject: Ratification of Distribution of Earnings for 2021.

Description:

1. The board of directors has prepared an earnings distribution table for 2021 in accordance with the Company Act and the Company's Articles of incorporation for the proposal for the distribution of earnings for 2021.
2. Please refer to [Attachment 4] on page 44 of the handbook for the distribution of earnings.
3. The distribution of cash dividend is based on the ownership in the shareholders' register on the ex-dividend base date with NT\$3 distributed per share. The cash dividend is rounded off to the nearest NT Dollar, with the decimal places removed. The total rounded off amounts, are accounted for as other income in the Company's financial statements.

4. The earnings distribution proposal is based on the number of outstanding shares on the date of the resolution of the board of directors of the Company. If any share is converted into ordinary shares, cash capital increase, redemption of the Company's shares, transfer or cancellation of treasury shares, or other reasons due to the execution of the employee stock warrants thereafter, affecting the number of outstanding shares and leading to a change in the percentage for shareholders' dividend, the Chairperson is authorized to adjust the amount of the cash dividend per share based on the amount of cash dividends resolved in this earnings distribution proposal and the actual number of outstanding shares on the record date of dividend distribution.
5. The base date of distributing the cash dividend and relevant matters concerning the cash dividend are proposed to be determined and handled by the Chairperson after this proposal is resolved by the shareholders' meeting.
6. The proposal is hereby submitted to the shareholders' meeting for ratification.

Resolution:

### **3 [Discussions]**

#### **Proposal 1 (proposed by the board of directors)**

Subject: Amendments to the Articles of Incorporation.

Description:

1. According to Paragraph 1, Article 172-2 of the Company Act, a company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. Accordingly, the amendments to Articles 10-1, 13, and 15-1 of the Articles of Incorporation were made based on business needs.
2. The table of comparison of the provisions of Articles of Incorporation before and after the amendments, please refer to [Attachment 5] on page 45 of the handbook.

Resolution:

**Proposal 2 (proposed by the board of directors)**

Subject: Amendment to the Procedures for Acquisition or Disposal of Assets.

Description:

1. Based on the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022, the amendment to the Procedures for Acquisition or Disposal of Assets was made.
2. For the table of comparison of the provisions of Procedures for Acquisition or Disposal of Assets before and after the amendments, please refer to [Attachment 6] on page 46 of the handbook.

Resolution:

**Proposal 3 (proposed by the board of directors)**

Subject: Amendments to the Company's Rules of Procedure for Shareholders' Meetings

Description:

1. Based on the Letter Tai-Zheng-Zi No. 1110004250 dated March 8, 2022, the amendment to the Company's Rules of Procedure for Shareholders' Meetings was made.
2. The table of comparison of the provisions of the Rules of Procedure for Shareholders' Meetings before and after amendments, please refer to [Attachment 7] on page 55 of the handbook.

Resolution:

**Proposal 4 (proposed by the board of directors)**

Subject: Release of ban on non-compete agreements for directors.

Description:

1. According to Article 209 of the Company Act, "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."



2. To take advantage of the directors' expertise without prejudice to the interests of the Company, the Company proposed releasing the ban on non-compete agreements for directors.
3. The release of ban on non-compete agreements for directors is as follows:

<b>Director</b>	<b>Company Released from Non-compete Agreements</b>	<b>Title</b>
An-pang Tsao	Enermax Technology Corporation	Independent Director
Te-feng Wu	Chimei Materials Technology Corporation	Independent Director

Resolution:

**4 [Extempore Motion]**

**5 [Adjournment]**

# Attachments

# Business Report

Dear Shareholders,

Looking back on 2021, the COVID-19 pandemic continued to ravage the world, resulting in rising raw material prices and shortages of components and labor. Lifestyles and business models have undergone irreversible changes. For example, online services have become the new norm in daily life. Increased demand for digital transformation and remote work has accelerated the growth of the cloud industry. In the face of rising business challenges and opportunities, Chenbro's top priority was to stay competitive with high agility and resilience.

While taking proactive action to follow the market trends and satisfy customer needs with highly compatible and customized products, Chenbro maintained good interactions with the entire supply chain. To improve business resilience, Chenbro adopted a pull system (lean production) with flexible schedules. The new plant in Chiayi has put into production in January 2022 and is expected to better satisfy Chenbro's growing customer needs with its full capacity.

Despite the challenges and uncertainties in 2021, Chenbro braved the storm with resilience and fearlessness. With the collective efforts made by all employees, Chenbro reported revenue of NT\$9.42 billion with a record 25% growth rate. Looking ahead to 2022, existing challenges can create opportunities for the growth of the cloud industry. As part of its core values, Chenbro will focus on enhancing system integration capabilities and standard products, strengthening customer relationships and market presence, and pursuing a win-win outcome with partners, with an aim of becoming a leading business of electromechanical integration solutions in the global cloud industry. The following is a summary of Chenbro's operating performance in 2021 and the 2022 outlook:

## I. 2021 operating performance

### (I) Financial results

#### 1. Results of the business plan

Unit: NT\$ thousand

Item	2021	2020	Amount of increase (decrease)	Increase (decrease) (%)
Operating revenue	9,423,020	7,544,545	1,878,475	24.90
Gross income from operations	1,843,866	1,931,618	(87,752)	(4.54)
Operating income	882,382	963,193	(80,811)	(8.39)
Net income before tax	885,990	1,203,153	(317,163)	(26.36)
Net income	672,026	973,547	(301,521)	(30.97)
Net income attributable to owners of the parent company	672,901	976,857	(303,956)	(31.12)

#### 2. Budget execution

According to the current laws and regulations, the Company did not prepare public financial estimates for 2021.

### 3. Financial income and expenditure and profitability analysis

Item		2021	2020
Capital structure (%)	Debt ratio	62.88	50.85
	Long-term funds to real estate, plants and equipment ratio	139.09	134.43
Liquidity (%)	Current ratio	128.78	115.68
	Quick ratio	78.11	78.28
	Interest guarantee (times)	5,472.89	12,078.82
Return on investment	Return on assets (ROA) (%)	7.11	13.64
	Return on equity (ROE) (%)	16.64	26.23
	Operating income to paid-in capital (%)	73.05	79.65
	Pre-tax income to paid-in capital (%)	73.35	99.49
	Net profit margin (%)	7.14	12.95
	Earnings per share (NTD)	5.62	8.16

## (II) R&D

Adhering to the spirit of innovation, Chenbro has been improving its R&D capabilities and developing new products through its R&D center and technology seminars, while attaching great importance to the protection of intellectual property rights. As of 2021, it has filed 560 patent applications and obtained 458 patents in Taiwan, the U.S., and mainland China.

In 2021, Chenbro was also engaged in development of and application for new patents for various products, and acquired a total of another 64 patents worldwide. The products ranged from rack-mounted chassis structures, high density storage structures, and flexible HDD mounting structure to efficient thermal design, high-performance computing, tool-free, anti-loading technology, and system modularization. Chenbro also made breakthroughs in new materials, modular system planning, support strength, energy conservation, thermal technology, and streamlined assembly. Chenbro continued to expand its layout in 5G, AI, AIoT, and cloud industries and invest resources in R&D. It learned from and cooperated with various industries and the academia to improve modular system integration and verification capabilities. Through modularized design, Chenbro strived to pursue the maximum sharing of various parts and accessories to greatly shorten the time for product development and verification. It could not only reduce the cost of customers' development molds, but meet the market trends of a variety of products in a small number, thus adding the value of Chenbro's products and maintaining competitiveness.

## II. Overview of 2022 Business Plan

### (I) Management Principles

Looking ahead, Chenbro will continue to optimize the existing products and develop brand-new products that are in line with the market needs by means of its core technology. The lean management model introduced three years ago has led to significant improvements in process and productivity, as well as inventory reduction. Together with the value management system (AVM), the Company conducts a comprehensive review of operation costs, develops the ability for

stock-taking, and continues to promote the concept of accountability, so as to create a positive work environment. With an equal focus on corporate governance and corporate culture, the Company aims to improve operational performance and creates maximum profits for the Company.

1. The expansion of emerging markets and application fields, expansion of the layout of product lines, flexible production, and differentiation will be the development trends of technology in the future. The Company will leverage its competitive technologies to consolidate its position.
2. The Company will enhance the competence of senior, middle-aged, and young talents, improve the quality of human resources, and promote the corporate mission, vision, and core values of the Company through lean management and the concept of accountability. The Company will enhance the corporate foundation and financial management, stabilize the operation to think globally while acting locally.
3. The Company will continue to optimize and digitize the business process to improve the speed and efficiency of internal and external feedback and response, while strengthening the corporate foundation.
4. The Company will strengthen corporate governance and, perform audits actively for supervision and management, seek to maximize shareholders' interests, and implement corporate social responsibility so as to move toward sustainable development.

## **(II) Sales volume forecast and basis**

Main products	Sales volume in 2022 (thousand units)
Personal computer chassis	150
Server chassis	2,150

## **(III) Key production and sales policy**

### **1. Sales strategy**

Capitalizing on a diversified business model, Chenbro provides diversified services based on customer needs, and takes "R&D and design capabilities" as its core advantage. Adopting the three business models, namely ODM/JDM, OTS, and OEM Plus to expand the depth and breadth of customer cooperation is what differentiates Chenbro from other chassis manufacturers that only provide ODM services or white-label chassis products. Chenbro has unique positioning on the market and adopts flexible and diverse business models to serve customers of different regions and sizes. It also sells through different channels to become a leader in the white-label market while expanding the joint development and the ODM business to provide the best customized mechanical solutions. It also strengthens interdisciplinary alliances, improves professional service teams, and capitalizes on its fast advantages in manufacturing a variety of products in a small number, while deepening partnership with customers based on sharing, altruism, and win-win collaboration.

### **2. Production strategy**

Chenbro integrates the manufacturing capabilities of each production base and applies customer-oriented strategies to provide more flexible delivery services. Chenbro's engineering team continues to satisfy customers' product development and verification needs to ensure high quality and rapid response to meet customers' needs. The Company will invest more money in key process automation to further increase the capacity in response to growing customer needs.

Meanwhile, the Company will continue to implement lean management and AVM in its factories, optimize operating procedures and reasonable working methods, and adjust the production layout with process automation to overcome hidden dangers of rising labor costs and maximize quality at the same time. It will also implement the BILLION strategy thoroughly,

and conduct in-depth improvement and optimization in terms of quality, safety, efficiency, and cost, and carry out smart manufacturing and transformation into information-oriented automated factories. The Company will strive to minimize costs through lean management and maximize profits with AVM, to achieve a win-win outcome with customers.

### **3. R&D strategy**

In terms of R&D strategy, Chenbro has set up a R&D center and organized technology seminars from time to time to efficiently develop products and applications with cutting-edge technologies. Focusing on technological breakthroughs, R&D talents research high-strength, lightweight materials and efficient heat dissipation solutions to get prepared for the advent of the 5G era, cloud data centers, edge computing, and AIoT, and other relevant applications. Chenbro will also continue to promote the growth of server demand while making breakthroughs in the development of new products and innovative patented technologies. By introducing the idea of concept engineering, the Company strives to develop products that better meet customer needs. The Company will work to form strategic alliances with quality corporate partners to provide customers with standardized and customized enclosure solutions at one stop. In the meantime, Chenbro will continue to move towards modularization, compatibility, flexibility, and green and high-efficiency, with an aim of achieving automated production and assembly. In addition to in-depth development of customers in the U.S. and China, the Company will continue to expand and develop a wider global development layout in Europe and South Korea.

## **III. Future development strategy**

Looking ahead to 2022, Chenbro will continue to adhere to its business philosophy of "diligence, humbleness, and honesty," with the vision of being "the leading business in electromechanical integration solutions in the global cloud industry." Building on the four core values of "integrity, innovation, inclusion, and altruism," Chenbro will be committed to "launching new products and new technologies or services," "improving production efficiency," "expanding emerging markets or application fields," and "developing competence of senior, middle-aged, and young talents."

With the rapid development of artificial intelligence (AI), Internet of Things (IoT), and cloud server industries, Chenbro will focus on data centers, industrial personal computers (IPCs), AI, IoT, 5G applications, and other fields with innovative business models and competitive products that meet market trends. Chenbro will increase the market share of servers, storage servers, IPCs, and personal computer chassis products. In addition to further developing the two regional markets of China and the U.S., Chenbro will step into the markets of Europe, India, Australia and the ASEAN region, with an aim of achieving business goals with the collective efforts made by all employees at home and abroad.

## **IV. Effect of external competition, the legal environment, and the overall business environment**

Since incorporation in 1983, Chenbro has been improving its business resilience and competitiveness in the face of external competition and an ever-changing legal environment, including but not limited to fluctuations in raw materials, changes in labor costs, supply of components, and formulation of environmental regulations.

In response to external competition and the overall business environment, Chenbro will take proactive action to satisfy customer needs while strictly controlling costs by adjusting the production and sales structure, planning for the purchase of raw materials, and adopting lean production, so as to stay competitive in terms of products and services. In response to changes in the legal environment, the Company will prepare reports and develop its products in accordance with laws or amendments promulgated by competent authorities and also request suppliers to comply with environmental regulations.

What is mentioned above are the overview of the 2021 operating performance and the 2022 outlook. We sincerely appreciate your support and recognition. Chenbro as a whole will continue to progress and maximize the enterprise value.

Wish you good health and pleasure

Chairperson: Mei-chi Chen

President: Ya-nan Chen

Accounting Supervisor: Wan-Ming Huang

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Chenbro Micom Co., Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Chenbro Micom Co., Ltd.

Chairman of the Audit Committee: Wei-shun Cheng

March 15, 2022



## INDEPENDENT AUDITORS' REPORT

(21) PWCR 21004437

To the Board of Directors and Shareholders of Chenbro Micom Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, 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 report of other auditors (please 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, 2021 and 2020, 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 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 generally accepted auditing standards in 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 the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 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 2021 consolidated financial statements are stated as follows:

## **Valuation of inventories**

### Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for description of allowance for inventory valuation losses. As of December 31, 2021, the Group's inventory cost and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$2,532,891 thousand and NT\$134,160 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Group measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined. For inventories exceeded certain period and individually identified as obsolete, its net realisable value was calculated from the historical information of individual inventory clearance which was periodically reviewed by management. As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgement, we considered the valuation of inventories a key audit matter.

### How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

1. Obtained the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses are consistent for all periods. Assessing the estimation determined by the management and relevant accounting estimates of allowance for inventory loss.
2. Obtained an understanding of judgement logic of parameters in the inventory cost and net realisable value calculation report and verified the logical calculation accuracy of report.
3. Assessing the reasonableness of obsolete loss based on the inventory aging and clearance of inventory individually identified by management, and obtaining evidences.
4. Verifying details of net realisable value of inventory and amount of obsolescence loss, recalculating the accuracy and comparing against historical data.
5. Obtaining details of net realisable value of inventory and amount of obsolescence loss, recalculating the accuracy and comparing against historical data.

## **Existence of revenue**

### Description

Please refer to Note 4(26) for the accounting policies on revenue recognition and Note 6(20) for details of revenue. The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. The Group's trading counterparties are mostly world-renowned companies and are based on the long-term business partnership. The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. The Group's trading counterparties are mostly world-renowned companies, with whom the Group has long-term business partnership. As the global demand for servers continues to increase, the Group is committed to increasing sales revenue. Therefore, there were significant changes in the sales revenue breakdown of the Group's top 10 trading counterparties. In addition, revenue of the Group's top 10 trading counterparties reached 70% of the total sales revenue. As the newly top 10 and significant changes in revenue of top 10 trading counterparties are significant to the consolidated financial statements, we considered the existence of such sales revenue a key audit matter.

### How our audit addressed the matter

Our procedures in relation to the reasonableness of revenue recognition included:

1. Assessing the revenue cycle and performing tests to determine that the Group's revenue process is conducted in accordance with the internal control procedures.
2. Checking the related industry background in respect of the newly top 10 trading counterparties.
3. Obtaining and selecting samples to verify related vouchers of the sales revenue from the newly top 10 and significant changes in revenue of top 10 trading counterparties and confirming that the sales revenue transactions of these trading counterparties actually occurred.
4. Examining details of sales returns and discounts from the newly top 10 and significant changes in revenue of top 10 trading counterparties that occurred after the balance sheet date and confirming whether there were no significant sales returns and discounts occurred.

## **Additions to property, plant and equipment**

### Description

In order to satisfy the market demand, the Group continuously enlarged plant and increased the production line and caused increase of capital expenditure. Please refer to Note 4(13) for accounting policies on property, plant and equipment, Note 6(7) for details of property, plant and equipment. Because the addition amount of property, plant and equipment was material, thus, we consider the addition of property, plant and equipment as a key audit matter.

### How our audit addressed the matter:

Our procedures in relation to valuation of inventories included:

1. Obtained the Groups' addition procedures on property, plant and equipment, exampled purchase contract and invoice of property, plant and equipment to confirm transactions had been adequately approved and the accuracy of accounted amountt.
2. Sampled the verification report of property, plant and equipment to confirm the assets was in usable state and the adequacy of timing of listing in the property catalogue and the accuracy of depreciation timing.
3. Obtained an understanding of the reason that unfinished construction and equipment under acceptance did not reach usable state and sampled and observed physical counts to confirm the existence of unfinished construction and equipment under acceptance.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the 2020 financial statements of the subsidiary, CLOUDWELL HOLDINGS, LLC., which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts and information disclosed in Note 13 included in respect of this subsidiary, is based solely on the reports of the other auditors. Total assets of the subsidiary amounted to NT\$228,133 thousand, constituting 3% of the consolidated total assets as at December 31, 2020, respectively, and the operating revenue both amounted to NT\$0 thousand, constituting 0% of the consolidated total operating revenue for the years then ended.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Chenbro Micom Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

### ***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 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 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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.

Penny Pan

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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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.

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,437,185	13	\$ 1,216,174	15
1136	Current financial assets at amortised cost, net	6(3) and 8	10,000	-	3,000	-
1150	Notes receivable, net	6(4) and 7	25,808	-	921	-
1170	Accounts receivable, net	6(4) and 7	2,346,573	21	1,751,605	22
1200	Other receivables	6(5) and 7	95,129	1	61,498	1
1220	Current income tax assets	6(26)	25,011	-	25,971	-
130X	Inventories	6(6)	2,398,731	21	1,429,726	18
1410	Prepayments		152,349	2	26,506	-
1470	Other current assets		4,123	-	5,195	-
11XX	Total current assets		6,494,909	58	4,520,596	56
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	47,803	-	28,196	-
1535	Non-current financial assets at amortised cost	6(3) and 8	3,951	-	221,946	3
1600	Property, plant and equipment	6(7) and 8	4,450,022	40	3,056,216	38
1755	Right-of-use assets	6(8)	80,992	1	87,043	1
1780	Intangible assets	6(9)	19,145	-	12,004	-
1840	Deferred income tax assets	6(26)	52,409	-	69,459	1
1900	Other non-current assets	6(7)(10)	103,764	1	41,656	1
15XX	Total non-current assets		4,758,086	42	3,516,520	44
1XXX	Total assets		\$ 11,252,995	100	\$ 8,037,116	100

(Continued)



**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$	1,076,474	9	\$	849,069	11
2130	Current contract liabilities	6(20)		13,001	-		7,112	-
2150	Notes payable			80,526	1		-	-
2170	Accounts payable	7		2,994,287	27		1,970,059	25
2200	Other payables	6(12) and 7		761,033	7		967,636	12
2230	Current income tax liabilities			95,620	1		92,527	1
2280	Current lease liabilities			10,370	-		9,967	-
2320	Long-term liabilities, current portion	6(13)		7,117	-		7,056	-
2399	Other current liabilities, others			5,074	-		4,381	-
21XX	Total current liabilities			5,043,502	45		3,907,807	49
Non-current liabilities								
2540	Long-term borrowings	6(13)		1,962,658	18		106,305	1
2570	Deferred income tax liabilities	6(26)		21,552	-		16,587	-
2580	Non-current lease liabilities			20,024	-		24,936	-
2600	Other non-current liabilities	6(14)		28,622	-		31,439	1
25XX	Total non-current liabilities			2,032,856	18		179,267	2
2XXX	Total liabilities			7,076,358	63		4,087,074	51
Share capital								
3110	Common stock	6(16)		1,207,885	11		1,209,260	15
Capital surplus								
3200	Capital surplus	6(17)		147,144	2		145,769	1
Retained earnings								
3310	Legal reserve	6(18)		817,355	7		719,881	9
3320	Special reserve			260,504	2		224,552	3
3350	Unappropriated retained earnings			2,039,001	18		1,978,653	25
Other equity interest								
3400	Other equity interest	6(19)		( 315,067 )	( 3 )		( 348,763 )	( 4 )
31XX	Equity attributable to owners of the parent			4,156,822	37		3,929,352	49
36XX	Non-controlling interests			19,815	-		20,690	-
3XXX	Total equity			4,176,637	37		3,950,042	49
Significant contingent liabilities and unrecorded contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		\$	11,252,995	100	\$	8,037,116	100

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

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 9,423,020	100	\$ 7,544,545	100
5000	Operating costs	6(6)(25) and 7	( 7,579,154)	( 80)	( 5,612,927)	( 74)
5950	Net operating margin		<u>1,843,866</u>	<u>20</u>	<u>1,931,618</u>	<u>26</u>
	Operating expenses	6(25) and 7				
6100	Selling expenses		( 323,689)	( 3)	( 312,474)	( 4)
6200	General and administrative expenses		( 433,349)	( 5)	( 429,363)	( 6)
6300	Research and development expenses		( 203,912)	( 2)	( 225,897)	( 3)
6450	Expected credit impairment loss	12(2)	( 534)	-	( 691)	-
6000	Total operating expenses		( 961,484)	( 10)	( 968,425)	( 13)
6900	Operating profit		<u>882,382</u>	<u>10</u>	<u>963,193</u>	<u>13</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(21)	20,840	-	22,065	-
7010	Other income	6(22)	45,472	-	98,262	1
7020	Other gains and losses	6(23)	( 46,214)	-	129,677	2
7050	Finance costs	6(24)	( 16,490)	-	( 10,044)	-
7000	Total non-operating income and expenses		<u>3,608</u>	<u>-</u>	<u>239,960</u>	<u>3</u>
7900	<b>Profit before income tax</b>		<u>885,990</u>	<u>10</u>	<u>1,203,153</u>	<u>16</u>
7950	Income tax expense	6(26)	( 213,964)	( 2)	( 229,606)	( 3)
8200	<b>Profit for the year</b>		<u>\$ 672,026</u>	<u>8</u>	<u>\$ 973,547</u>	<u>13</u>

(Continued)

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31				
		2021		2020		
Items	Notes	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Gain (loss) on remeasurement of defined benefit plan	6(14)				
		\$	5,646	-	(\$ 2,653)	-
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)(19)				
			19,607	-	( 262)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)				
		(	1,129)	-	531	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss					
			24,124	-	( 2,384)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(19)				
		(	33,228)	-	19,155	-
8399	Income tax relating to the components of other comprehensive income	6(19)(26)				
			3,409	-	( 54,845)	( 1)
8360	Other comprehensive loss that will be reclassified to profit or loss					
		(	29,819)	-	( 35,690)	( 1)
8300	<b>Other comprehensive income for the year</b>					
		(\$	5,695)	-	(\$ 38,074)	( 1)
8500	<b>Total comprehensive income for the period</b>					
		\$	666,331	8	\$ 935,473	12
Profit, attributable to:						
8610	Owners of the parent					
		\$	672,901	8	\$ 976,857	13
8620	Non-controlling interest					
		(	875)	-	( 3,310)	-
		\$	672,026	8	\$ 973,547	13
Comprehensive income attributable to:						
8710	Owners of the parent					
		\$	667,206	8	\$ 938,783	12
8720	Non-controlling interest					
		(	875)	-	( 3,310)	-
		\$	666,331	8	\$ 935,473	12
Earnings per share (in dollars)						
6(27)						
9750	Basic earnings per share					
		\$	5.62	\$	8.16	
9850	Diluted earnings per share					
		\$	5.56	\$	8.08	

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent														
Capital Reserves					Retained Earnings			Other equity interest						

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

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CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 885,990	\$ 1,203,153
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	535	691
Depreciation	6(7)(8)(25)	325,008	216,889
Amortization	6(9)(25)	13,490	5,329
Interest expense	6(24)	16,490	10,044
Interest income	6(21)	( 20,840 )	( 22,065 )
Loss (gain) non disposal of property, plant and equipment	6(23)	1,300	( 213,716 )
Gains arising from lease modifications	6(23)	( 30 )	( 7,159 )
Loss on disposal of investments	6(23)	-	437
Share-based payments	6(15)	43,908	21,301
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 24,887 )	105
Accounts receivable		( 595,483 )	( 115,783 )
Other receivables		( 51,284 )	7,615
Inventories		( 976,049 )	( 525,945 )
Prepayments		( 125,843 )	( 4,669 )
Other current assets		1,072	( 3,684 )
Changes in operating liabilities			
Current contract liabilities		5,889	488
Notes payable		80,526	-
Accounts payable		1,024,228	218,685
Accounts payable - related parties		-	( 4,612 )
Other payables		( 2,996 )	( 32,877 )
Other current liabilities		693	1,257
Other non-current liabilities		2,809	200
Cash inflow generated from operations		604,526	755,684
Interest received		38,493	22,075
Interest paid		( 14,264 )	( 9,769 )
Income tax paid		( 185,616 )	( 437,402 )
Net cash flows from operating activities		443,139	330,588

(Continued)

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 7,000 )	(\$ 1,373,964 )
Proceeds from disposal of financial assets at amortised cost		217,000	2,042,235
Acquisition of property, plant and equipment	6(28)	( 1,997,953 )	( 1,436,957 )
Proceeds from disposal of property, plant and equipment		2,684	431,694
Acquisition of intangible assets	6(9)(28)	( 14,808 )	( 9,205 )
Decrease (increase) in other non-current assets		3,124	( 8,750 )
Net cash flows used in investing activities		( 1,796,953 )	( 354,947 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short-term borrowings		6,891,193	4,909,812
Repayment of short-term borrowings		( 6,663,788 )	( 4,120,703 )
Increase in short-term borrowings (including current portion)		1,866,400	-
Repayment of long-term borrowings (including current portion)		( 5,684 )	( 6,971 )
Payment of the principal of lease liabilities	6(8)	( 10,678 )	( 7,385 )
Guarantee deposits received		20	( 67 )
Payment of cash dividends	6(18)	( 483,644 )	( 550,739 )
Non-controlling interests cash inflow from establishment and capital increase of a subsidiary		-	24,000
Net cash flows from financing activities		1,593,819	247,947
Effect on foreign exchange difference		( 18,994 )	4,021
Net increase in cash and cash equivalents		221,011	227,609
Cash and cash equivalents at beginning of year	6(1)	1,216,174	988,565
Cash and cash equivalents at end of year	6(1)	\$ 1,437,185	\$ 1,216,174

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

## INDEPENDENT AUDITORS' REPORT

(21) PWCR 21003983

To the Board of Directors and Shareholders of Chenbro Micom Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Chenbro Micom Co., Ltd. (the “Company”) as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report(s) of the other auditors (please refer to the *Other Matters* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its 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 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 generally accepted auditing standards in 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 the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 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 of the Company's 2021 parent company only financial statements are stated as follows:

## **Valuation of inventories**

### Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2021, the Company's cost of inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$380,555 thousand and NT\$24,725 thousand, respectively.

The Company is engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Company measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined. For inventories that are over a certain age and individually identified obsolete or slow-moving inventories, the net realisable values are determined by management based on historical data of inventory consumption. As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgement, we consider valuation of inventories a key audit matter.

### How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

1. Obtaining the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses are consistent for all periods. Assessing the accounting estimates used by the management for providing of allowance for inventory loss.
2. Obtaining an understanding of the logic for determining parameters used for the calculation of inventory cost and net realisable value in the inventory report and verifying the accuracy of calculation logic in the report.
3. Matching information obtained in physical count of disposed and obsolete inventory against the list prepared by management and interviewing management and employees to examine the obsolete, slow-moving or damaged inventories that were included in the list.
4. Assessing the reasonableness of obsolescence loss based on the inventory aging and clearance of inventory individually identified by management, and obtaining evidences.



5. Obtaining details of net realisable value of inventory and amount of obsolescence loss, recalculating the accuracy and comparing against historical data.

## **Existence of revenue**

### Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(19) for description of revenue. The Company is primarily engaged in manufacturing and sales of computer peripheral equipment. The Company's trading counterparties are mostly world-renowned companies with which the Company has long-term business partnership. As the global demand for servers continues to increase, the Company is committed to increasing sales revenue. As the sales of the Company's top 10 trading counterparties accounted for over 90%, the newly top 10 and significant changes in revenue of top 10 trading counterparties are significant to the financial statements, we consider the existence of sales revenue from the newly top 10 and significant changes in revenue of top 10 trading counterparties a key audit matter.

### How our audit addressed the matter

Our procedures in relation to the reasonableness of revenue recognition included:

1. Assessing the revenue cycle and performing tests to determine whether the Company's revenue process is conducted in accordance with the internal control procedures.
2. Checking the related industry background in respect of the newly top 10 trading counterparties.
3. Obtaining and selecting samples to verify related vouchers of the sales revenue from the newly top 10 and significant changes in revenue of top 10 trading counterparties and confirming that the sales revenue transactions of these trading counterparties actually occurred.
4. Examining details of sales returns and discounts occurred after the balance sheet date and confirming there were no significant sales returns and discounts occurred.

## **Additions to property, plant and equipment**

### Description

The capital expenditure of the Company has increased because the Company has continued to expand plants and production lines in respond to the market demand. Refer to Note 4(13) for accounting policy on property, plant and equipment and Note 6(7) for details of property, plant and equipment. As the amount of additions to property, plant and equipment is significant to the Company's financial statements, we consider additions to property, plant and equipment a key audit matter.

### How our audit addressed the matter:

Our procedures in relation to valuation of inventories included:

1. Understanding the procedures for the additions of property, plant and equipment of the Company, sampling the purchase contracts and invoices of property, plant and equipment to confirm that the transactions have been approved appropriately and the accuracy of the recognised amount.
2. Sampling the acceptance reports of property, plant and equipment to confirm whether the assets are ready for use and are recorded in the property listing in an appropriate timing and confirm that the timing of depreciation is provided correctly.
3. Obtaining an understanding the reasons that unfinished construction and equipment under acceptance are not ready for use and sampling and performing physical inspection to confirm the existence of unfinished construction and equipment under acceptance.

### ***Other matter – Reference to the audits of other auditors***

As stated in Note 6(6), we did not audit the financial statements of an investments accounted for using the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of this associates, is based solely on the report of the other auditors. The balance of this investments accounted for unsing the equity method amounted to NT\$112,500 thousand, constituting 2% of the total assets as at December 31, 2020 and the comprehensive income recognised from this associate accounted for using the equity method amounted to NT\$1,884 thousand, constituting 0% of the total comprehensive income for the year then ended.

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

Management is responsible for the preparation and fair presentation of the 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 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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.

Penny Pan

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022

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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.

CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	398,623	5	\$	233,640	4
1136	Current financial assets at amortised cost	8		10,000	-		3,000	
1150	Notes receivable, net	6(3)		24,048	-		-	-
1170	Accounts receivable, net	6(3)		568,444	7		347,938	6
1180	Accounts receivable - related parties	7		1,074,994	12		964,773	15
1200	Other receivables	6(4)		15,267	-		25,307	-
1210	Other receivables - related parties	7		103,848	1		59,019	1
1220	Current income tax assets	6(25)		21,113	-		18,002	-
130X	Inventories	6(5)		355,830	4		211,893	3
1410	Prepayments			88,718	1		6,704	-
1470	Other current assets			3,482	-		3,316	-
11XX	Total current assets			2,664,367	30		1,873,592	29
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		47,803	1		28,196	1
1550	Investments accounted for using equity method	6(6)(18)		2,840,349	32		2,683,349	42
1600	Property, plant and equipment	6(7) and 8		3,178,221	36		1,720,132	27
1780	Intangible assets	6(8)		12,880	-		4,630	-
1840	Deferred income tax assets	6(25)		33,726	-		41,344	1
1900	Other non-current assets	6(9)		83,166	1		10,655	-
15XX	Total non-current assets			6,196,145	70		4,488,306	71
1XXX	Total assets		\$	8,860,512	100	\$	6,361,898	100

(Continued)

CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(10)	\$	799,768	9	\$	849,069	13		
2130	Current contract liabilities	6(19)		6,419	-		1,654	-		
2150	Notes payable			80,527	1		-	-		
2170	Accounts payable			383,481	4		165,805	3		
2180	Accounts payable - related parties	7		1,088,176	12		705,398	11		
2200	Other payables	6(11)		379,293	4		581,587	9		
2220	Other payables - related parties	7		2,768	-		2,823	-		
2230	Current income tax liabilities			50,385	1		84,477	1		
2300	Other current liabilities			1,509	-		662	-		
21XX	Total current liabilities			2,792,326	31		2,391,475	37		
Non-current liabilities										
2540	Long-term borrowings	6(12)		1,866,400	21		-	-		
2570	Deferred income tax liabilities	6(25)		14,619	-		9,744	-		
2600	Other non-current liabilities	6(13)		30,345	1		31,327	1		
25XX	Total non-current liabilities			1,911,364	22		41,071	1		
2XXX	Total liabilities			4,703,690	53		2,432,546	38		
Equity										
	Share capital	6(14)(15)								
3110	Common stock			1,207,885	14		1,209,260	19		
	Capital surplus	6(14)(16)								
3200	Capital surplus			147,144	2		145,769	2		
	Retained earnings	6(17)								
3310	Legal reserve			817,355	9		719,881	11		
3320	Special reserve			260,504	3		224,552	4		
3350	Unappropriated retained earnings			2,039,001	23		1,978,653	31		
	Other equity interest	6(18)								
3400	Other equity interest		(	315,067)	(	4)	(	348,763)	(	5)
3XXX	Total equity			4,156,822	47		3,929,352	62		
	Significant contingent liabilities and unrecorded contract commitments	9								
	Significant events after the balance sheet date	6(17) and 11								
3X2X	Total liabilities and equity		\$	8,860,512	100	\$	6,361,898	100		

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

CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 6,165,491	100	\$ 4,491,345	100
5000	Operating costs	6(5)(24) and 7	( 5,170,997 )	( 84 )	( 3,452,851 )	( 77 )
5900	Net operating margin		994,494	16	1,038,494	23
5910	Unrealised profit from sales		( 69,559 )	( 1 )	( 47,534 )	( 1 )
5920	Realised profit on from sales		47,534	1	87,668	2
	Net realised profit from sales	6(6)	( 22,025 )	-	40,134	1
5950	Net operating margin		972,469	16	1,078,628	24
	Operating expenses	6(24) and 7				
6100	Selling expenses		( 78,865 )	( 1 )	( 74,039 )	( 1 )
6200	General and administrative expenses		( 243,897 )	( 4 )	( 209,719 )	( 5 )
6300	Research and development expenses		( 142,701 )	( 3 )	( 164,904 )	( 4 )
6450	Expected credit impairment gain (loss)	12(2)	26	-	( 855 )	-
6000	Total operating expenses		( 465,437 )	( 8 )	( 449,517 )	( 10 )
6900	Operating profit		507,032	8	629,111	14
	Non-operating income and expenses					
7100	Interest income	6(20)	139	-	982	-
7010	Other income	6(21) and 7	13,545	-	8,211	-
7020	Other gains and losses	6(22)	( 22,880 )	-	172,310	4
7050	Finance costs	6(23)	( 7,722 )	-	( 4,518 )	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6(6)	294,559	5	290,121	7
7000	Total non-operating income and expenses		277,641	5	467,106	11
7900	<b>Profit before income tax</b>		784,673	13	1,096,217	25
7950	Income tax expense	6(25)	( 111,772 )	( 2 )	( 119,360 )	( 3 )
8200	<b>Profit for the year</b>		<u>\$ 672,901</u>	<u>11</u>	<u>\$ 976,857</u>	<u>22</u>

(Continued)



CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gain (loss) on remeasurement of defined benefit plan	6(13)			
		\$	5,646	-	(\$ 2,653)
8316	Unrealised gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)(18)			
			19,607	-	( 262)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)			
		(	1,129)	-	531
8310	Other comprehensive gain (loss) that will not be reclassified to profit or loss				
			24,124	-	( 2,384)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(18)			
		(	33,228)	-	19,155
8399	Income tax relating to the components of other comprehensive income	6(18)(25)			
			3,409	-	( 54,845)
8360	Other comprehensive loss that will be reclassified to profit or loss				
		(	29,819)	-	( 35,690)
8300	<b>Other comprehensive loss for the year</b>				
		(	5,695)	-	( \$ 38,074)
8500	<b>Total comprehensive income for the year</b>				
		\$	667,206	11	\$ 938,783
Earnings per share (in dollars) 6(26)					
9750	Basic earnings per share				
		\$	5.62	\$	8.16
9850	Diluted earnings per share				
		\$	5.56	\$	8.08

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

CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves				Retained Earnings		Other equity interest				
									Unrealised gain (losses) from financial assets measured at fair value through other comprehensive income			
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Others	Total equity	
<u>2020</u>												
		\$ 1,197,260	\$ 41,987	\$ 6,222	\$ -	\$ 628,686	\$ 213,156	\$ 1,657,248	( \$ 218,316 )	( \$ 6,236 )	\$ -	\$ 3,520,007
		-	-	-	-	-	-	976,857	-	-	-	976,857
Other comprehensive loss for the year	6(2)(18)	-	-	-	-	-	-	( 2,122 )	( 35,690 )	( 262 )	-	( 38,074 )
Total comprehensive income(loss)		-	-	-	-	-	-	974,735	( 35,690 )	( 262 )	-	938,783
Distribution of 2019 earnings	6(17)											
Legal reserve		-	-	-	-	91,195	-	( 91,195 )	-	-	-	-
Special reserve		-	-	-	-	-	11,396	( 11,396 )	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 550,739 )	-	-	-	( 550,739 )
Share-based payments	6(14)(18)	12,000	-	-	97,560	-	-	-	-	-	( 88,259 )	21,301
Balance at December 31, 2020		\$ 1,209,260	\$ 41,987	\$ 6,222	\$ 97,560	\$ 719,881	\$ 224,552	\$ 1,978,653	( \$ 254,006 )	( \$ 6,498 )	( \$ 88,259 )	\$ 3,929,352
<u>2021</u>												
		\$ 1,209,260	\$ 41,987	\$ 6,222	\$ 97,560	\$ 719,881	\$ 224,552	\$ 1,978,653	( \$ 254,006 )	( \$ 6,498 )	( \$ 88,259 )	\$ 3,929,352
Profit for the year		-	-	-	-	-	-	672,901	-	-	-	672,901
Other comprehensive income (loss) for the year		-	-	-	-	-	-	4,517	( 29,819 )	19,607	-	( 5,695 )
Total comprehensive income (loss)	6(2)(18)	-	-	-	-	-	-	677,418	( 29,819 )	19,607	-	667,206
Distribution of 2020 earnings	6(17)											
Legal reserve		-	-	-	-	97,474	-	( 97,474 )	-	-	-	-
Special reserve		-	-	-	-	-	35,952	( 35,952 )	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 483,644 )	-	-	-	( 483,644 )
Share-based payments	6(14)(18)	( 1,375 )	22,662	-	( 21,287 )	-	-	-	-	-	43,908	43,908
Balance at December 31, 2021		\$ 1,207,885	\$ 64,649	\$ 6,222	\$ 76,273	\$ 817,355	\$ 260,504	\$ 2,039,001	( \$ 283,825 )	\$ 13,109	( \$ 44,351 )	\$ 4,156,822

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

CHENBRO MICOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 784,673	\$ 1,096,217
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	( 26 )	855
Depreciation	6(24)	31,915	20,751
Amortisation	6(8)(24)	10,216	2,191
Interest expense	6(23)	7,722	4,518
Interest income	6(20)	( 139 )	( 982 )
Gain on disposal of property, plant and equipment	6(22)	-	( 213,500 )
Loss on disposal of investments accounted for using equity method	6(22)	-	437
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 294,559 )	( 290,121 )
Net realised loss (profit) from sales	6(6)	22,025	( 40,134 )
Profit from lease modification	6(22)	-	( 7,159 )
Share-based payments	6(14)	43,908	21,301
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 24,048 )	-
Accounts receivable		( 220,480 )	( 25,555 )
Accounts receivable - related parties, net		( 110,221 )	36,285
Other receivables		10,042	( 10,638 )
Other receivables - related parties		( 44,829 )	47,796
Inventories		( 143,937 )	( 19,050 )
Prepayments		( 82,014 )	2,351
Other current assets		( 166 )	( 2,761 )
Changes in operating liabilities			
Notes payable		80,527	-
Current contract liabilities		4,765	697
Accounts payable		217,676	( 66,111 )
Accounts payable - related parties		382,778	( 139,493 )
Other payables (including related parties)		( 8,085 )	( 10,363 )
Other current liabilities		847	( 22 )
Other non-current liabilities		2,810	316
Cash inflow generated from operations		671,400	407,826
Interest received		137	991
Interest paid		( 6,046 )	( 4,558 )
Income tax paid		( 134,202 )	( 267,932 )
Net cash flows from operating activities		531,289	136,327

(Continued)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of financial assets at amortised cost		( \$	7,000 )	\$	-
Acquisition of investments accounted for using equity method	6(6)		-	(	70,963 )
Proceeds from disposal of investments accounted for using equity method	6(6)(27)		-		14,327
Proceeds from cash dividends distributed by subsidiaries	6(6)		82,306		464,724
Acquisition of property, plant and equipment	6(27)	(	1,757,003 )	(	1,339,853 )
Proceeds from disposal of property, plant and equipment			2,500		427,245
Acquisition of intangible assets	6(27)	(	12,576 )	(	5,927 )
Increase in other non-current assets		(	6,645 )	(	515 )
Net cash flows used in investing activities		(	1,698,418 )	(	510,962 )

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from short-term borrowings	6(28)		6,087,236		4,909,812
Repayment of short-term borrowings	6(28)	(	6,136,537 )	(	4,120,703 )
Proceeds from long-term borrowings	6(28)		1,866,400		-
Payment of the principal of lease liabilities	6(9)(28)	(	1,343 )	(	180 )
Payment of cash dividends	6(17)	(	483,644 )	(	550,739 )
Net cash flows from financing activities			1,332,112		238,190
Net increase (decrease) in cash and cash equivalents			164,983	(	136,445 )
Cash and cash equivalents at beginning of year	6(1)		233,640		370,085
Cash and cash equivalents at end of year	6(1)	\$	398,623	\$	233,640

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

**Chenbro Micom Co., Ltd.**  
**Distribution of Earnings**  
**2021**

Unit: NTD

Item	Amount	
	Subtotal	Total
<b>Undistributed earnings, at the beginning of year</b>		1,361,583,819
<b>Add (Less): Other comprehensive income(Note 2)</b>		4,516,573
<b>Add: Net income after tax for 2021(EP\$5.62)</b>		672,900,808
<b>Distributable earnings for the year</b>		2,039,001,200
<b>Less:</b>		
<b>Legal reserve</b>	(67,741,738)	
<b>Special reserve</b>	(10,211,130)	
<b>Distribution items</b>		
<b>Shareholders' dividend—cash (120,769,700 shares</b>	(362,309,100)	
<b>outstanding); NT\$3 allocated to each share</b>		(440,261,968)
<b>Undistributed earnings, at the end of year</b>		1,598,739,232

Notes:

- [Note 1] Priority will be given to the distribution of net income for 2021.
- [Note 2] Item with retained earnings adjusted due to accounting treatments: Actuarial gains and losses on the defined benefit plan.
- [Note 3] The cash dividend distributed this time will be calculated according to the distribution ratio and rounded off to the nearest NT Dollar. The total rounded off amounts are accounted for in other income.

Chairperson Mei-chi Chen

President: Ya-nan Chen

Accounting Supervisor: Wan-Ming Huang

## Chenbro Micom Co., Ltd.

### Table of Comparison of Articles of Incorporation Before and After Amendment

Amended Provision	Current Provision	Reason for amendment
Article 10-1 <u>The Company may hold a shareholders' meeting by means of visual communication network or other methods promulgated by the Ministry of Economic Affairs.</u>		I. This article was added. II. The amendment to Article 172-2 of the Company Act, which was promulgated on December 29, 2021, stipulates that a public company may hold a shareholders' meeting by means of visual communication network.
Article 13: Each share of the Company held by shareholders is entitled to one voting right <u>except for restricted shares or shares that have no voting power under any of the circumstances specified in Paragraph 2, Article 179 of the Company Act.</u>	Article 13: Each share of the Company held by shareholders is entitled to one voting right, but where circumstances specified in Article 179 of the Company Act apply, it shall be non-voting shares.	This article was amended according to law.
Article 15-1 In compliance with Article 14-2 of the Securities and Exchange Act, the Company shall have at least <del>two</del> <u>three</u> independent directors among the number of directors referred to in the preceding paragraph...(omitted).	Article 15-1 In compliance with Article 14-2 of the Securities and Exchange Act, the Company shall have at least two independent directors among the number of directors referred to in the preceding paragraph...(omitted).	This article was amended according to law.
Article 26: ...(Omitted) <u>The 27th amendment was made on May 31, 2022.</u>	Article 26: ...(Omitted)	The date of amendment is added

## Chenbro Micom Co., Ltd.

### Table of Comparison of Procedures for Acquisition or Disposal of Assets Before and After Amendment

Amended Provision	Current Provision	Explanation
<p>Article 5: Professional appraisers and their officers, certified public accounts, attorneys, or securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three (3) years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two (2) or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph <u>shall comply with the self-regulation of the trade associations</u> to which they belong and the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and</p>	<p>Article 5: Professional appraisers and their officers, certified public accounts, attorneys, or securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three (3) years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two (2) or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own</p>	<p>Amended according to the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022</p>

Amended Provision	Current Provision	Explanation
<p>independence.</p> <p>II. When <del>executing examining</del> 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.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> <del>comprehensiveness, accuracy</del>, 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.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> <del>reasonable and accurate</del>, and that they have complied with applicable laws and regulations.</p>	<p>professional capabilities, practical experience, and independence.</p> <p>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	
<p>Article 6:(Procedures for acquiring or disposing of real property or other real property, plants, and equipment or other right-of-use assets)</p> <p>I~III (Omitted)</p> <p>IV. Appraisal report of real property or other real property, plants, and equipment or other right-of-use assets: In acquiring or disposing of real property, or equipment, or right-of-use assets thereof where, and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof</p>	<p>Article 6 (Procedures for acquiring or disposing of real property or other real property, plants, and equipment or other right-of-use assets)</p> <p>I~III (Omitted)</p> <p>IV. IV. Appraisal report of real property or other real property, plants, and equipment or other right-of-use assets: In acquiring or disposing of real property, or equipment, or right-of-use assets thereof where, and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of</p>	<p>Amended according to the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022</p>



Amended Provision	Current Provision	Explanation
<p>held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the recorded items on the appraisal report shall follow the rules of the FSC) and further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisal reports from two (2) or more professional appraisers shall be obtained.</p> <p>(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 <del>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</del> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the</p>	<p>equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the recorded items on the appraisal report shall follow the rules of the FSC) and further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisal reports from two (2) or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific</p>	

Amended Provision	Current Provision	Explanation
<p>transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	<p>opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	
<p>Article 7: (Procedures for acquiring or disposing of securities investment)</p> <p>I~III (Omitted)</p> <p>IV. Acquisition of expert opinions</p> <p>(I) If the Company acquires or disposes of marketable securities which have public quotations in the active market or if any of the following circumstances occurs, it may be exempted from applying Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The Company shall first obtain the underlying</p>	<p>Article 7: (Procedures for acquiring or disposing of securities investment)</p> <p>I~III (Omitted)</p> <p>IV. Acquisition of expert opinions</p> <p>(I) If the Company acquires or disposes of marketable securities which have public quotations in the active market or if any of the following circumstances occurs, it may be exempted from applying Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public</p>	<p>Amended according to the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022</p>

Amended Provision	Current Provision	Explanation
<p>company's latest financial statements which have been checked, certified or reviewed by an accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF:</del></p> <p><del>(1) Initiating the establishment or raising of funds to obtain securities in cash;</del></p> <p><del>(2) Those who participate in the subscription of the target company in accordance with relevant laws and regulations to carry out capital increased by cash and issue securities as per face value;</del></p> <p><del>(3) Those whose 100% of participation in the subscription of the shift in investment has been processed by an investment company to carry out capital increased by cash and issue securities as per face value;</del></p> <p><del>(4) Listed companies' securities at the stock exchange market, the over-the-counter market and the emerging stock market, which have been traded in the stock exchange or securities firm's</del></p>	<p>Companies. The Company shall first obtain the underlying company's latest financial statements which have been checked, certified or reviewed by an accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF:</p> <p>(1) Initiating the establishment or raising of funds to obtain securities in cash;</p> <p>(2) Those who participate in the subscription of the target company in accordance with relevant laws and regulations to carry out capital increased by cash and issue securities as per face value;</p> <p>(3) Those whose 100% of participation in the subscription of the shift in investment has been processed by an investment company to carry out capital increased by cash and issue securities as per face value;</p> <p>(4) Listed companies' securities at the stock exchange market, the over-the-counter market and the emerging stock market, which have been traded in the stock exchange or securities firm's business</p>	

Amended Provision	Current Provision	Explanation
<p><del>business premises;</del>  <del>(5) Bonds that are public debt, with buyback, and sellback conditions;</del>  <del>(6) Domestic or foreign funds;</del>  <del>(7) Acquiring or disposing of the stocks of listed company (or OTC company) according to the Rules Governing Purchase of Listed Securities (OTC Securities) by Reverse Auction enacted by the Stock Exchange Corporation or OTC Center;</del>  <del>(8) Participating in the public offering company's cash increase and subscription, and the obtained securities are not privately held securities;</del>  <del>(9) Purchasing the fund prior to the fund establishment, pursuant to the provisions in Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, as well as the stipulations in Order Chin Kuan Zheng Shi No. 0930005249 from our meeting on November 1, 2004; or</del>  <del>(10) —As for the domestic privately offered funds that have been subscribed or bought back, if the investment contract already states that the investment strategy is the same as the investment scope of the publicly offered fund except for the securities credit transaction and the relevant partitions of commodities which have not been written off.</del></p> <p>(II) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	<p>premises;  (5) Bonds that are public debt, with buyback, and sellback conditions;  (6) Domestic or foreign funds;  (7) Acquiring or disposing of the stocks of listed company (or OTC company) according to the Rules Governing Purchase of Listed Securities (OTC Securities) by Reverse Auction enacted by the Stock Exchange Corporation or OTC Center;  (8) Participating in the public offering company's cash increase and subscription, and the obtained securities are not privately held securities;  (9) Purchasing the fund prior to the fund establishment, pursuant to the provisions in Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, as well as the stipulations in Order Chin Kuan-Zheng-Shi No. 0930005249 from our meeting on November 1, 2004; or  (10) As for the domestic privately-offered funds that have been subscribed or bought back, if the investment contract already states that the investment strategy is the same as the investment scope of the publicly-offered fund except for the securities credit transaction and the relevant partitions of commodities which have not been written off.</p> <p>(II) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	

Amended Provision	Current Provision	Explanation
<p>Article 8: Procedures handling related party transactions</p> <p>I (Omitted)</p> <p>II. Evaluation and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall not proceed to enter into a transaction contract or make a payment until the following information has been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and Paragraph 2, Article 6 herein shall apply mutatis mutandis: (I)~(VI) (Omitted)</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction:</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Paragraph 2, Article 6, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p>	<p>Article 8: Procedures handling related party transactions</p> <p>I (Omitted)</p> <p>II. Evaluation and operating procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall not proceed to enter into a transaction contract or make a payment until the following information has been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and Paragraph 2, Article 6 herein shall apply mutatis mutandis: (I)~(VI) (Omitted)</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction:</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 1, Article 13 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and adopted by the board of director need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its</p>	<p>Amended according to the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022</p>

Amended Provision	Current Provision	Explanation
<p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created by the Company, when a matter is submitted for discussion by the board of directors pursuant to the rules, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>When the Company or any subsidiary that is not domestic public company engages in the transaction mentioned in Paragraph 1 and the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall neither enter the transaction contract nor pay until the materials mentioned in Paragraph 1 have been adopted in the shareholders' meeting. However, this does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in <u>Paragraph 1 and</u> the preceding paragraph shall be made in accordance with Paragraph 1, Article 13 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the <u>shareholders' meeting</u>, approved by the board of directors, and ratified by the review committee need not be counted toward the transaction amount.</p> <p>(Omitted)</p>	<p>subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Paragraph 2, Article 6, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>II. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created by the Company, when a matter is submitted for discussion by the board of directors pursuant to the rules, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>(Omitted)</p>	
<p>Article 9 (Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships)</p> <p>(I)~(III) (Omitted)</p> <p>(IV) Expert opinions or appraisal reports for intangible assets or right-of-use assets thereof or memberships</p> <p>1. In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships where</p>	<p>Article 9 (Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships)</p> <p>(I)~(III) (Omitted)</p> <p>(IV) Expert opinions or appraisal reports for intangible assets or right-of-use assets thereof or memberships</p> <p>1. In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships</p>	<p>Amended according to the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022</p>

Amended Provision	Current Provision	Explanation
<p>the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p> <p>2. If the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	<p>where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>2. If the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.</p>	
<p>Article 16: (Omitted) <u>The 11th amendment was made on May 31, 2022.</u></p>	<p>Article 16: (Omitted)</p>	<p>The date of amendment is added</p>

## Chenbro Micom Co., Ltd.

### Table of Comparison of Provisions of the Rules of Procedure for Shareholders' Meetings Before and After Amendment

Amended Provision	Current Provision	Explanation
<p>Article 3: (Convention and Notice of Shareholders' Meeting)</p> <p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.</p> <p><u>Changes to the means of convening a shareholders' meeting shall be subject to a resolution of the board of directors, and shall be made no later than the delivery of the shareholders' meeting notice.</u></p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) prior to 30 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS prior to 21 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting.</p> <p><u>However, if the Company has paid-in capital of NT\$10 billion or more at the end of the most recent fiscal year or has 30% of its shares held by foreign and mainland Chinese investors based on the shareholder register at the shareholders' meeting in the most recent fiscal year, it shall upload the electronic versions of such materials to the MOPS prior to 30 days before the date of an annual general meeting.</u></p> <p>Prior to 15 days before the date of a shareholders' meeting, the Company shall have prepared the shareholders' meeting handbook and supplemental meeting</p>	<p>Article 3: (Convention and Notice of Shareholders' Meeting)</p> <p>Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.</p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) prior to 30 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS prior to 21 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting.</p> <p>Prior to 15 days before the date of a shareholders' meeting, the Company shall have prepared the shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time, and display them in the Company and the professional stock affairs agency appointed by the Company, while shall distribute it at the shareholders' meeting on-site.</p> <p>(Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>



Amended Provision	Current Provision	Explanation
<p>materials and made them available for review by shareholders at any time, and display them in the Company and the professional stock affairs agency appointed by the Company, <del>while shall distribute it at the shareholders' meeting on site.</del></p> <p><u>The Company shall make the shareholders' meeting handbook and supplemental meeting materials mentioned in the preceding paragraph available for review by shareholders on the day of an annual general shareholders' meeting in the following ways:</u></p> <p><u>I. When a shareholders' meeting is held on-site, distribute at the meeting.</u></p> <p><u>II. When a video-assisted shareholders' meeting is held, distribute at the meeting and on the video networking platform as electronic files.</u></p> <p><u>III. When a shareholders' meeting is held by means of visual communication network, distribute on the video networking platform as electronic files.</u></p> <p>(Omitted)</p>		
<p>Article 4: (Attendance at Shareholders' Meeting)</p> <p>(Omitted)</p> <p><u>After the delivery of a proxy to the Company, a shareholder intending to attend the shareholders' meeting by means of visual communication network shall provide, two (2) days before the date of the shareholders' meeting, a written notice to the Company for rescinding the said proxy. Where the period for rescinding the proxy has expired, the voting right exercised by the proxy entrusted at the meeting shall prevail.</u></p>	<p>Article 4:(Attendance at Shareholders' Meeting)</p> <p>(Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>
<p>Article 5: (Principles determining time and place of shareholders' meeting)</p> <p>(Omitted)</p> <p><u>When the Company convenes a shareholders' meeting by means of visual communication network, it is not subject to the restrictions on the place of shareholders' meeting mentioned in the preceding paragraph.</u></p>	<p>Article 5: (Principles determining time and place of shareholders' meeting)</p> <p>(Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p>Article 6: (Preparation of documents, including the sign-in book)</p> <p>The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder, <u>solicitor, and proxy agent (shareholder)</u> sign-in and other important matters to be noted.</p> <p>Registration for shareholders referred to in the preceding paragraph shall begin at least thirty (30) minutes before the meeting. The sign-in place shall be clearly marked and sufficiently and adequately staffed. <u>Where a shareholders' meeting is held by means of visual communication network, shareholders shall register on the video networking platform at least thirty (30) minutes before the meeting. Shareholders who have completed the registration shall be deemed to have attended the shareholders' meeting in person.</u></p> <p>The shareholders <del>themselves or proxies entrusted by them (hereinafter referred to as shareholders)</del> shall attend the shareholders' meeting with the attendance card, attendance sign-in card, or other certificates. The Company shall not arbitrarily add requirements for provision of other certificates in addition to said documents. The proxy solicitors shall come with an ID certificate for verification.</p> <p>The Company shall provide a sign-in book for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of sign-in.</p> <p>The Company shall deliver the handbook, annual report, attendance card, speaker's slip, votes, and other meeting materials to each shareholder attending the shareholders' meeting; if there are directors to be elected, ballots shall also be provided.</p> <p>When a government or a juridical person is a shareholder, it may have more than one representative to attend the shareholders' meeting. In the event that a juridical person is entrusted to attend a shareholders' meeting, the juridical person may appoint</p>	<p>Article 6: (Preparation of documents, including the sign-in book)</p> <p>The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder sign-in, and other important matters to be noted.</p> <p>Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. The sign-in place shall be clearly marked and sufficiently and adequately staffed.</p> <p>The shareholders themselves or proxies entrusted by them (hereinafter referred to as shareholders) shall attend the shareholders' meeting with the attendance card, attendance sign-in card, or other certificates. The Company shall not arbitrarily add requirements for provision of other certificates in addition to said documents. The proxy solicitors shall come with an ID certificate for verification.</p> <p>The Company shall provide a sign-in book for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of sign-in.</p> <p>The Company shall deliver the handbook, annual report, attendance card, speaker's slip, votes, and other meeting materials to each shareholder attending the shareholders' meeting; if there are directors to be elected, ballots shall also be provided.</p> <p>When a government or a juridical person is a shareholder, it may have more than one representative to attend the shareholders' meeting. In the event that a juridical person is entrusted to attend a shareholders' meeting, the juridical person may appoint only one representative to participate in the meeting.</p> <p>(Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p>only one representative to participate in the meeting.</p> <p><u>Where a shareholders' meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall register with the Company two (2) days prior to the shareholders' meeting.</u></p> <p><u>Where a shareholders' meeting is held by means of visual communication network, the Company shall upload the meeting handbook, annual report, and other materials to the video networking platform at least thirty (30) minutes before the start of the shareholders' meeting and maintain their availability until the end of the meeting.</u></p>		
<p>Article 6-1: (Matters to be specified in the notice of shareholders' meeting held by means of visual communication network)</p> <p><u>When the Company holds a shareholders' meeting by means of visual communication network, it shall specify the following matters in the shareholders' meeting notice:</u></p> <p><u>I. Methods for shareholders to attend and exercise their rights in a shareholders' meeting held by means of visual communication network.</u></p> <p><u>II. Methods for handling obstacles to the video networking platform or attendance at a shareholders' meeting by means of visual communication network due to natural disasters, incidents, or other force majeure circumstances, including but not limited to:</u></p> <p>(I) <u>Where the aforesaid obstacles cannot be removed, the Company shall determine whether the shareholders' meeting should be postponed or reconvened within a period of time, and shall set the date of postponement or reconvention if appropriate;</u></p> <p>(II) <u>Shareholders who have not registered to attend the</u></p>		<p>1 Added</p> <p>2 Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p><u>shareholders' meeting by means of visual communication network shall not attend the postponed or reconvened meeting;</u></p> <p>(III) <u>When the Company holds a video-assisted shareholders' meeting and fails to proceed with the meeting by means of visual communication network, the shareholders' meeting shall continue if the number of shares held by the attending shareholders, after deducting the number of shares held by the shareholders attending the meeting by means of visual communication network, reaches the quorum. For shareholders attending the meeting by means of visual communication network, the number of shares held by them shall be included in the total number of shares held by the attending shareholders, and they shall be deemed to have abstained in all proposals of the shareholders' meeting; and</u></p> <p>(IV) <u>Methods for handling in the event that all proposals have been declared results and no extempore motion has been made.</u></p> <p><u>III. When convening a shareholders' meeting by means of visual communication network, the Company shall specify appropriate alternatives for shareholders who may have difficulty attending the meeting by means of visual communication network.</u></p>		
<p>Article 8: (Documentation of shareholders' meeting by audio or video) (Omitted)</p> <p><u>When a shareholders' meeting is held by means of visual communication network, the</u></p>	<p>Article 8: (Documentation of shareholders' meeting by audio or video) (Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p><u>Company shall record and retain the shareholders' registration, sign-in, attendance registration, questions, voting, and vote counting results, and shall make an uninterrupted audio and video recording of the shareholders' meeting.</u></p> <p><u>The materials and the audio and video recording mentioned in the preceding paragraph shall be properly retained by the Company throughout its life, and the audio and video recording shall be supplied to an institution that is entrusted to handle video conferencing affairs for retention.</u></p> <p><u>When a shareholders' meeting is held by means of visual communication network, the Company shall make the audio and video recording of the backend user interface of the video networking platform.</u></p>		
<p>Article 9:</p> <p>The participation by shareholders shall be based on the number of shares they hold. The calculation of the number of shares present shall be based on the attendance book or sign-in cards submitted by the shareholders, <u>the number of shares registered on the video networking platform</u>, and shares whose votes are exercised by mail or electronic means. The chair shall call the meeting to order at the time scheduled for the meeting, as well as announce the number of shares without voting right and shares present.</p> <p>In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chair may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chair may announce that the meeting fails to be convened for a lack of quorum. <u>If a</u></p>	<p>Article 9:</p> <p>The participation by shareholders shall be based on the number of shares they hold. The calculation of the number of shares present shall be based on the attendance book or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronic means.</p> <p>The chair shall call the meeting to order at the time scheduled for the meeting, as well as announce information, such as the number of shares without voting right and shares present.</p> <p>In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chair may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chair may announce that the meeting fails to be convened for a lack of quorum.</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p><u>shareholders' meeting is held by means of visual communication network, the Company shall also announce the adjournment of the shareholders' meeting on the video networking platform.</u></p> <p>In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements as in the preceding paragraph, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act, while notifying all shareholders of the tentative resolution to convene another shareholders' meeting within one month. <u>If a shareholders' meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall re-register with the Company in accordance with Article 6 herein.</u></p> <p>(Omitted)</p>	<p>In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements as in the preceding paragraph, a tentative resolution may be passed in accordance with Article 175 of the Company Act, while notifying all shareholders of the tentative resolution to convene another shareholders' meeting within one month.</p> <p>(Omitted)</p>	
<p>Article 11: (Shareholder speech) (Omitted)</p> <p><u>If a shareholders' meeting is held by means of visual communication network, shareholders attending the meeting by means of visual communication network may ask questions in text form on the video networking platform after the chair declares the commencement of the meeting and before the chair declares the adjournment of the meeting. The number of questions asked for each proposal shall not exceed two (2), with each question limited to 200 words. The provisions of Paragraphs 1 to 5 shall not apply.</u></p> <p><u>If the questions mentioned in the preceding paragraph do not violate the regulations or do not exceed the scope of the proposals, the Company shall make the questions public on the video networking platform.</u></p>	<p>Article 11: (Shareholder speech) (Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>
<p>Article 13: (Omitted)</p> <p>After the shareholders exercise their voting rights in writing or electronic means, if they</p>	<p>Article 13: (Omitted)</p> <p>After the shareholders exercise their voting rights in writing or electronic means, if they</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No.</p>

Amended Provision	Current Provision	Explanation
<p>want to attend the shareholders' meeting in person <u>or by means of visual communication network</u>, they shall cancel the intent of exercising voting rights in the preceding paragraph in the same manner as exercising the voting rights two days before the shareholders' meeting; if it is canceled after the time limit, voting rights exercised in writing or via electronic means shall prevail. If the voting rights are exercised in writing or via electronic means and a proxy is entrusted to attend the shareholders' meeting by a power of attorney, the voting rights exercised by the attending entrusted proxy shall prevail.</p> <p>(Omitted)</p> <p><u>When the Company convenes a shareholders' meeting by means of visual communication network, shareholders attending the meeting by means of visual communication network shall vote on the proposals and the election on the video networking platform after the chair announces the commencement of the meeting and before the chair announces the close of voting. Shareholders failing to do so shall be deemed to have abstained.</u></p> <p><u>If a shareholders' meeting is held by means of visual communication network, the votes shall be counted at one time after the chair announces the close of voting, and the voting and election results shall be announced thereafter.</u></p> <p><u>When the Company holds a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by means of visual communication network in accordance with Article 6 herein and intend to attend the meeting in person shall cancel the registration in the same manner as registration two (2) days before the shareholders' meeting; shareholders who fail to cancel the registration within the time limit may only attend the shareholders' meeting by means of visual communication network.</u></p> <p><u>Shareholders who exercise their voting rights in writing or electronically without revoking their intentions and attend the shareholders' meeting by means of visual communication</u></p>	<p>want to attend the shareholders' meeting in person, they shall cancel the intent of exercising voting rights in the preceding paragraph in the same manner as exercising the voting rights two days before the shareholders' meeting; if it is canceled after the time limit, voting rights exercised in writing or via electronic means shall prevail. If the voting rights are exercised in writing or via electronic means and a proxy is entrusted to attend the shareholders' meeting by a power of attorney, the voting rights exercised by the attending entrusted proxy shall prevail.</p> <p>(Omitted)</p>	<p>1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<u>network shall not exercise their voting rights on the original proposals, propose amendments to the original proposals, or exercise the voting rights for amendments to the original proposals, except for extempore motions.</u>		
<p>Article 15: (Omitted)</p> <u>If a shareholders' meeting is held by means of visual communication network, the minutes of the shareholders' meeting shall record the start and end time of the shareholders' meeting, the method of convening the meeting, and the names of the chair and the minute taker, as well as the methods and results of handling in the event of obstacles to the video networking platform or attendance at the shareholders' meeting by means of visual communication network caused by natural disasters, incidents or other force majeure circumstances, in addition to matters that shall be recorded according to the provisions of the preceding paragraph.</u> <p><u>When the Company convenes a shareholders' meeting by means of visual communication network, it shall specify in the minutes of the meeting the alternatives provided for shareholders who have difficulty attending the meeting by means of visual communication network while complying with the provisions of the preceding paragraph.</u></p>	<p>Article 15: (Omitted)</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>
<p>Article 16:(Public disclosure)</p> <p>The Company shall generate, on the date of the shareholders' meeting, a table in a prescribed format for the number of shares obtained by solicitors through solicitation, number of shares represented by proxies, <u>and the number of shares held by attending shareholders in writing or electronically</u>, and shall clearly disclose the said table at the place of the shareholders' meeting. <u>If a shareholders' meeting is held by means of visual communication network, the</u></p>	<p>Article 16: (Public disclosure)</p> <p>The Company shall generate, on the date of the shareholders' meeting, a table in a prescribed format for the number of shares obtained by solicitors through solicitation and number of shares represented by proxies, and shall clearly disclose the said table at the place of the shareholders' meeting.</p> <p>For any shareholders' meeting resolution that relates to statutory regulations or to</p>	<p>Handled in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>



Amended Provision	Current Provision	Explanation
<p><u>Company shall upload the aforesaid material to the video networking platform at least thirty (30) minutes before the start of the shareholders' meeting and maintain its availability until the end of the meeting.</u></p> <p><u>When the Company announces the commencement of a shareholders' meeting held by means of visual communication network, it shall disclose the total number of shares held by attending shareholders on the video networking platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the shareholders' meeting is counted during the meeting.</u></p> <p>For any shareholders' meeting resolution that relates to statutory regulations or to material information as specified by the Taiwan Stock Exchange Corporation <del>(or Taipei Exchange)</del>, the Company shall upload, within the specified time limit, said resolution to the MOPS.</p>	<p>material information as specified by the Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload, within the specified time limit, said resolution to the MOPS.</p>	
<p>Article 19: <u>(Disclosure of shareholders' meeting held by means of visual communication network)</u></p> <p><u>If a shareholders' meeting is held by means of visual communication network, the Company shall immediately disclose the voting results of the proposals and the election results on the video networking platform in accordance with the regulations, and shall maintain their availability for at least fifteen (15) minutes after the chair announces the adjournment of the meeting.</u></p>		<p>Added in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>
<p>Article 20: <u>(Location of the chair and minute taker of shareholders' meeting held by means of visual communication network)</u></p> <p><u>When the Company holds a shareholders' meeting by means of visual communication network, the chair and the minute taker shall be at the same place in Taiwan, and the chair shall announce the address of the place at the time of the meeting.</u></p>		<p>Added in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>
<p>Article 21: <u>(Handling of disconnection)</u></p>		<p>Added in accordance</p>

Amended Provision	Current Provision	Explanation
<p><u>If a shareholders' meeting is held by means of visual communication network, the Company may provide a simple connection test for shareholders before the meeting and also render related services immediately before and during the meeting to help shareholders solve telecommunication problems.</u></p> <p><u>If a shareholders' meeting is held by means of visual communication network, the chair shall, when announcing the commencement of the meeting, separately announce the date of the shareholders' meeting postponed or reconvened within five (5) days in case of an obstacle to the video networking platform or attendance by means of visual communication network that is caused by natural disasters, incidents, or other force majeure circumstances and lasts for more than thirty (30) minutes before the adjournment of the meeting announced by the chair, except for the circumstances where there is no need to postpone or reconvene the shareholders' meeting as stipulated in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Article 182 of the Company Act does not apply.</u></p> <p><u>Where the shareholders' meeting is postponed or reconvened as mentioned in the preceding paragraph, shareholders who have not registered to attend the original shareholders' meeting by means of visual communication network shall not attend the postponed or reconvened meeting.</u></p> <p><u>When the shareholders' meeting shall be adjourned or reconvened in accordance with Paragraph 2, if shareholders who have registered to attend the original shareholders' meeting by means of visual communication network and have registered attendance fail to attend the adjourned or reconvened meeting, the number of shares held by them and their voting rights and election rights exercised at the original shareholders'</u></p>		<p>with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022</p>

Amended Provision	Current Provision	Explanation
<p><u>meeting shall be included in the total number of shares and voting rights and election rights of the shareholders attending the adjourned or reconvened meeting.</u></p> <p><u>When a shareholders' meeting is postponed or reconvened in accordance with Paragraph 2, there is no need to discuss and resolve on the proposals whose voting and counting of votes have been completed and voting results or a list of elected directors and supervisors announced.</u></p> <p><u>When the Company holds a video-assisted shareholders' meeting and fails to proceed with the meeting by means of visual communication network as prescribed in Paragraph 2, the shareholders' meeting shall continue if the number of shares held by attending shareholders, after deducting the number of shares held by the shareholders attending the meeting by means of visual communication network, reaches the quorum. There is no need to postpone or reconvene the shareholders' meeting in accordance with the provisions of Paragraph 2.</u></p> <p><u>If a shareholders' meeting shall continue in accordance with the preceding paragraph, the number of shares held by shareholders who attend the meeting by means of visual communication network shall be included in the total number of shares held by attending shareholders; however, shareholders who attend the shareholders' meeting by means of visual communication network shall be deemed to have abstained in all proposals of the shareholders' meeting.</u></p> <p><u>When the Company postpones or reconvenes the shareholders' meeting in accordance with Paragraph 2, it shall make preparations based on the date of the original shareholders' meeting and in accordance with Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>The Company shall base the period prescribed in the latter part of Article 12 and</u></p>		

Amended Provision	Current Provision	Explanation
<u>Paragraph 3, Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and Paragraph 2, Article 44-5, Article 44-15, and Paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies on the date of the postponed or reconvened shareholders' meeting in accordance with Paragraph 2.</u>		
<u>Article 22: (Handling of digital gap) When the Company convenes a shareholders' meeting by means of visual communication network, it shall provide appropriate alternatives for shareholders who have difficulty in attending the meeting by means of visual communication network.</u>		Added in accordance with letter Tai-Zheng-Zhi-Li No. 1110004250 dated March 8, 2022
<del>Article 9</del> Article 23: The Rules shall be implemented after approval by the shareholders' meeting, and the same shall apply to any amendment thereto.	Article 19: The Rules shall be implemented after approval by the shareholders' meeting, and the same shall apply to any amendment thereto.	Article number is adjusted
<del>Article 20</del> Article 24: (Omitted) <u>The 7th amendment was made on May 31, 2022.</u>	Article 20: (Omitted) The sixth amendment was made on May 14, 2021.	The date of amendment is added and the article number is adjusted

# **Annexes**

# Chenbro Micom Co., Ltd.

## Articles of Incorporation

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### Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with the Company Act. The name of the Company is 勤誠興業股份有限公司 in Chinese and Chenbro Micom Co., Ltd. in English.
- Article 2 The main business operated by the Company is as follows:
- I. J399010 Software Publishing
  - II. C805050 Industrial Plastic Products Manufacturing
  - III. C805990 Other Plastic Products Manufacturing
  - IV. CC01080 Electronic Components Manufacturing
  - V. CC01110 Computer and Peripheral Equipment Manufacturing
  - VI. CC01120 Data Storage Media Manufacturing and Duplicating
  - VII. CQ01010 Mold and Die Manufacturing
  - VIII. F113050 Wholesale of Computers and Clerical Machinery Equipment
  - IX. F213030 Retail Sale of Computers and Clerical Machinery Equipment
  - X. F401010 International Trade
  - XI. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may act as a guarantor for the needs of its business.
- Article 4 When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies is exempted from the restriction that such investment shall not exceed 40 % of the paid-in capital as specified in Article 13 of the Company Act.
- Article 5 The Company is located in New Taipei City, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas if necessary upon resolution by the board of directors of the Company.
- Article 6 The Company's announcement method is handled in accordance with the provisions of Article 28 of the Company Act.

### Chapter 2 Shares

- Article 7 The Company's total registered capital is NT\$1.5 billion, divided into 150 million shares, with a par value of NT\$10 per share, and the board of directors is authorized to issue the shares in tranches.
- Of the total registered capital in the preceding paragraph, an amount of NT\$10 million is retained, divided into one million shares, with a par value of NT\$10 per share, which are for the Company's employee stock warrants, which the board of directors is authorized to issue said shares in tranches. The board of directors is authorized to issue the remaining shares unissued in tranches according to law.
- The Company's treasury shares purchased in accordance with the Company Act shall be transferred to recipients that include employees of controlling or subordinate companies who meet the criteria.
- The Company's employee stock warrants are issued to recipients that include employees of controlling or subordinate companies who meet the criteria.
- Where the Company issues new shares, the employees eligible for share

## Articles of Incorporation

subscription shall include employees of controlling or subordinate companies who meet the criteria.

The Company's employee restricted shares are issued to recipients that include employees of controlling or subordinate companies who meet the criteria.

Article 7-1 Where the Company intends to apply for de-listing, it shall be proposed to a shareholders' meeting for adoption.

### Chapter 3 Shareholders' Meetings

Article 8 The Company's shares shall be registered and bear the signatures or personal seals of the directors, who represent the Company, and be issued upon certification in accordance with the law. After the Company publicly issues shares, it may be exempted from printing any share certificates for the shares issued.

Article 9 Registration of share transfer shall be completed within 60 days before the date of each annual general meeting, 30 days before the date of each extraordinary meeting, or five (5) days before the date at which dividends, bonus, or any other distributions will be paid or made by the Company.

Article 10 Shareholders' meetings are divided into annual general meetings and extraordinary general meetings; the annual general meeting shall be convened once a year by the board of directors within six (6) months after the end of each fiscal year. The extraordinary general meeting is convened when necessary. The shareholders' meeting notice may be issued in writing or by electronic means after approved by shareholders.

For shareholders holding less than one thousand registered shares, the notice stated in the preceding paragraph can be delivered in the form of a public announcement.

Article 11 The shareholders' meeting shall be duly chaired by the Chairperson. If the Chairperson is on leave or unable to exercise his/her power and authority for any cause, the Chairperson shall designate one person to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair of the board of directors. If the meeting is convened by a person with the power to convene other than the board of directors, such person shall chair the meeting; if there are more than one person with the power to convene, they shall elect from among themselves to chair the meeting.

Article 12 A shareholder who is unable to attend a shareholders' meeting may authorize another person to attend as a proxy using the form provided by the Company, with the shareholder's signature and seal affixed, which sets forth the scope of the authorization. The proxy process is governed by Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 13 Each share of the Company held by shareholders is entitled to one voting right, but where circumstances specified in Article 179 of the Company Act apply, it shall be non-voting shares.

## Articles of Incorporation

Article 14

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

According to the regulations of the competent authority, the shareholders of the Company may exercise their voting rights electronically. Shareholders exercising their voting rights electronically shall be deemed to have been present in person, and related matters shall be handled in accordance with the regulations.

The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes shall be kept in accordance with Article 183 of the Company Act and shall be kept permanently during the existence of the Company.

The meeting minutes mentioned in the preceding paragraph shall be duly produced and distributed in accordance with the Company Act.

#### **Chapter 4 Directors and Audit Committee**

Article 15

The Company shall appoint 7 to 11 directors for a term of three years. The Company's election of directors is based on the candidate nomination system in accordance with Article 192-1 of the Company Act. Director candidate nomination acceptance method, announcement, and other relevant matters shall be handled according to the Company Act, Securities and Exchange Act, and other relevant regulations. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately, and said directors are eligible for renewal of term if elected. As for the percentage of ownership by all directors, the rules of the competent securities authorities shall prevail.

When a director's term expires and another director cannot be elected in time, he/she shall extend his/her term until a newly elected director takes office.

The board of directors of the Company may set up various functional committees, and the qualifications, exercise of powers, and relevant matters shall be handled in accordance with relevant laws and regulations, and shall be prescribed by the board of directors.

Article 15-1

In compliance with Article 14-2 of the Securities and Exchange Act, Company shall have at least two independent directors among the number of directors referred to in the preceding paragraph, and the independent directors shall represent at least one-fifth of the board. The independent directors shall be elected at a shareholders' meeting using the candidate nomination system and from among a list of candidates. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other relevant matters shall comply with applicable laws and regulations



**Articles of Incorporation**

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- Article 15-2      prescribed by the competent securities authority.  
The Company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee is composed of all independent directors. The Company shall formulate the audit committee charter to govern the number of audit committee members, terms of office, powers and responsibilities, and rules of procedure in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The Company may set up other functional committees according to the needs of business operations, and the establishment and powers and responsibilities of the relevant committees shall be handled in accordance with the regulations of the competent authority.
- Article 16      The board of directors is composed of directors, and the Chairperson of the board shall be elected with the consent of a majority of the directors at a meeting attended by more than two-thirds of the directors. The Chairperson is the representative of the Company.
- Article 17      The powers and responsibilities of the board of directors are as follows:  
I.      To provide business plans.  
II.     To put forth proposals for earnings distribution or loss compensation.  
III.    To put forth proposals for capital increase or reduction.  
IV.    To formulate material rules and the Company's organizational charters.  
V.     To appoint and dismiss the Company's general managers and managers who are required by law to be approved by the board of directors.  
VI.    To set up and shut down branches.  
VII.   To prepare budgets and final accounts  
VIII. Other powers and duties conferred by the Company Act or by the resolution adopted at the shareholders' meeting.
- Article 18      Unless otherwise provided by law or regulations, the Company's board meetings shall be convened by the Chairperson. Except otherwise provided by the Company Act, resolutions of the board of directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office.
- Article 19      Chairperson serves as the chair of board meetings. If the Chairperson is on leave or unable to exercise his/her power and authority for any cause, the Chairperson shall designate one person to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair. The directors shall attend board meetings in person. If a director is unable to attend a meeting for any reason, he/she may entrust another director to act on their behalf. The aforementioned proxy shall be limited to act on behalf of one person. Independent directors shall attend board meetings in person, or entrust other independent directors to act on their behalf.
- Article 20      The Company may purchase liability insurance for directors to protect them

## Articles of Incorporation

against potential liabilities arising from exercising their duties during their tenure.

When performing duties for the Company, the directors shall receive remuneration from the Company regardless of its gain or loss; the board is authorized to determine the remuneration according to their individual participation in the Company's operations and the value of their contribution, while taking into account the general standard in the industry.

### Chapter 5 Managers

Article 21 The Company shall have one general manager and several deputy general managers, assistant deputy general managers, and others in equivalent positions. The employment, dismissal, and remuneration of the general manager shall be conducted in accordance with Article 29 of the Company Act.

### Chapter 6 Accounting

Article 22 At the end of each fiscal year, the Company's board of directors shall prepare the following list of documents, which shall be submitted to the annual general meeting for ratification.

- I. Business report;
- II. Financial statements;
- III. Earnings distribution or loss compensation proposals. The distribution of the business report, financial statements, and earnings distribution or loss compensation proposals in the preceding paragraph to each shareholder shall be handled in accordance with the provisions of the Company Act.

Article 23 If the Company has earnings at the end of a year, it shall set aside 3% to 12% of the balance as employee compensation and no greater than 3% of the balance as remuneration to directors.

The board of directors determines the dividend distribution in stocks or cash, and the employee compensation may also be distributed to employees of subordinate companies who meet certain criteria. Said criteria are set by the board of directors. The distribution of employee compensation and remuneration to directors shall be reported to the shareholders' meeting. However, where the Company still has accumulated losses, it shall reserve an amount to compensate the losses in advance, and then distribute remuneration to directors and employee compensation based on the percentages specified in Article 21.

Article 23-1 If the Company has any earnings after the closing of the fiscal year, it shall distribute the earnings in the following order:

- I. Pay taxes.
- II. Make up for accumulated deficit/loss.
- III. Set aside 10 percent for the legal reserve. However, where such legal reserve amounts to the paid-in capital, this provision shall not apply.
- IV. Appropriate or reverse special reserves according to laws or the regulations of the competent securities authority.
- V. If there is still a balance, the board of directors shall decide whether to

## Articles of Incorporation

retain or distribute the undistributed earnings, together with the accumulated undistributed earnings from previous years, to shareholders as dividends based on the capital status and economic development of the current year, while submitting it to the shareholders' meeting for resolution.

Article 23-2 The Company's dividend policy is based on the current year's profitability and consideration for the Company's future growth, capital budget planning, capital needs, and other factors, while the interests of shareholders and the Company's long-term financial planning are considered. Shareholder dividends are appropriated from distributable earnings, in the form of cash or stock dividends. However, the cash dividends shall not be less than 10% of the total dividends. If the cash dividend per share is less than NT\$0.20, it will not be distributed and will be distributed as stock dividend instead.

Article 24 From January 1, 2008, the Company may transfer its shares to employees at a price lower than the average price of the shares actually redeemed or issue employee stock warrants at a subscription price lower than the market price (net value per share), which shall only be implemented with the consent of attending shareholders representing two-thirds of the voting rights present at a shareholders' meeting attended by a majority of shareholders. The Company may file applications for implementation of said matter multiple times within one year from the date of the shareholders' resolution.

Article 24-1 When the Company repurchases treasury shares, it may transfer shares to employees at a price lower than the average actual price of share repurchase, which shall only be implemented with the consent of attending shareholders representing two-thirds of the voting rights present at a shareholders' meeting attended by a majority of shareholders while in accordance with relevant laws. The Company may file applications for implementation of said matter multiple times within one year from the date of the shareholders' resolution.

Article 25 Matters not specified in the Articles of Incorporation shall be governed by the Company Act.

### Supplementary Provisions

Article 26 The Articles of Incorporation was formulated on November 21, 1983.  
 The 1st amendment was made on May 10, 1984.  
 The 2nd amendment was made on May 5, 1986.  
 The 3rd amendment was made on November 5, 1986.  
 The 4th amendment was made on November 20, 1987.  
 The 5th amendment was made on October 2, 1989.  
 The 6th amendment was made on December 16, 1989.  
 The 7th amendment was made on March 9, 1990.  
 The 8th amendment was made on January 3, 1990.  
 The 9th amendment was made on June 30, 1998.

# **Chenbro Micom Co., Ltd.**

## **Articles of Incorporation**

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The 10th amendment was made on June 10, 1999.  
The 11th amendment was made on October 20, 1999.  
The 12th amendment was made on June 26, 2000.  
The 13th amendment was made on June 27, 2002.  
The 14th amendment was made on June 30, 2003.  
The 15th amendment was made on June 21, 2005.  
The 16th amendment was made on June 23, 2006.  
The 17th amendment was made on June 22, 2007.  
The 18th amendment was made on June 27, 2008.  
The 19th amendment was made on June 26, 2009.  
The 20th amendment was made on June 14, 2010.  
The 21st amendment was made on May 25, 2012.  
The 22nd amendment was made on June 23, 2016.  
The 23rd amendment was made on June 20, 2017.  
The 24th amendment was made on June 25, 2019.  
The 25th amendment was made on June 23, 2020.  
The 26th amendment was made on May 14, 2021.

## Chenbro Micom Co., Ltd.

### Procedures for Acquisition or Disposal of Assets

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#### Chapter 1 General Provisions

- Article 1:** Purpose
- In order to strengthen asset management and ensure information disclosure, the Procedures are enacted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission, Executive Yuan (hereinafter the "FSC"). If the Procedures have any outstanding matter, it shall be handled in accordance with relevant laws and regulations.
- Article 2:** Scope of assets
- I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, call (put) warrants, beneficial interest securities, and asset-backed securities.
  - II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
  - III. Memberships.
  - IV. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - V. Right-of-use assets.
  - VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - VII. Derivatives.
  - VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with law.
  - IX. Other major assets.
- Article 3:** Investment quota for non-business real property and securities
- The quotas for the aforementioned assets respectively acquired by the Company and each subsidiary are as follows:
- (I) The total amount of investment securities shall not exceed 120% of the net value.
  - (II) The amount of investment in individual securities shall not exceed 60% of the net value.
  - (III) The total amount of real property not for business use shall not exceed 50% of the net value.
- Article 4:** Definition of terms
- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

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- II. Assets acquired or disposed of in connection with mergers, demergers, acquisitions or transfer of shares in accordance with law: Assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
  - III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The net value referred to in the Procedures means equity attributable to the owner of the parent company on the balance sheet according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  - IV. Professional appraiser: Real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.
  - V. Date of occurrence: Date of contract signing, date of payment, date of consignment trade, date of transfer, date of board of directors resolution, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
  - VI. Mainland China area investment: Investment in the mainland China area approved by the Investment Commission, Ministry of Economic Affairs, or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
  - VII. The term "within one year" is based on the date of the acquisition or disposal of assets, and is retrospectively calculated for one year. The notified portion is not included again.
  - VIII. The term "latest financial statements" refers to the financial statements obtained by the Company prior to the acquisition or disposal of assets, which have been disclosed in accordance with the laws and checked, certified or reviewed by any certified public accountant.

#### Article 5:

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

- I. May not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three (3) years have already passed

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- since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
  - III. If the Company is required to obtain appraisal reports from two (2) or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
    - 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
    - 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
    - 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
    - 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

### **Chapter 2 Disposition Procedures**

- Article 6: Procedures for acquiring or disposing of real property or other real property, plants, and equipment or other right-of-use assets
- I. Evaluation and operating procedures
 

The Company's acquisition or disposal of real property or other real property, plants, and equipment or other right-of-use assets is subject to the operating procedures for the real property, plants, and equipment recycles for the Company's internal control systems.
  - II. Procedure for determining the trade terms and authorization limits
    - (I) To acquire or dispose of real property, the transaction conditions and the transaction prices shall be determined by referring to announced land current value, assessed value, actual transaction price of the neighboring real property, etc., and an analysis report shall be submitted to the chairman of the board of directors. If the amount is less than NT\$100 million, it shall be submitted to the chairman of the board of directors for approval and shall be reported in the latest board meeting after the event; if it exceeds NT\$100 million, it shall be put into practice after being approved by the board of directors.
    - (II) The acquisition or disposition of other real property, plants, and equipment or



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other right-of-use assets shall be made by either way of inquiry, price comparison, bargaining or bidding. If the amount is less than NT\$100 million (inclusive), it shall be approved hierarchically according to the authorization method; if it exceeds NT\$100 million, it shall be submitted to the chairman of the board for approval, and it shall be put into practice after being approved by the board of directors.

- (III) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, all independent directors shall be present at the board of directors meeting. If they are unable to attend in person, they shall appoint other independent directors to attend on their behalf; in addition, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When the Company adopts or amends the procedures for the acquisition and disposal of assets or trades in major assets or derivatives, it shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members is not obtained, the said procedures or transactions may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

#### III. Executive unit

When the Company acquires or disposes real property or other real property, plants, and equipment, it shall be executed by the undertaking unit and the management unit after approval is given from the aforementioned authority.

#### IV. Appraisal report of real property or other real property, plants, and equipment or other right-of-use assets

In acquiring or disposing of real property, or equipment, or right-of-use assets thereof where, and the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (the recorded items on the appraisal report shall follow the rules of the FSC) and further comply with the following provisions:

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



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subsequent change to the terms and conditions of the transaction.

- (II) Where the transaction amount is NT\$1 billion or more, appraisal reports from two (2) or more professional appraisers shall be obtained.
- (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.

#### Article 7:

#### Procedures for acquiring or disposing of securities investment

##### I. Evaluation and operating procedures

The purchase and sale of the Company's securities are handled in accordance with the operating procedures for the Company's internal control system investment cycles.

##### II. Procedure for determining the trade terms and authorization limits

- (I) The sale and purchase of securities in the centralized exchange market or the securities firm's business premises shall be decided by the responsible unit according to the market conditions. If the transaction amount is less than NT\$20 million (inclusive), it shall be put into practice after being approved by the financial supervisor. If the transaction amount is more than NT\$20 million but less than NT\$100 million, it shall be put into practice after being approved by the chairman of the board. If the transaction amount exceeds NT\$100 million, it shall be put into practice after being approved by the board of directors.
- (II) As for securities not trading in the centralized exchange market or the securities firm's business premises and apart from the circumstances listed in this Article, IV. (1), the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified

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public accountant, prior to the date of occurrence of the event, for reference in appraising the transaction price, and then it shall handle this according to the laws. In view of book value per share (BPS), profitability and future development potential, if the transaction amount is less than NT\$100 million (inclusive), it can be approved by the chairman of the board and then submitted to the latest board of directors meeting for further preparation. If the transaction amount exceeds NT\$100 million, it shall be put into practice after being approved by the board of directors.

- (III) As for the Company's acquisition or disposal of assets that shall be approved by the board of directors according to the prescribed procedures or other legal provisions, it shall be handled in accordance with the provisions of Subparagraph 3, Paragraph 2, Article 6 herein.

#### III. Executive unit

When the Company invests in marketable securities, the financial unit shall be responsible for implementation after receiving the approval of the said authority.

#### IV. Acquisition of expert opinions

- (I) If the Company acquires or disposes of marketable securities which have public quotations in the active market or if any of the following circumstances occurs, it may be exempted from applying Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The Company shall first obtain the underlying company's latest financial statements which have been checked, certified or reviewed by an accountant. If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF:

- (1) Initiating the establishment or raising of funds to obtain securities in cash;
- (2) Those who participate in the subscription of the target company in accordance with relevant laws and regulations to carry out capital increased by cash and issue securities as per face value;
- (3) Those whose 100% of participation in the subscription of the shift in investment has been processed by an investment company to carry out capital increased by cash and issue securities as per face value;
- (4) Listed companies' securities at the stock exchange market, the over-the-counter market and the emerging stock market, which have been traded in the stock exchange or securities firm's business premises;
- (5) Bonds that are public debt, with buyback, and sellback conditions;
- (6) Domestic or foreign funds;
- (7) Acquiring or disposing of the stocks of listed company (or OTC company) according to the Rules Governing Purchase of Listed

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- Securities (OTC Securities) by Reverse Auction enacted by the Stock Exchange Corporation or OTC Center;
- (8) Participating in the public offering company's cash increase and subscription, and the obtained securities are not privately held securities;
  - (9) Purchasing the fund prior to the fund establishment, pursuant to the provisions in Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, as well as the stipulations in Order Chin-Kuan-Zheng-Shi No. 0930005249 from our meeting on November 1, 2004; or
  - (10) As for the domestic privately-offered funds that have been subscribed or bought back, if the investment contract already states that the investment strategy is the same as the investment scope of the publicly-offered fund except for the securities credit transaction and the relevant partitions of commodities which have not been written off.
- (II) If the Company acquires or disposes of assets through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.
- Article 7-1: The calculation of the transaction amounts referred to in the preceding two articles shall be done in accordance with Subparagraph 5, Paragraph 1, Article 13 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- Article 8: Procedures handling related party transactions
- I. When the Company engages in any acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or in any acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6 and Article 7. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
  - II. Evaluation and operating procedures
 

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by

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domestic securities investment trust enterprises, the Company shall not proceed to enter into a transaction contract or make a payment until the following information has been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and Paragraph 2, Article 6 herein shall apply mutatis mutandis:

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

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 1, Article 13 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and adopted by the board of director need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Paragraph 2, Article 6, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created by the Company, when a matter is submitted for discussion by the board of directors pursuant to the rules, the board of directors shall take into full consideration each independent director's

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opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

#### III. Evaluation of the reasonableness of transaction costs

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

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

(II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

(III) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article shall also engage a CPA to check the appraisal and render a specific opinion.

(IV) Where the Company acquires real property or right-of-use assets thereof from a related party, when the results of the appraisal conducted in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph (5), Paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. 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

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- excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
  - (3) Completed leasing cases by unrelated parties within the preceding year involving other floors of the same property and land, where the land is similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- (V) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Subparagraphs (1) and (2), Paragraph 3 of this Article are uniformly lower than the transaction price, the following steps shall be taken. Furthermore, if the Company, as well as the publicly issued company that evaluates the Company's investment in the equity method, has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company acquires real property or right-of-use assets thereof from a



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related party, it shall also comply with the preceding paragraph if there is other evidence indicating that the acquisition was not an arms length transaction.

1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. The audit committee shall comply with Article 218 of the Corporation Act.
3. Actions taken pursuant to Points 1 and 2, Paragraph (5), Paragraph 3 of this article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

(VI) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this article, and Subparagraphs (1)~(3), Paragraph 3 of this article do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

(VII) When the Company acquires real property thereof from a related party, it shall also comply with Subparagraph (5), Paragraph 3 of this article, if there is other evidence indicating that the acquisition was not an arm's length transaction.

#### Article 9:

Procedures for acquiring or disposing of intangible assets or right-of-use assets thereof or memberships

##### (I) Evaluation and operating procedures

The Company's acquisition or disposal of intangible assets or right-of-use assets thereof or memberships is subject to the operating procedures for the real property, plants, and equipment recycles for the Company's internal control systems.

##### (II) Procedure for determining the trade terms and authorization limits

1. To acquire or dispose of memberships, the transaction conditions and the transaction prices shall be determined by referring to fair market value, and an analysis report shall be submitted to the chairman of the board of directors.

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If the amount is less than NT\$3 million, it shall be submitted to the chairman of the board of directors for approval. If it exceeds NT\$3 million, it shall be put into practice after being approved by the board of directors.

2. To acquire or dispose of intangible assets or right-of-use assets thereof, the transaction conditions and the transaction prices shall be determined by referring to expert evaluation reports or fair market value, and an analysis report shall be submitted to the chairman of the board of directors. If the amount is less than NT\$20 million, it shall be submitted to the chairman of the board of directors for approval. If it exceeds NT\$20 million, it shall be put into practice after being approved by the board of directors.
3. As for the Company's acquisition or disposal of assets that shall be approved by the board of directors according to the prescribed procedures or other legal provisions, it shall be handled in accordance with the provisions of Subparagraph 3, Paragraph 2, Article 6 herein.

#### (III) Executive unit

When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships, it shall be executed by the undertaking unit and the management unit after the aforementioned approval authority indicates any approval.

#### (4) Expert opinions or appraisal reports for intangible assets or right-of-use assets thereof or memberships

1. In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. The CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
2. If the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships through a court auction process, the evidence documents provided by such a court can replace appraisal reports or certified public accountants' opinions.

#### Article 10:

Procedures for acquiring or disposing of creditor's rights from financial institutions

In principle, the Company is not engaged in the transaction of obtaining or disposing of the creditor's rights from financial institutions. If it is to engage in the transaction of obtaining or disposing of the creditor's rights from financial institutions, it shall report this matter to the board of directors for approval before finalizing its assessment and operating procedures.

#### Article 11:

Procedure for acquiring or disposing of derivatives

##### I. Trading principles and guidelines

##### (I) Trading types

1. Derivative financial products engaged by the Company refer to transaction



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contracts whose values are derived from commodities such as assets, interest rates, exchange rates, indices or other interests (e.g., forward contracts, options, futures, interest rates or exchange rates, swaps, and the above commodities, combined composite contract, etc.).

2. Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. The trading of bonds subject to the conditions for repurchase does not apply to the provisions of this process.

#### (II) Management (risk avoidance ) strategies

The Company engages in derivative financial products trading, and shall aim at hedging. The trading commodities shall be selected to avoid the risks arising from the business operations of the Company. The currency held must match the foreign currency demand of the Company's actual import and export transactions. The Company's overall internal position (only foreign currency income and expenses) is self-leveling, in order to reduce the Company's overall foreign exchange risk and save foreign exchange operating costs. Other special-purpose transactions must be carefully evaluated and submitted to the board for approval.

#### (III) Responsibilities

##### 1. Financial department

##### (1) Trading staff

- A. Responsible for the strategic planning of financial transactions of the entire company.
- B. Traders shall calculate the location regularly every week, collect market information, conduct trend judgment and risk assessment, formulate operational strategies, and approve the transaction as the basis for trading.
- C. Execute transactions based on authorized permissions and established strategies.
- D. When there is a major change in the financial market and the trader judges that the established strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned. After approval by the chairman of the board, it is used as the basis for trading.

##### (2) Accountants

- A. Transaction confirmation.
- B. Review whether the transaction is based on the authorization authority and the established strategy.
- C. Monthly evaluation, evaluation report is presented to the chairman.
- D. Accounting processing.
- E. Declaration and announcement in accordance with the regulations of the Securities and Futures Commission.
- (3) Delivery personnel: Perform delivery tasks.
- (4) Derivatives verification authority

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#### A. Hedging and capital preservation

Authority	Daily Trade Limit	Net Accumulation Trading Authority
Financial supervisor	US\$1M and below	US\$3M and below
Chairperson	US\$1M and above	US\$3M and above

- B. For other specific-purpose transactions, the accounting unit shall formulate a trading plan according to the needs and report to the chairman for the execution of the project.
- C. As for the Company's acquisition or disposal of assets that shall be approved by the board of directors according to the prescribed procedures or other legal provisions, it shall be handled in accordance with the provisions of Subparagraph 3, Paragraph 2, Article 6 herein.

#### 2. Audit department

Responsible for understanding the admissibility of internal control of derivatives transactions and checking the operating procedures of the trading department on a monthly basis, and analyzing the trading cycle, making audit reports, and notifying the Audit Committee in writing when there are major deficiencies.

#### 3. Performance evaluation

##### (I) Hedging and capital preservation transactions

- A. Basis of performance evaluation based on the profit and loss generated between the exchange rate cost of the Company and the derivative financial transactions.
- B. In order to fully grasp and express the evaluation risk of the transaction, the Company evaluates the profit and loss by means of the monthly evaluation method.
- C. The financial department shall provide foreign exchange location evaluation and foreign exchange market trends and market analysis to the chairman as a management reference and instruction.

##### (II) Specific purpose trading

The actual profit and loss is used as the performance evaluation basis, and the accountants must regularly report the parts to provide management reference.

#### 4. Setting total contract amount and loss limit

##### (1) Total contract amount

##### A. Hedge trade quota

The finance department shall master the Company's overall position to

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avoid trading risks. The risk-avoidance transaction amount shall not exceed two-thirds of the Company's overall net position. If more than two-thirds of the Company's total is required, it shall be reported to the chairman for approval.

#### B. Specific purpose trading

Based on the forecast of market changes, the finance department may formulate a strategy as needed, and report it to the chairman for approval before the approval of the board of directors. The Company's specific use transactions are subject to a total contractual amount of the Company's net cumulative position of US\$10 million.

#### (2) Defining maximum limit for loss

- A. For hedged trades, the 50% of the contract amount of the individual contract shall be the maximum limit; the total loss shall also be capped at 50% of the total contract value of the contract. If the amount of the loss exceeds the upper limit of the transaction, it must be reported to the chairman immediately, and report to the board of directors afterwards to discuss the necessary measures.
- B. In the case of a special purpose transaction contract, after the location is established, a stop loss point shall be set to prevent excess losses. The stop loss point shall be set at an upper limit of 10% of the transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the chairman immediately and reported to the board of directors to discuss the necessary countermeasures.
- C. The amount of the individual contract loss for a specific purpose transaction is the lower limit of the amount that does not exceed US\$10,000 or 5 percent of the transaction contract amount.
- D. The maximum annual loss for the Company's specific purpose trading operations is US\$300,000.

## II. Risk management measures

### (I) Credit risk management:

Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products.

Therefore, in market risk management, the following principles are followed:

Transaction target: Mainly domestic and foreign famous financial institutions.

Trading commodities: Limited to the goods provided by famous financial institutions at home and abroad.

Transaction amount: The amount of the unreversed transaction of the same transaction object, which is not more than 10% of the total authorized amount, but the approval of the chairman is not limited to this.

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(II) Market risk management:

Based on the open foreign exchange market provided by banks, the futures market will not be considered.

(III) Liquid risk management:

In order to ensure market liquidity, when selecting financial products, the liquidity is higher (that is, it can be flattened at any time in the market), and the financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

(IV) Cash flow risk management: In order to ensure the stability of the Company's working capital turnover, the Company's source of funds for derivatives transactions is limited to its own funds, and its operating amount shall consider the funding requirements for the cash revenue and expenditure forecast for the next three months.

(V) Operating risk management:

1. The Company's authorization quota, operating procedures and incorporate internal audits shall be strictly followed to avoid operational risks.
2. Traders engaged in derivatives and operators in charge of confirmation and delivery shall not concurrently serve each other.
3. The risk measurement, supervision and control personnel shall be in different departments from the preceding subparagraph and shall report to the board of directors or senior executives who are not responsible for the decision-making of the transaction or position.
4. The position held by the derivatives transactions shall be assessed at least once a week, but if the risk-avoidance transaction required for the business is to be assessed at least twice a month, the assessment report shall be submitted to the chairman for review.

(VI) Product risk management:

Internal traders shall have complete and correct professional knowledge of financial commodities, and require banks to fully expose risks to avoid misuse of financial commodity risks.

(VII) Legal risk management:

Documents signed with financial institutions shall be formally signed by special personnel of foreign exchange and legal or legal counsel before they can be formally signed to avoid legal risks.

### III. Internal audit system

- (I) Internal auditors shall regularly understand the admissibility of internal control of derivatives transactions, and check the compliance of the trading department on the transaction procedures for derivatives transactions and analyze the trading cycle on a monthly basis to make an audit report. If major violations are found, written notice shall be given to the audit committee.
- (II) Internal auditors shall report the audit report to the FSC in accordance

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with the annual audit of the internal audit work according to the time specified by the FSC, and report the abnormal situation improvement notice before the time specified by the FSC.

#### IV. Periodic evaluation method

- (I) The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the transactions in the derivatives are actually handled in accordance with the trading procedures set by the Company and whether the risks assumed are within the scope of the allowable undertaking. When the market price assessment reports are abnormal (e.g., when the holding position has exceeded the limit of loss), they shall be immediately reported to the board of directors, with corresponding measures taken.
- (II) The position held by the derivatives transactions shall be assessed at least once a week, but if the risk-avoidance transaction required for the business is to be assessed at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the board of directors.

#### V. The supervision and management principles of the board of directors when engaging in derivatives trading

- (I) The board of directors shall appoint executives to pay attention to the supervision and control of the risk of derivatives transactions at any time. The management principles are as follows:
  1. Regularly assess whether the currently used risk management measures are appropriate and do in accordance with the Procedures and the Company's procedures for dealing with derivatives transactions.
  2. Supervise the transaction and profit and loss situation. If abnormal circumstances are found, the necessary countermeasures shall be taken and report to the board of directors immediately. If the Company has set up independent directors, the board of directors shall have independent directors attend and express their opinions.
- (II) Regularly assessing whether the performance of the derivatives transaction is in line with the established business strategy and whether the risk assumed is within the scope of the Company's tolerance.
- (III) When the Company engages in the transaction of derivatives, it shall authorize the relevant personnel to handle the procedures in accordance with the procedures for handling the transactions of derivatives and shall report to the latest board of directors afterwards.

When the Company engages in derivatives transactions, it shall establish a checklist for the type and amount of derivatives transactions, the date of passage of the board of directors, and the matters under Subparagraph (2), Paragraph 4 and Subparagraphs (1) and (2), Paragraph 5 of this article that shall be carefully assessed and detailed in the reference book for future reference.

Article 12: Procedure for merger, demerger, acquisition, or transfer of shares

#### I. Evaluation and operating procedures

- (I) When the Company handles mergers, demergers, acquisitions or share

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transfers, it is advisable to invite lawyers, accountants and underwriters to jointly study the estimated timetable for the statutory procedures and organizes the ad hoc group to implement them in accordance with legal procedures. Before convening a resolution of the board of directors, the accountant, lawyer or securities underwriter is invited to express opinions on the proportion of the conversion, the purchase price or the reasonableness of the cash or other property of the allotment to the board of directors for discussion and approval. 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 percent 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 percent of the respective subsidiaries' issued shares or authorized capital.

- (II) The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Subparagraph (1), Paragraph 1 of this article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- II. Other matters that require attention
- (I) Board meeting date, data retention and reporting obligations:
    - 1. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
    - 2. When participating in a merger, demerger, acquisition, or transfer of

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another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
  - (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
  - (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
3. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs (1) and (2) of the preceding paragraph to the FSC for recordation.
  4. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Paragraphs 2 and 3.
- (II) Prior confidentiality commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
  - (III) The principle of adoption and change of the share conversion ratio or the purchase price: Companies participating in a merger, demerger, acquisition, or transfer of shares shall, before the convention of the board of directors meetings, engage the accountant, lawyer or securities underwriter to express opinions on the proportion of the conversion, the purchase price or the reasonableness of the cash or other property of the allotment, and report in the shareholders meeting. In principle, the conversion ratio or the purchase price shall not be arbitrarily changed unless the conditions for the change in the contract have been fixed and disclosed to the public. The conversion ratio or purchase price may be changed as follows:



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1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  2. An action, such as a disposal of major assets, that affects the Company's financial operations.
  3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (IV) The contents of the contract shall include the following: The contract for the merger, demerger, acquisition, or transfer of shares shall specify the following matters and matters prescribed in Article 171 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.
1. Handling of breach of contract.
  2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  4. The manner of handling changes in the number of participating entities or companies.
  5. Preliminary progress schedule for plan execution, and anticipated completion date.
  6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) Change in the number of companies participating in the merger, demerger, acquisition or share: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be



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exempted from calling another shareholders meeting to resolve on the matter anew.

- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and comply with the provisions of Subparagraph (1), Subparagraph (2), and Subparagraph (5), Paragraph 2 of this article regarding board meeting date, prior confidentiality commitment, and change in the number of companies participating in the merger, demerger, acquisition or share transfer, respectively.

### Chapter 3 Disclosure of Information

Article 13:

Procedure for disclosure of information

I. Items that require reporting and reporting standards

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  - 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (VI) Where land is acquired under an arrangement on engaging others to build on

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the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

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

1. Trading of domestic government bonds.
2. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward 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 transaction counterparty within the preceding year.
  - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

#### II. Time limit for handling announcement and filing

If the Company acquiring or disposing of assets has items to be announced in

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accordance with Paragraph 1 of this article, and the transaction amount reaches the reporting standard, it shall report the items within two days from the date of occurrence.

#### **III. Procedure for announcement and filing**

- (I) The Company shall report the relevant information to the designated website of the FSC.
- (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.
- (IV) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
- (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  1. Change, termination, or rescission of a contract signed in regard to the original transaction.
  2. The merger, demerger, 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.

#### **IV. Announcement format**

The Company shall announce and file information according to the preceding article in the prescribed format and contents published by the FSC.

Article 14:

The subsidiaries of the Company shall comply with the following regulations:

- I. Subsidiaries shall also comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Company's Procedures for Acquisition or Disposal of Assets.
- II. If a subsidiary is not a publicly issued company and acquires or disposes of assets in an amount that reaches the reporting standards prescribed in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the parent company shall handle the announcement on behalf of the subsidiary.
- III. In the reporting standards for subsidiaries, the term "up to 20% of the Company's paid-up capital or 10% of the total assets" is determined by the parent company's paid-in capital or total assets.

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Article 14-1: For the calculation of 10 percent of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under the Procedures, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 15: **Punishments**

When the Company's managers and persons in charge relevant business activities violate the Procedures, they shall be punished according to the work rules and relevant regulations of the Company.

### **Chapter 4 Supplementary Provisions**

Article 16: **Implementation and amendment**

After the Procedures, and any amendments thereof, are approved by one-half or more of all audit committee members and the board of directors, they shall be submitted to the shareholders meeting for approval and implementation.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" as used herein shall be counted as the actual number of persons currently holding those positions.

If the Procedures are submitted to the board of directors for discussion in accordance with the provision of the preceding paragraph, the Company shall fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they shall be stated in the minutes of the board of directors meeting.

The Procedures came into effect on June 30, 2003.

The 1st amendment was made on April 24, 2007.

The 2nd amendment was made on June 14, 2010.

The 3rd amendment was made on May 27, 2011.

The 4th amendment was made on May 25, 2012.

The 5th amendment was made on June 20, 2013.

The 6th amendment was made on June 20, 2014.

The 7th amendment was made on June 11, 2015.

The 8th amendment was made on June 20, 2017.

The 9th amendment was made on June 25, 2019.

The 10th amendment was made on June 23, 2020.

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- Article 1: To establish a strong governance system and sound supervisory capabilities for this Company's shareholders' meetings, and to strengthen management capabilities, the Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2: Unless otherwise provided by laws or the Company's Articles of Incorporation, the Company shall duly convene the shareholders' meeting in accordance with the Rules.
- Article 3: (Convention and Notice of Shareholders' Meeting)  
 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.  
 The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the causes of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) prior to 30 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS prior to 21 days before the date of an annual general meeting or prior to 15 days before the date of an extraordinary general meeting.  
 Prior to 15 days before the date of a shareholders' meeting, the Company shall have prepared the shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time, and display them in the Company and the professional stock affairs agency appointed by the Company, while shall distribute it at the shareholders' meeting on-site.  
 The cause or subject of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient thereof.  
 Election or dismissal of directors, change of Articles of Incorporation, reduction of capital, application for cessation of public offering, cancellation of non-compete duty for directors, capital increase from earnings, surplus transferred to common stock, company dissolution, merger, demerger, or any listed in Paragraph1, Article 185 of the Company Act shall be listed and specified in the convening reason, and shall not be proposed as an extempore motion.  
 Where the notice of the reasons for convening the shareholders' meeting already specifies the election of all directors and the date of elected

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directors taking office, once the election is completed in the shareholders' meeting, the date of the elected directors taking office may not be changed by motions or other methods in the same meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit a proposal to the Company for discussion at an annual general meeting, and shall only submit one proposal; any proposal in excess of one shall not be included in the agenda. However, a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the agenda. In addition, when the circumstances specified in any subparagraph of Paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce that it will accept shareholder proposals, in written or by electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Each shareholder proposal is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.

Prior to the date of issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal review results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: For each shareholders' meeting, a shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authority to authorize a representative to attend the shareholders' meeting on his/her behalf.

A shareholder shall issue one proxy and entrust one proxy only, and shall deliver the proxy to the Company five days before the shareholders' meeting; if more than one proxy is delivered, the earliest one received by the Company shall prevail. However, a statement to revoke an earlier proxy is not subject to the aforementioned rule. After the delivery of a duplicate proxy to the Company is postponed, the shareholder intends to personally attend the shareholders' meeting or exercised voting rights by correspondence or electronic means after delivering a proxy to the

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- Company, the shareholder shall provide, two (2) days before the date of the shareholders' meeting, a written notice to the Company for rescinding said proxy. Where the period for rescinding the proxy has expired, the voting right exercised by the proxy entrusted at the meeting shall prevail.
- Article 5: (Principles determining time and place of shareholders' meeting)  
The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6: (Preparation of documents, including the sign-in book)  
The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder sign-in, and other important matters to be noted.  
Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. The sign-in place shall be clearly marked and sufficiently and adequately staffed.  
The shareholders themselves or proxies entrusted by them (hereinafter referred to as shareholders) shall attend the shareholders' meeting with the attendance card, attendance sign-in card, or other certificates. The Company shall not arbitrarily add requirements for provision of other certificates in addition to said documents. The proxy solicitors shall come with an ID certificate for verification.  
The Company shall provide a sign-in book for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of sign-in.  
The Company shall deliver the handbook, annual report, attendance card, speaker's slip, votes, and other meeting materials to each shareholder attending the shareholders' meeting; if there are directors to be elected, ballots shall also be provided.  
When a government or a juridical person is a shareholder, it may have more than one representative to attend the shareholders' meeting. In the event that a juridical person is entrusted to attend a shareholders' meeting, the juridical person may appoint only one representative to participate in the meeting.
- Article 7: (The chair and non-voting participants of a shareholders' meeting)  
If a shareholders' meeting is convened by the board of directors of the Company, the Chairperson of the board shall preside over such meeting. If the Chairperson is on leave or unable to exercise his/her powers and duties for some reason, the Vice Chairperson shall preside over such meeting. The Chairperson shall designate a managing director to act on his/her behalf if a Vice Chairperson is not appointed, or if the Vice Chairperson is on leave or



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unable to exercise his powers and duties for some reason. If no managing director of the Company is appointed, the Chairperson shall designate a director to preside as the chair. If the Chairperson fails to designate a chair for the meeting, the managing directors or the directors shall nominate one from among themselves to preside over the meeting.

The managing director or director who is designated as the chair for the meeting pursuant to the preceding paragraph shall have held office for at least six months and be familiar with the financial and business condition of the Company. The same requirements shall apply if the chair for the meeting is a representative of a corporate director.

For a shareholders' meeting convened by the board of directors, it is advised that the Chairperson should chair the meeting in person, that a majority of directors attend the meeting in person, and that at least one member of each functional committee attends the meeting as a representative. Attendance details shall be recorded in the minutes of the shareholders' meeting.

Where the shareholders' meeting is convened by a convener other than the board of directors, the convener shall chair the meeting in person. Where there are two or more conveners, they shall elect one from among themselves to chair the meeting.

The Company may appoint the retained attorney(s), certified public accountant(s), or relevant personnel to participate in a shareholders' meeting in a non-voting capacity.

Article 8: (Documentation of shareholders' meeting by audio or video)

The Company shall record, by audio or video means, the entire process, from shareholder sign-in, the meeting process to the voting and vote counting continuously and uninterruptedly.

The aforementioned audio and video recordings shall be kept for at least one (1) year. In the event of a lawsuit filed by any shareholder under Article 189 of the Company Act, said ballots shall be kept until the conclusion of the lawsuit.

Article 9: The participation by shareholders shall be based on the number of shares they hold. The calculation of the number of shares present shall be based on the attendance book or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronic means. The chair shall call the meeting to order at the time scheduled for the meeting, as well as announce information, such as the number of shares without voting right and shares present.

In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chair may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed



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one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chair may announce that the meeting fails to be convened for a lack of quorum.

In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements as in the preceding paragraph, a tentative resolution may be passed in accordance with Article 175 of the Company Act, while notifying all shareholders of the tentative resolution to convene another shareholders' meeting within one month.

In the event that the total number of shares represented by attending shareholders reaches a majority of the total issued shares before the same shareholder meeting is adjourned, the chair may bring the tentative resolution(s) so adopted into the shareholders' meeting anew to be duly resolved in accordance with Article 174 of the Company Act.

**Article 10:**

(Discussion of proposals)

The agenda for the shareholders' meeting shall be set by the board of directors if such meeting is convened by the board of directors. Relevant proposals (including extempore motions and revision of original proposals) shall be voted on a case-by-case basis. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the board of directors, with the right to convene such meeting.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda stated in the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules and procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; where the chair is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote and arrange sufficient time for voting.

**Article 11:**

(Shareholder speech)

An attending shareholder shall issue and submit a speech slip before having

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a floor at the shareholders' meeting. The speech slip shall expressly describe the subject of the speech and his/her shareholder account number (or the attendance card number) so that the chair may determine the order of the speech.

An attending shareholder who submits a speech slip but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of a shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

On the same proposal, each shareholder shall not take the floor more than twice and shall not speak for more than five minutes for each round unless agreed upon by the chair. However, where a shareholder's speech violates the regulations or exceeds the scope of the topic, the chair may stop his/her speech.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speech unless otherwise permitted by the chairperson and such shareholder making a speech; the chairperson shall stop any such violations.

In the event that a juridical person (corporate) shareholder appoints two or more representatives to participate in a shareholders' meeting, only one representative may speak on the same proposal.

After a shareholder speaks on the floor; the chair may answer either in person or designate relevant personnel to respond.

Article 12: (Calculation of voting shares and recusal system)

The voting by shareholders shall be duly calculated based on the number of shares they hold.

With respect to the resolutions of a shareholders' meeting, the number of shares held by a shareholder without voting rights shall not be counted toward the total number of issued shares.

When a shareholder is an interested party in relation to an item on the agenda, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included

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- in the counting.
- Article 13: A shareholder shall have one voting right in respect of each share; however, this limit is not applicable to those who are restricted, or who do not have the right to vote under Paragraph 2, Article 179 of the Company Act.
- When the Company convenes a shareholders' meeting, shareholders may exercise their voting rights in writing or by electronic means; the method of exercising their voting rights shall be specified in the shareholders' meeting notice. A shareholder who exercises his/her voting rights at a shareholders' meeting in writing or by electronic means shall be deemed to have attended said shareholders' meeting in person. However, the shareholder shall be regarded to have abstained for extempore motions or for revision of the original proposals. Thus, it is advised that the Company shall avoid proposing extempore motions or revising the original proposals.
- A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, when a declaration is made to cancel an earlier declaration of intent is not subject to the limits.
- After the shareholders exercise their voting rights in writing or electronic means, if they want to attend the shareholders' meeting in person, they shall cancel the intent of exercising voting rights in the preceding paragraph in the same manner as exercising the voting rights two days before the shareholders' meeting; if it is canceled after the time limit, voting rights exercised in writing or via electronic means shall prevail. If the voting rights are exercised in writing or via electronic means and a proxy is entrusted to attend the shareholders' meeting by a power of attorney, the voting rights exercised by the attending entrusted proxy shall prevail.
- Unless otherwise provided by laws and the Company's Articles of Incorporation, proposals at a shareholders' meeting shall be resolved and adopted by a majority vote of the shareholders attending the meeting. When voting on each proposal, the chair or personnel designated by the chair shall announce the total voting rights of the shareholders present on a case-by-case basis, and the shareholders shall vote on a case-by-case basis. On the day after the shareholders' meeting is held, the results of shareholders' resolutions, including the number of votes for, votes against, and abstentions, shall be uploaded to the Market Observatory Post System (MOPS).
- In the event that an amendment or an alternative to the same proposal, together with the original one, the chair shall determine the order in which they will be put to a vote. When anyone among them is passed, the other

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proposal(s) will then be deemed rejected, and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all scrutineers shall be shareholders of the Company.

Vote counting for proposals at a shareholders' meeting or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

**Article 14:** (Election Matters)

The election of directors at the shareholders' meeting, if any, shall be handled according to the relevant regulations on election formulated by the Company, and the voting results shall be announced on the spot, including the list of elected directors and the numbers of votes they obtained, as well as the list of unelected directors and the number of votes they received.

The ballots shall be sealed and signed off by the scrutineers and be kept for at least a year. In the event of a lawsuit filed by any shareholder under Article 189 of the Company Act, said ballots shall be kept until the conclusion of the lawsuit.

**Article 15:** The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be kept and distributed electronically. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the number of votes counted), and the number of votes each candidate obtains shall be disclosed in the case of an election of directors. The records shall be kept for the duration of the existence of the Company.

**Article 16:** (Public disclosure)

The Company shall generate, on the date of the shareholders' meeting, a table in a prescribed format for the number of shares obtained by solicitors through solicitation and number of shares represented by proxies, and shall clearly disclose said table at the place of the shareholders' meeting.

For any shareholders' meeting resolution that relates to statutory regulations or to material information as specified by the Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload, within the specified time limit, said resolution to the MOPS.

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- Article 17: (Maintaining order at the meeting place)  
Staff at the shareholders' meetings shall wear ID badges or arm badges.  
The chair may direct proctors or security personnel to assist in maintaining the order of the meeting. The proctors or security personnel shall wear arm badges or ID badges marked "Proctor" while assisting in maintaining the order of the meeting.  
There is amplification equipment at the meeting place, if a shareholder makes a speech with amplification equipment not provided by the Company, the chair may stop it.  
In the event that a shareholder violates the rules of procedure, defies the chair's order, or obstructs progress of the meeting, and refuses to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting
- Article 18: (Recess and resumption of a shareholders' meeting)  
When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.  
If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.  
A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19: The Rules shall be implemented after approval by the shareholders' meeting, and the same shall apply to any amendment thereto.
- Article 20: The Rules were formulated on September 27, 1999.  
The 1st amendment was made on June 23, 2006.  
The 2nd amendment was made on June 20, 2013.  
The 3rd amendment was made on June 11, 2015.  
The 4th amendment was made on June 20, 2017.  
The 5th amendment was made on June 23, 2020.  
The sixth amendment was made on May 14, 2021.

## Shareholdings of Directors

April 2, 2022

Title	Name	Shares	Notes
Chairperson	Mei-chi Chen	9,656,009	
Director	Tsun-yen Lee	5,306,029	
Director	Chung-pao Wu	0	
Director	Te-feng Wu	0	
Director	Yu-ling Tsai	0	
Independent Director	Wen-cheng Huang	0	
Independent Director	An-pang Tsao	0	
Independent Director	Chung-hsing Huang	0	
Independent Director	Wei-shun Cheng	0	
Total		14,962,038	

Note 1: The number of shares above is the number of the Company's shares as of the book closure date for the annual general meeting (April 2, 2022).

Note 2: The Company's paid-in capital exceeds NT\$1 billion and is less than NT\$2 billion. Therefore, in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the percentage of registered shares held by all directors shall not be less than 7.5%.

Required minimum shares held by all directors: 8,000,000 shares

**Impact of the proposed stock dividend payment by the shareholders' meeting on the Company's business performance, earnings per share, and return on shareholders' equity:**  
**Not applicable as no stock dividend was distributed this year.**

Chairperson: Mei-chi Chen

President: Ya-nan Chen

Accounting Supervisor:  
Wan-Ming Huang

