

Stock code: 4540



TBI Motion Technology Co., Ltd.
TBI MOTION TECHNOLOGY CO., LTD.

2023 Regular Shareholders' Meeting Conference Handbook

Form of meeting : Physical shareholder meeting
Date : 10 AM, Tuesday June 27, 2023
Venue : No. 123, Sanduo Road, Shulin District, New Taipei
City (Shulin Plant)

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TBI Motion Technology Co., Ltd.
2023 Regular Shareholders' Meeting

- I. Commencement of meeting
- II. Chairman Remarks
- III. Management Presentation (Company Reports)
- IV. Acknowledgments
- V. Discussions
- VI. Extraordinary Motions
- VII. Adjournment

TBI Motion Technology Co., Ltd.

Agenda of the 2023 Annual General Meeting

Time: 10 AM, Tuesday June 27, 2023

Venue: No. 123, Sanduo Road, Shulin District, New Taipei City (Shulin Plant)

1. Commencement of Meeting (announce the total number of shares represented in the meeting)
2. Chairman Remarks
3. Management Presentation
 - (1) 2022 Business Report.
 - (2) 2022 Audit Committee's Review Report.
 - (3) Allocation of 2022 Employee Remuneration and Director Remuneration
 - (4) Presentation of the Company's 1st domestic secured convertible bond and 2nd domestic unsecured convertible bond issues.
 - (5) Presentation for payment of 2022 Directors' Remuneration.
 - (6) Presentation of amendments to "Rules of Procedure for Board of Directors Meetings."
4. Acknowledgments
 - (1) 2022 Business Report and Financial Statements.
 - (2) 2022 earnings distribution.
5. Discussions
 - (1) Amendments to "Operational Procedures for Loaning of Company Funds."
 - (2) Amendments to "Operational Procedures for Acquisition and Disposal of Assets."
6. Extraordinary Motions
7. Adjournment

1. Management Presentation

Motion 1

Summary : The 2022 business report is hereby presented for approval.

Details : Please refer to Attachment 1 (pages 7 to 10) for the 2022 business report.

Motion 2

Summary : The 2022 Audit Committee's review report is hereby presented for approval.

Details : Please refer to Attachment 2 (page 11) for the 2022 Audit Committee's review report.

Motion 3

Summary : Allocation of 2022 employee remuneration and director remuneration is hereby presented for approval.

- Details :
1. The NT\$14,000,000 of employee remuneration and NT\$4,000,000 of director remuneration allocated for 2022 were resolved and passed during the board of directors meeting held on March 22, 2023.
 2. The above employee remuneration and director/supervisor remuneration will be paid in cash.

Motion 4

Summary : The Company's 1st domestic secured convertible bond and 2nd domestic unsecured convertible bond issues are hereby presented for approval.

Details :

Name of bond	1st domestic secured convertible bond	2nd domestic unsecured convertible bond
Reasons to issue	For working capital and repayment of bank borrowings	
Amount issued	Each lot will have a face value of One Hundred Thousand New Taiwan Dollars; up to 5,000 lots may be issued; the minimum bid is temporarily set at 101% of face value	Each lot will have a face value of One Hundred Thousand New Taiwan Dollars; up to 3,000 lots may be issued; the minimum bid is temporarily set at 100% of face value
Duration of issue	3 years; from October 24, 2022 to October 24, 2025	3 years; from December 12, 2022 to December 12, 2025

Progress of issue	The 1st domestic secured convertible bond was approved by the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Fa Zhi No. 1110351270 dated August 16, 2022. The securities have been approved by Taipei Exchange under Letter Zheng-Gui-Zhai-Zi No. 11100112802 dated October 20, 2022 to trade over-the-counter starting from October 24, 2022.	The 2nd domestic unsecured convertible bond was approved by the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Fa Zhi No. 1110351270 dated August 16, 2022 and Letter Jin-Guan-Zheng-Fa Zhi No. 1110361696 dated November 16, 2022. The securities have been approved by Taipei Exchange under Letter No. Zheng-Gui-Zhai-Zi No. 11100130732 dated December 8, 2022 to trade over-the-counter starting from December 12, 2022.
Conversion update	As of the baseline date for ownership transfer (April 27, 2023), requests had been received to convert one lot of convertible bond and no request was raised for the remaining 4,999 lots.	As of the baseline date for ownership transfer (April 27, 2023), requests had been received to convert 203 lots of convertible bond and no request was raised for the remaining 2,797 lots.

Motion 5

Summary : Payment of 2022 Directors' Remuneration is hereby presented for approval.

Details :

1. Payment of Directors' Remuneration is subject to Article 18 of the Articles of Incorporation, which states that the board of directors may resolve to allocate no more than 5% of the Company's profits as director/supervisor remuneration.
2. Performance of the board of directors, functional committees and individual directors is evaluated once a year according to the "Board Performance Self-evaluation or Peer Evaluation Policy."
3. The proposed Directors' Remuneration, being 0.98% of profit, was reviewed by the Remuneration Committee and passed by the board of directors on March 22, 2023. Please refer to Attachment 3 (page 10) for more details on the allocated amount

Motion 6

Summary : Amendments to "Rules of Procedure for Board of Directors Meetings" are hereby presented for review.

Details :

1. Proposal to amend the Company's "Rules of Procedure for Board of Directors Meetings"

in accordance with "Regulations Governing Procedure for Board of Directors' Meetings of Public Companies.

2. Please refer to Attachment 4 (pages 11 to 13) for a comparison of amendments to "Rules of Procedure for Board of Directors Meetings."

2. Acknowledgments

Motion 1 (Proposed by the board of directors)

Summary : The 2022 business report and financial statements are hereby presented for acknowledgment.

Details :

1. The Company's 2022 financial statements have been audited by CPA Chih, Ping-Chun and CPA Chiu, Chao-Hsien of PwC Taiwan and are hereby presented for approval.
2. The above financial statements and business report have been reviewed by the Audit Committee, in which they found no misstatement and had issued a written report on file.
3. Please refer to Attachment 1 (pages 7 to 10) for the 2022 business report and Attachment 5 (pages 18 to 39) for Independent Auditors' Report and the above financial statements.
4. The motion is ready for acknowledgment.

Resolution:

Motion 2 (Proposed by the board of directors)

Summary : The 2022 earnings distribution is hereby presented for acknowledgment.

Details :

1. The 2022 earnings distribution was resolved and passed during the board of directors' meeting held on March 22, 2023, and a proposal was raised to pay cash dividends at NT\$1.5 per share. Once the distribution is approved during a shareholders' meeting, the board of directors shall be authorized to set the cash dividend baseline date, payment date, and other related details.
2. The above cash dividends shall be calculated and rounded down to the nearest NT dollar based on shareholders' holding percentages as of the baseline date. Fractions that do not amount to a full NT dollar shall be summed and recognized by the Company as other income.
3. Proposal to seek shareholders' consent and have the board of directors authorize the Chairman for making appropriate adjustments at sole discretion if the Company encounters an increase in outstanding shares from the conversion of domestic convertible bonds that changes the amount of dividends per share.
4. Please refer to Attachment 6 (page 40) for the 2022 Earnings Distribution Chart.
5. The motion is ready for acknowledgment.

Resolution:

3. Discussions

Motion 1 (Proposed by directors)

Summary : amendments to the Company's "Operating Procedures for Loaning of Company Funds" are hereby presented for discussion.

Details :

1. Proposal to amend the Company's "Operating Procedures for Loaning of Company Funds" in accordance with laws.
2. Please refer to Attachment 7 (page 41 to 42) for a comparison of amendments made.
3. The motion is ready for discussion.

Motion 2 (Proposed by the board of directors)

Summary : amendments to the Company's "Operational Procedures for Acquisition and Disposal of Assets" are hereby presented for discussion.

Details :

1. Proposal to amend the Company's "Operating Procedures for Acquisition and Disposal of Assets" in accordance with laws.
2. Please refer to Attachment 8 (page 43 to 44) for a comparison of amendments made.
3. The motion is ready for discussion.

Resolution:

4. Extraordinary Motions

5. Adjournment

Attachments

[Attachment 1] 2022 Business Report

TBI Motion Technology Co., Ltd.

2022 Business Report

The Company has been engaging in the manufacturing of ball screws and linear guides for more than 30 years and has been innovating in developing new products and technologies. Under the leadership of the management team, apart from refining the technologies of precision rolled ball screws, the Company also develops the production lines for comprehensive size of products with the innovating spirit. In addition to the precision ball screws and linear guides, the Company also has ball splines, ball chains, roller chains, linear motion platforms and other linear motion products.

The net operating revenue of the Company in 2022 was NT\$3,374,243 thousand, an increase of 2.71% compared to NT\$3,285,319 thousand in 2021; the net profit after tax in 2022 was NT\$284,011 thousand and the earnings per share after tax was NT\$3.02. The 2022 business condition is as follows:

(1) Implementation result of the business plan

Unit: NT\$ thousand; earnings per share: NT\$

Item \ Year	2022	2021	Variation	
			Amount	Percentage %
Net operating revenue	3,374,243	3,285,319	88,924	2.71
Operating costs	2,436,720	2,434,561	2,159	0.09
Gross profit	937,523	850,758	86,765	10.20
Operating expenses	559,723	509,203	50,520	9.92
Operating gains	377,800	341,555	36,245	10.61
Net non-operating income (expenditures)	13,418	(15,702)	29,120	-185.45
Profit before tax	391,218	325,853	65,365	20.06
income tax expense	107,207	(88,553)	195,760	-221.07
Profit after tax	284,011	237,300	46,711	19.68

Unrealized gains or losses	5,801	34,493	-28,692	-83.18
Current comprehensive income	289,812	271,793	18,019	6.63
Earnings per share after tax	3.02	2.52	0.5	19.84

(2) Budget implementation

Unit: NTD \$ thousand

Item	2022 actual amount	2022 budget amount	Achievement rate%
Net operating revenue	3,374,243	3,834,227	88.00
Operating costs	2,436,720	2,705,136	90.08
Gross profit	937,523	1,129,091	83.03
Operating expenses	559,723	583,477	95.93
Operating gains	377,800	545,614	69.24
Net non-operating income (expenditures)	13,418	(50,004)	-26.83
Profit before tax	391,218	495,610	78.94

Description: Under the impact of the pandemic, the revenue achievement rate was 88%, and the overall gross margin slightly declined.

The achievement rate for net profit before tax was 78.94%.

(3) Financial balance and profitability analysis

Item		Year	
		2022	2021
Financial structure	Debt ratio (%)	56.89%	52.32%
	Long-term funds to fixed assets (%)	223.39%	259.99%
Profitability	Return on assets (%)	4.36%	4.06%
	Return on equity (%)	8.44%	7.52%

	To paid-in capital (%)	40.12%	40.12%	36.27%
		41.54%	41.54%	34.60%
	Net profit margin (%)		8.42%	7.22%
	Earnings per share (NT\$)		3.02	2.52

(4) Research and development status

Due to the change in the demand for the environmental protection and energy saving and technologies, the application of high-speed, energy savings and eco-friendly linear motion products is increasing, and the required technology level is higher than the existing old production technologies.

On the technology level, the Company is the top company in Taiwan in terms of rolled screws and the technologies for ground screws and linear guides are also among the top companies. The R&D staff has rich practical experience with solid fundamental knowledge. The average service tenure is over 7 years, and stability is high without technology gap.

The main R&D businesses of the Company are as follows:

1. Development and design of new products
2. Maintenance and establishment of equipment
3. Upgrade and perfection of manufacturing process
4. Establishment of product standards
5. Application and maintenance of patents
6. Promotion and implementation of collaboration between the industry and colleges
7. Drafting the drawings

As such, apart from enhancing the self-owned technologies and innovation, the Company also actively develops new products and technologies and applies for patents in many countries for the developed technologies and products. In addition, the Company also collaborates with many universities in Taiwan, such as the National Taiwan University, National Taipei University of Technology, Asia Eastern University of Science and Technology and Lunghwa University of Science and Technology, where the theory integrates with the practice and achieving the goal of win-win for both industry and academe. It also trains more professional talents of mechanical engineers to prevent the professional talent shortage. The Company also collaborates with equipment manufacturers that have rich practical experience. The Company provides them with the blueprint of the required equipment and the reliable machinery manufacturers with rich experience can manufacture the equipment. Since the machinery equipment is designed for the special demand and manufactured with modules, the stability and repair convenience are high. Since the self-production rate exceeds 90%, it is easier for the

Company to maintain and repair. In response to the ever changing environment, the Company will continue to invest in the E&D of new products and the improvement of manufacturing process in the future.

Chairman: Li, Ching-Kung

President: Li, Jin-Sheng

Accounting Officer: Chen, Chung-Wen

**TBI Motion Technology Co., Ltd.
Audit Committee's Review Report**

We have reviewed the Company's 2022 business report, financial statements (including consolidated financial statements), and earnings distribution proposal prepared by the board of directors. The financial statements (including consolidated financial statements) have been audited by PwC Taiwan, to which it issued an independent auditor's report. Based on the reviews that we have conducted in accordance with laws, the Audit Committee found no misstatement in the above business report, financial statements (including consolidated financial statements), or earnings distribution proposal, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For
2023 Regular Shareholders' Meeting of TBI Motion Technology Co., Ltd.

TBI Motion Technology Co., Ltd. Audit Committee
Audit Committee convener: Liu, I-Lin

March 22, 2023

[Attachment 3] Compensation to Directors (including independent directors)

Unit: NTD \$ thousand

Position	Name	Directors' Remuneration								Sum of A, B, C, and D as a percentage of net income				Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income		Compensation from parent company or business investments other than subsidiaries
		returns (A)		Severance pay and pension (B)		Directors' remuneration (C)		Fees for services rendered (D)		Salaries, bonuses, special allowances etc. (E)		Severance pay and pension (F)		Employee remuneration (G)				The Company	Companies included in the financial statements					
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Profit sharing in cash			Profit sharing in shares	Profit sharing in cash	Profit sharing in shares		
Chairman	Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung	3,001	3,001	-	-	1,500	1,500	471	471	1.75%	1.75%	-	-	-	-	-	-	-	-	1.75%	1.75%	-		
Directors	Smartech and Green Co., Ltd. Representative: Li, Jin-Sheng	-	-	-	-	1,000	1,000	25	25	0.36%	0.36%	4,087	4,087	108	108	1,950	-	1,950	-	2.52%	2.52%	-		
Directors	Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin	-	-	-	-	750	750	25	25	0.27%	0.27%	-	-	-	-	-	-	-	-	0.27%	0.27%	-		
Directors	Chung Ying Investment Co., Ltd. Representative: Li, Ying-Chuan (Note 1)	-	-	-	-	-	-	10	10	0.004%	0.004%	-	-	-	-	-	-	-	-	0.004%	0.004%	-		
Directors	Yeh, Chun-Yen	-	-	-	-	750	750	15	15	0.27%	0.27%	-	-	-	-	-	-	-	-	0.27%	0.27%	-		

Independent Directors	Wang, Po-Han (Note 2)	350	350	-	-	-	-	30	30	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	-
Independent Directors	Chien, Hung-Yao (Note 2)	350	350	-	-	-	-	30	30	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	-
Independent Directors	Liu, I-Lin	600	600	-	-	-	-	65	65	0.23%	0.23%	-	-	-	-	-	-	-	-	0.23%	0.23%	-
Independent Directors	Fang, Chung-Li (Note 3)	250	250	-	-	-	-	35	35	0.10%	0.10%	-	-	-	-	-	-	-	-	0.10%	0.10%	-
Independent Directors	Chou, Cheng-I (Note 3)	250	250	-	-	-	-	35	35	0.10%	0.10%	-	-	-	-	-	-	-	-	0.10%	0.10%	-

*Compensation received by director for providing service to any company included in the financial statements (e.g., consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

Note 1: The corporate director reappointed its representative on January 1, 2020, who later resigned from duty on June 27, 2022.

Note 2: Resigned on June 27, 2022.

Note 3: Elected June 27, 2022.

TBI Motion Technology Co., Ltd.
Comparison of Amendments to Rules of Procedure for Board of Directors Meetings

Clause No.	Existing clause	Amended clause	Explanation of amendments made
Article 3	<p>The Company convenes board of directors meetings once a quarter.</p> <p>Convention of a board of directors meeting must be advised to all directors with detailed agenda at least 7 days in advance. In the case of an emergency, a meeting of the board of directors may be convened at any time.</p> <p>The abovementioned meeting advice can be made in electronic form if consented by the receiving party.</p> <p>Except in the case of emergency or under circumstances supported by justifiable reasons, all matters listed in Paragraph 1, Article 7 of the Rules must be proposed as part of the agenda and cannot be raised as a Extraordinary Motion.</p>	<p>The Company convenes board of directors meetings once a quarter.</p> <p>Convention of a board of directors meeting must be advised to all directors with detailed agenda at least 7 days in advance. In the case of an emergency, a meeting of the board of directors may be convened at any time.</p> <p>The abovementioned meeting advice can be made in electronic form if consented by the receiving party.</p> <p>Except in the case of emergency or under circumstances supported by justifiable reasons, all matters listed in Paragraph 1, Article 7 of the Rules must be proposed as part of the agenda and cannot be raised as a Extraordinary Motion.</p>	<p>Amendments are made in accordance with Correspondence Jin-Guan-Zheng-Fa Zhi No. 11103832635 issued by the Financial Supervisory Commission on August 5, 2022 and related laws.</p>
Article 7	<p>The following issues must be raised for discussion in board of directors meetings:</p> <ol style="list-style-type: none"> 1. Operational plans of the Company. 2. Annual and semi-annual financial reports. This excludes semi-annual financial reports that do not need to be audited by a CPA. 3. Establishment or amendment of internal control system, and assessment of effectiveness of the internal control system according to Article 14-1 of 	<p>The following issues must be raised for discussion in board of directors meetings:</p> <ol style="list-style-type: none"> 1. Operational plans of the Company. 2. Annual and semi-annual financial reports. This excludes semi-annual financial reports that do not need to be audited by a CPA. 3. Establishment or amendment of internal control system, and assessment of effectiveness of the internal control system according to Article 14-1 of the Securities and 	<p>Amendments are made in accordance with Correspondence Jin-Guan-Zheng-Fa Zhi No. 11103832635 issued by the Financial Supervisory Commission on August 5, 2022 and related laws.</p>

Clause No.	Existing clause	Amended clause	Explanation of amendments made
	<p>the Securities and Exchange Act (SEA).</p> <p>4. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the SEA.</p> <p>5. Offering, issuance or private placement of securities with equity characteristics.</p> <p>6. Appointment and dismissal of the head of finance, accounting or internal audit.</p> <p>7. Donation to related party or major donation to non-related party. However, in the occurrence of a major natural disaster, emergency aid of a charitable nature can be made first and acknowledged later during the next board of directors meeting.</p> <p>8. Any decisions that must be resolved in a shareholders' meeting or a board of directors' meeting as required in Article 14-3 of the SEA, relevant regulations or Articles of Incorporation and any major issues prompted by the authority.</p> <p>The term "related party" mentioned in Sub-paragraph 7 above shall adhere to the definitions stipulated in Regulations Governing the Preparation of Financial</p>	<p>Exchange Act (SEA).</p> <p>4. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the SEA.</p> <p>5. Offering, issuance or private placement of securities with equity characteristics.</p> <p>6. Election or dismissal of the Chairman, if no managing director is available on the board.</p> <p>67. Appointment and dismissal of the head of finance, accounting or chief internal auditor.</p> <p>78. Donation to related party or major donation to non-related party. However, in the occurrence of a major natural disaster, emergency aid of a charitable nature can be made first and acknowledged later during the next board of directors meeting.</p> <p>89. Any decisions that must be resolved in a shareholders' meeting or a board of directors meeting as required in Article 14-3 of the SEA, relevant regulations or Articles of Incorporation and any major issues prompted by the authority.</p> <p>The term "related party" mentioned in Sub-paragraph 78 above shall adhere to the definitions stipulated in Regulations Governing the Preparation of Financial</p>	

Clause No.	Existing clause	Amended clause	Explanation of amendments made
	<p>Reports by Securities Issuers. Major donation to non-related party shall refer to any single or cumulative donations that amount to NT\$100 million or above in a year to the same party or amounts that accumulate to more than 1% of net revenues or 5% of paid-in capital, as shown in the latest audited financial statements.</p> <p>The one-year period mentioned above shall refer to the one year dating back from the current board meeting. Amounts that have already been passed in previous board meetings may be excluded from the calculation.</p> <p>If the Company has independent directors in place, at least one independent director shall be personally present at each board of directors meeting. For any decisions specified in Paragraph 1 that require resolution from a board of directors meeting, all independent directors shall personally attend the board meeting. Independent directors who are unable to attend personally shall appoint another independent director to attend on behalf. All objections and reservations expressed by independent directors must be detailed in board of directors meeting minutes. If the independent director is unable to express objections or reservations in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in board meeting minutes unless there is justifiable reason not to do so.</p>	<p>Reports by Securities Issuers. Major donation to non-related party shall refer to any single or cumulative donations that amount to NT\$100 million or above in a year to the same party or amounts that accumulate to more than 1% of net revenues or 5% of paid-in capital, as shown in the latest audited financial statements.</p> <p>The one-year period mentioned above shall refer to the one year dating back from the current board meeting. Amounts that have already been passed in previous board meetings may be excluded from the calculation.</p> <p>If the Company has independent directors in place, at least one independent director shall be personally present at each board of directors meeting. For any decisions specified in Paragraph 1 that require resolution from a board of directors meeting, all independent directors shall personally attend the board meeting. Independent directors who are unable to attend personally shall appoint another independent director to attend on behalf. All objections and reservations expressed by independent directors must be detailed in board of directors meeting minutes. If the independent director is unable to express objections or reservations in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in board meeting minutes unless there is justifiable reason not to do so.</p>	

Clause No.	Existing clause	Amended clause	Explanation of amendments made
Article 19	If the board has managing directors in place, then Article 2, Paragraph 2, Article 3, Articles 4-6, 9, 8-11, and 11-17 shall apply <i>mutatis mutandis</i> to board of managing directors meetings. However, for regular meetings of managing directors that are scheduled to convene within 7 days, the managing directors can be notified 2 days in advance.	If the board has managing directors in place, then Article 2, Paragraph 2, Article 3, Articles 4-6, 9, 8-11 and 11 to the first part of Article 17 shall apply <i>mutatis mutandis</i> to board of managing directors' meetings; whereas paragraph 4, Article 3 shall apply mutatis mutandis to elections and dismissal of the Chairman. However, for regular meetings of managing directors that are scheduled to convene within 7 days, the managing directors can be notified 2 days in advance.	Amendments are made in accordance with Correspondence Jin-Guan-Zheng-Fa Zhi No. 11103832635 issued by the Financial Supervisory Commission on August 5, 2022 and related laws.
Article 21	The meeting rules were established on May 25, 2011. The 1st amendment was made on April 1, 2013. The 2nd amendment was made on May 7, 2015. The 3rd amendment was made on May 5, 2016. The 4th amendment was made on November 20, 2017. The 5th amendment was made on March 24, 2020.	The meeting rules were established on May 25, 2011. The 1st amendment was made on April 1, 2013. The 2nd amendment was made on May 7, 2015. The 3rd amendment was made on May 5, 2016. The 4th amendment was made on November 20, 2017. The 5th amendment was made on March 24, 2020. The 6th amendment was made on June 27, 2023.	Added date of the current amendment

INDEPENDENT AUDITORS' REPORT

PWCR 22000536

To the Board of Directors and Shareholders of TBI MOTION TECHNOLOGY CO., LTD.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only 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. 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

The accuracy of the timing of revenue recognition

Please refer to Note 4(26) for accounting policies on revenue recognition and Note 6(20) for details of revenue recognition.

The Company and its subsidiaries' sales model mainly uses a distribution system. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate, we consider the accuracy of the timing of revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the accuracy of the timing of revenue recognition:

1. We evaluated and tested internal controls related to the timing of revenue recognition in the sales cycle.
2. We tested the sales revenue around the year-end date, including verifying relevant documents such as shipping orders and export customs declarations, to confirm that revenue is recorded in the proper period.

The valuation of impairment on accounts receivable

Description

Please refer to Note 4(9) for accounting policies on accounts receivable, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on the valuation of impairment on accounts receivable, and Note 6(5) for details of accounts receivable.

The Company and its subsidiaries manage the collections of accounts receivable and overdue accounts and takes on relevant credit risk. The management periodically assesses the credit quality and collection of customers to properly adjust the credit policy on customers. Additionally, the valuation of impairment on accounts receivable is based on IFRS 9 by applying the simplified approach to estimate expected credit loss. The management uses ageing of receivables as of the balance sheet date, the payment history of customers, financial status and economic situation of customers and many other factors that would affect the payment ability of customers as well as the forecastability to assess the default possibility of accounts receivable. As the recognition of expected credit losses and the recoverability of receivables were subjected to management's judgements and estimates, and accounts receivable and expected credit losses were material to financial statements, we consider the valuation of impairment on accounts

receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the valuation of impairment on accounts receivable:

1. Assessed and tested the effectiveness of the Company's internal control related to accounts receivable in the sales cycle, including the approval on the credit limits of customer transactions and the management on overdue accounts receivable.
2. Obtained the aging report and selected samples to confirm the accuracy and the completeness of the content.
3. Assessed whether the assumptions used by management to calculate allowances were reasonable and confirmed that such calculation can support the amount of provision for expected credit losses.
4. Compared the classification of accounts receivable aging of current year with the prior year and checked the actual incurred amount of the expected credit losses in the current year and prior year to verify the reasonableness of the provision amount.

The valuation of impairment on inventories

Description

Please refer to Note 4(12) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions related to inventory valuation, and Note 6(6) for details of inventory.

As the Company and its subsidiaries' assessment of net realisable value was subjected to management's judgements and estimates, we consider the valuation of impairment on inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the valuation of impairment on inventories:

1. Obtained an understanding on the operations and industry of the Company to assess the policies and the procedures on allowance for inventory valuation losses, including the determination on obsolescence of inventory and the method of accounting estimates.
2. Assessed inventory aging and inventory clearance for the current year to evaluate the amount of allowance for market value decline and obsolete and slow-moving inventories.
3. Obtained the information on net realisable value, sampled and tested the selling prices and recalculated.
4. Selected samples and compared the actual selling prices with the book value to confirm that the book value of inventories did not exceed the net realisable value.

5. Observed inventory count and obtained an understanding of inventory condition to evaluate the adequacy of allowance for market value decline of obsolete, slow-moving and damaged inventories.

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

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

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

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

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

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

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

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.

Chih, Ping-Chiun

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2023

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

TBI MOTION TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 268,736	4	\$ 486,115	7
1110	Financial assets at fair value through profit or loss - current	6(2)	220	-	-	-
1136	Current financial assets at amortised cost, net	6(4)	1,000	-	-	-
1150	Notes receivable, net	6(5)	-	-	14,349	-
1170	Accounts receivable, net	6(5)	13,436	-	306,046	5
1180	Accounts receivable due from related parties, net	7	2,314,678	29	1,069,444	16
1200	Other receivables		13,194	-	19,715	-
1210	Other receivables due from related parties	7	374	-	50,338	1
130X	Inventories	6(6)	1,300,041	16	1,495,701	22
1410	Prepayments		11,790	-	15,208	-
1470	Other current assets		-	-	119	-
11XX	Current Assets		<u>3,923,469</u>	<u>49</u>	<u>3,457,035</u>	<u>51</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	96,305	1	95,404	1
1535	Non-current financial assets at amortised cost	6(4) and 8	30,000	1	30,000	1
1550	Investments accounted for using equity method	6(7) and 7	225,799	3	220,680	3
1600	Property, plant and equipment	6(8) and 8	3,015,816	38	2,010,535	30
1755	Right-of-use assets	6(9)	639,860	8	618,741	9
1780	Intangible assets	6(10)	24,039	-	25,219	-
1840	Deferred income tax assets	6(27)	24,245	-	12,333	-
1900	Other non-current assets	6(11)	23,807	-	302,217	5
15XX	Non-current assets		<u>4,079,871</u>	<u>51</u>	<u>3,315,129</u>	<u>49</u>
1XXX	Total assets		<u>\$ 8,003,340</u>	<u>100</u>	<u>\$ 6,772,164</u>	<u>100</u>

(Continued)

TBI MOTION TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 7	\$ 10,000	-	\$ 390,000	6
2130	Current contract liabilities	6(20)	1,497	-	5,063	-
2150	Notes payable		3,327	-	3,597	-
2170	Accounts payable		610,122	8	658,168	10
2200	Other payables	6(13)	364,032	5	258,286	4
2220	Other payables to related parties	7	168	-	-	-
2230	Current income tax liabilities	6(27)	68,727	1	45,131	1
2280	Current lease liabilities	6(9)	18,256	-	17,445	-
2320	Long-term liabilities, current portion	6(14), 7 and 8	151,816	2	170,806	2
2399	Other current liabilities, others		1,216	-	537	-
21XX	Current Liabilities		<u>1,229,161</u>	<u>16</u>	<u>1,549,033</u>	<u>23</u>
	Non-current liabilities					
2530	Bonds payable	6(15)	758,628	9	-	-
2540	Long-term borrowings	6(14), 7 and 8	1,886,496	24	1,340,692	20
2570	Deferred income tax liabilities	6(27)	19,594	-	14,696	-
2580	Non-current lease liabilities	6(9)	636,580	8	611,971	9
2600	Net defined benefit liability - non-current		331	-	200	-
25XX	Non-current liabilities		<u>3,301,629</u>	<u>41</u>	<u>1,967,559</u>	<u>29</u>
2XXX	Total Liabilities		<u>4,530,790</u>	<u>57</u>	<u>3,516,592</u>	<u>52</u>
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		941,780	12	941,780	14
	Capital surplus	6(18)				
3200	Capital surplus		1,700,331	21	1,650,733	24
	Retained earnings	6(19)				
3310	Legal reserve		148,739	2	125,009	2
3350	Unappropriated retained earnings		634,165	8	496,316	7
	Other equity interest	6(3)				
3400	Other equity interest		47,535	-	41,734	1
3XXX	Total equity		<u>3,472,550</u>	<u>43</u>	<u>3,255,572</u>	<u>48</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance	11				
3X2X	Total liabilities and equity		<u>\$ 8,003,340</u>	<u>100</u>	<u>\$ 6,772,164</u>	<u>100</u>

TBI MOTION TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	\$ 3,689,632	100	\$ 3,248,927	100
5000	Operating costs	6(6)(8)(9)(10)(25)(26)	(2,886,249)	(78)	(2,512,134)	(77)
5900	Net operating margin		803,383	22	736,793	23
5910	Unrealized loss from sales	6(7) and 7	(47,137)	(1)	(47,524)	(2)
5950	Net operating margin		756,246	21	689,269	21
	Operating expenses	6(8)(9)(10)(16)(25)(26)				
6100	Selling expenses		(36,088)	(1)	(74,000)	(2)
6200	General and administrative expenses		(280,345)	(8)	(252,274)	(8)
6300	Research and development expenses		(86,749)	(2)	(87,207)	(3)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(33,438)	(1)	(31,508)	(1)
6000	Total operating expenses		(436,620)	(12)	(444,989)	(14)
6900	Operating profit		319,626	9	244,280	7
	Non-operating income and expenses					
7100	Interest income	6(4)(21) and 7	1,422	-	1,191	-
7010	Other income	6(3)(22)	14,394	-	13,358	1
7020	Other gains and losses	6(23)	42,715	1	2,681	-
7050	Finance costs	6(9)(12)(14)(24)	(50,260)	(1)	(31,440)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	46,131	1	72,763	2
7000	Total non-operating income and expenses		54,402	1	58,553	2
7900	Profit before income tax		374,028	10	302,833	9
7950	Income tax expense	6(27)	(90,017)	(2)	(65,533)	(2)
8200	Profit for the year		\$ 284,011	8	\$ 237,300	7
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 901	-	\$ 33,286	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(7)	6,125	-	1,509	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	(1,225)	-	(302)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		4,900	-	1,207	-
8300	Other comprehensive income for the year		\$ 5,801	-	\$ 34,493	1
8500	Total comprehensive income for the year		\$ 289,812	8	\$ 271,793	8
	Basic earnings per share	6(28)				
9750	Total basic earnings per share		\$ 3.02		\$ 2.52	
	Diluted earnings per share	6(28)				
9850	Total diluted earnings per share		\$ 2.94		\$ 2.51	

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

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings		Other equity interest		Total equity
				Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year 2021</u>								
Balance at January 1, 2021		\$ 941,780	\$ 1,650,733	\$ 115,867	\$ 343,500	(\$ 2,362)	\$ 9,603	\$ 3,059,121
Profit for the year		-	-	-	237,300	-	-	237,300
Other comprehensive income for the year		-	-	-	-	1,207	33,286	34,493
Total comprehensive income		-	-	-	237,300	1,207	33,286	271,793
Appropriation and distribution of 2020 retained earnings:	6(19)							
Legal reserve appropriated		-	-	9,142	(9,142)	-	-	-
Cash dividends		-	-	-	(75,342)	-	-	(75,342)
Balance at December 31, 2021		\$ 941,780	\$ 1,650,733	\$ 125,009	\$ 496,316	(\$ 1,155)	\$ 42,889	\$ 3,255,572
<u>Year 2022</u>								
Balance at January 1, 2022		\$ 941,780	\$ 1,650,733	\$ 125,009	\$ 496,316	(\$ 1,155)	\$ 42,889	\$ 3,255,572
Profit for the year		-	-	-	284,011	-	-	284,011
Other comprehensive income for the year		-	-	-	-	4,900	901	5,801
Total comprehensive income		-	-	-	284,011	4,900	901	289,812
Appropriation and distribution of 2021 retained earnings:	6(19)							
Legal reserve appropriated		-	-	23,730	(23,730)	-	-	-
Cash dividends		-	-	-	(122,432)	-	-	(122,432)
Due to recognition of equity component of convertible bonds issued	6(15)	-	49,598	-	-	-	-	49,598
Balance at December 31, 2022		\$ 941,780	\$ 1,700,331	\$ 148,739	\$ 634,165	\$ 3,745	\$ 43,790	\$ 3,472,550

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM</u>			
Profit before tax	Φ	314,028	Φ 302,833
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	233,227	236,139
Amortization expense	6(25)	23,665	23,313
Expected credit loss	6(25) and 12(2)	33,438	31,508
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	(20)	-
Loss (gain) on disposal of property, plant and equipment	6(8)(23)	(131)	251
Loss on disposal of intangible assets	6(10)(23)	-	14
(Gain) loss on lease contract modification	6(23)	(1)	20
Interest expense	6(24)	50,260	31,440
Interest income	6(21)	(1,422)	(1,191)
Dividend income	6(3)(22)	(3,860)	(1,235)
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(7)	(46,131)	(72,763)
Unrealized profit (loss) from sales		47,137	47,524
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		14,349	(4,791)
Accounts receivable		259,172	746,545
Accounts receivable - related parties	(	1,245,234)	(980,847)
Other receivables		6,521	(7,094)
Other receivables-related parties	(	44)	(330)
Inventories		195,660	(358,318)
Prepayments		3,418	(4,189)
Other current assets		119	(119)
Changes in operating liabilities			
Contract liabilities	(	3,566)	3,368
Notes payable		270	(10,817)
Accounts payable	(	48,046)	154,328
Other notes payable		90,329	37,721
Other accrued expenses-related parties		168	-
Other current liabilities		679	50
Cash (outflow) inflow generated from operations	(	16,015)	173,360
Interest received		1,422	1,191
Interest paid	(	48,368)	(31,440)
Dividends received		3,860	1,235
Income tax paid	(	74,660)	(46,635)
Net cash flows (used in) from operating activities	(	133,761)	97,711

(Continued)

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM</u>			
Non-current financial assets at fair value through other comprehensive income		\$ -	(\$ 46,515)
Acquisition of financial assets at amortised cost		(1,000)	-
Proceeds from disposal of financial assets at amortised cost		-	28,095
Acquisition of property, plant and equipment	6(29)	(923,452)	(63,490)
Proceeds from disposal of property, plant and equipment		526	-
Acquisition of intangible assets	6(10)	(54)	-
Increase in refundable deposits		(2,132)	77
Increase in prepayments for business facilities		(17,579)	(203,932)
Decrease (increase) in other receivables-related parties	7	50,008	(50,008)
Increase in prepayments for land		-	(181,470)
Net cash flows used in investing activities		<u>(893,683)</u>	<u>(517,243)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(30)	(380,000)	350,000
Proceeds from long-term debt	6(30)	720,590	86,050
Repayments of long-term debt	6(30)	(193,776)	(169,912)
Increase in other non-current liabilities		131	-
Cash dividends paid	6(19)	(122,432)	(75,342)
Investments accounted for using equity method	6(7)	-	(140,490)
Repayments of lease liabilities	6(30)	(20,582)	(18,298)
Proceeds from issuing bonds	6(15)	806,134	-
Net cash flows from financing activities		<u>810,065</u>	<u>32,008</u>
Net decrease in cash and cash equivalents		(217,379)	(387,524)
Cash and cash equivalents at beginning of year	6(1)	<u>486,115</u>	<u>873,639</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 268,736</u>	<u>\$ 486,115</u>

INDEPENDENT AUDITORS' REPORT

PWCR 22000531

To the Board of Directors and Shareholders of TBI MOTION TECHNOLOGY CO., LTD.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we

do not provide a separate opinion on these matters.

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

The accuracy of the timing of revenue recognition

Please refer to Note 4(26) for accounting policies on revenue recognition and Note 6(19) for details of revenue recognition.

The Group's operating revenue for the year ended December 31, 2022 was NT\$3,374,243 thousand and its sales model mainly uses a distribution system. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate, we consider the accuracy of the timing of revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the accuracy of the timing of revenue recognition:

1. We evaluated and tested internal controls related to the timing of revenue recognition in the sales cycle.
2. We tested the sales revenue around the year-end date, including verifying relevant documents such as shipping orders and export customs declarations, to confirm that revenue is recorded in the proper period.

The valuation of impairment on accounts receivable

Description

Please refer to Note 4(10) for accounting policies on accounts receivable, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on the valuation of impairment on accounts receivable, and Note 6(5) for details of accounts receivable.

The Group manages the collections of accounts receivable and overdue accounts and takes on relevant credit risk. The management periodically assesses the credit quality and collection of customers to properly adjust the credit policy on customers. Additionally, the valuation of impairment on accounts receivable is based on IFRS 9 by applying the simplified approach to estimate expected credit loss. The management uses ageing of receivables as of the balance sheet date, the payment history of customers, financial status and economic situation of customers and many other factors that would affect the payment ability of customers as well as the forecastability to assess the default possibility of accounts receivable. As the recognition of expected credit losses and the recoverability of receivables were subjected to management's judgements and estimates, and accounts receivable and expected credit losses were material to financial statements, we consider the valuation of impairment on accounts

receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the valuation of impairment on accounts receivable:

1. Assessed and tested the effectiveness of the Group's internal control related to accounts receivable in the sales cycle, including the approval on the credit limits of customer transactions and the management on overdue accounts receivable.
2. Obtained the aging report and selected samples to confirm the accuracy and the completeness of the content.
3. Assessed whether the assumptions used by management to calculate allowances were reasonable and confirmed that such calculation can support the amount of provision for expected credit losses.
4. Compared the classification of accounts receivable aging of current year with the prior year and checked the actual incurred amount of the expected credit losses in the current year and prior year to verify the reasonableness of the provision amount.

The valuation of impairment on inventories

Description

Please refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions related to inventory valuation, and Note 6(6) for details of inventory.

The Group's total inventory was NT\$2,601,861 thousand and the allowance for inventory valuation losses was NT\$133,645 thousand as of December 31, 2022. As the assessment of net realisable value was subjected to management's judgements and estimates, we consider the valuation of impairment on inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the valuation of impairment on inventories:

1. Obtained an understanding on the operations and industry of the Group to assess the policies and the procedures on allowance for inventory valuation losses, including the determination on obsolescence of inventory and the method of accounting estimates.
2. Assessed inventory aging and inventory clearance for the current year to evaluate the amount of allowance for market value decline and obsolete and slow-moving inventories.
3. Obtained the information on net realisable value, sampled and tested the selling prices and recalculated.

4. Selected samples and compared the actual selling prices with the book value to confirm that the book value of inventories did not exceed the net realisable value.
5. Observed inventory count and obtained an understanding of inventory condition to evaluate the adequacy of allowance for market value decline of obsolete, slow-moving and damaged inventories.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of TBI MOTION TECHNOLOGY CO., Ltd. as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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.

Chih, Ping-Chiun

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2023

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

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

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 698,793	9	\$ 812,166	12
1110	Financial assets at fair value through profit or loss - current	6(2)	220	-	-	-
1136	Current financial assets at amortised cost, net	6(4)	1,000	-	-	-
1150	Notes receivable, net	6(5)	10,510	-	33,262	-
1170	Accounts receivable, net	6(5)	867,614	11	752,260	11
1200	Other receivables		81	-	19,715	-
1220	Current tax assets	6(26)	5,838	-	-	-
130X	Inventories	6(6)	2,468,216	30	1,955,756	29
1410	Prepayments		87,456	1	104,892	2
1470	Other current assets		2,724	-	119	-
11XX	Current Assets		<u>4,142,452</u>	<u>51</u>	<u>3,678,170</u>	<u>54</u>
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	96,305	1	95,404	1
1535	Non-current financial assets at amortised cost	6(4) and 8	30,000	1	30,000	1
1600	Property, plant and equipment	6(7) and 8	3,036,028	38	2,013,153	30
1755	Right-of-use assets	6(8)	650,589	8	640,879	9
1780	Intangible assets	6(9)	25,403	-	25,219	-
1840	Deferred income tax assets	6(26)	24,389	-	12,333	-
1900	Other non-current assets	6(10)	50,174	1	333,220	5
15XX	Non-current assets		<u>3,912,888</u>	<u>49</u>	<u>3,150,208</u>	<u>46</u>
1XXX	Total assets		<u>\$ 8,055,340</u>	<u>100</u>	<u>\$ 6,828,378</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11) and 7	\$ 10,000	-	\$ 390,000	6
2130	Current contract liabilities	6(19)	5,452	-	5,063	-
2150	Notes payable		3,327	-	3,597	-
2170	Accounts payable		615,104	8	679,878	10
2200	Other payables	6(12)	381,865	5	263,769	4
2230	Current income tax liabilities	6(26)	79,299	1	46,489	1
2280	Current lease liabilities	6(8)	24,582	-	29,805	-
2320	Long-term liabilities, current portion	6(13), 7 and 8	151,816	2	170,806	2
2399	Other current liabilities, others		1,776	-	4,882	-
21XX	Current Liabilities		<u>1,273,221</u>	<u>16</u>	<u>1,594,289</u>	<u>23</u>
Non-current liabilities						
2530	Bonds payable	6(14)	758,628	10	-	-
2540	Long-term borrowings	6(13), 7 and 8	1,886,496	23	1,340,692	20
2570	Deferred income tax liabilities	6(26)	19,730	-	14,696	-
2580	Non-current lease liabilities	6(8)	639,972	8	622,929	9
2600	Net defined benefit liability - non-current		4,743	-	200	-
25XX	Non-current liabilities		<u>3,309,569</u>	<u>41</u>	<u>1,978,517</u>	<u>29</u>
2XXX	Total Liabilities		<u>4,582,790</u>	<u>57</u>	<u>3,572,806</u>	<u>52</u>
Equity						
	Share capital	6(16)				
3110	Share capital - common stock		941,780	12	941,780	14
	Capital surplus	6(17)				
3200	Capital surplus		1,700,331	21	1,650,733	24
	Retained earnings	6(18)				
3310	Legal reserve		148,739	2	125,009	2
3350	Unappropriated retained earnings		634,165	8	496,316	7
	Other equity interest	6(3)				
3400	Other equity interest		47,535	-	41,734	1
31XX	Equity attributable to owners of parent		<u>3,472,550</u>	<u>43</u>	<u>3,255,572</u>	<u>48</u>
3XXX	Total equity		<u>3,472,550</u>	<u>43</u>	<u>3,255,572</u>	<u>48</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 8,055,340</u>	<u>100</u>	<u>\$ 6,828,378</u>	<u>100</u>

TBI MOTION TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	\$ 3,374,243	100	\$ 3,285,319	100
5000	Operating costs	6(6)(7)(8)(9)(15)(24)(25)	(2,436,720)	(72)	(2,434,561)	(74)
5900	Net operating margin		<u>937,523</u>	<u>28</u>	<u>850,758</u>	<u>26</u>
	Operating expenses	6(7)(8)(9)(15)(24)(25) and 12(2)				
6100	Selling expenses		(94,177)	(3)	(89,477)	(3)
6200	General and administrative expenses		(348,757)	(10)	(296,030)	(9)
6300	Research and development expenses		(86,749)	(3)	(87,378)	(3)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(30,040)	(1)	(36,318)	(1)
6000	Total operating expenses		(559,723)	(17)	(509,203)	(16)
6900	Operating profit		<u>377,800</u>	<u>11</u>	<u>341,555</u>	<u>10</u>
	Non-operating income and expenses					
7100	Interest income	6(4)(20)	3,033	-	2,279	-
7010	Other income	6(3)(21)	9,097	-	11,388	1
7020	Other gains and losses	6(22)	52,269	2	2,327	-
7050	Finance costs	6(8)(11)(13)(23)	(50,981)	(1)	(31,696)	(1)
7000	Total non-operating income and expenses		<u>13,418</u>	<u>1</u>	<u>(15,702)</u>	<u>-</u>
7900	Profit before income tax		<u>391,218</u>	<u>12</u>	<u>325,853</u>	<u>10</u>
7950	Income tax expense	6(26)	(107,207)	(3)	(88,553)	(3)
8200	Profit for the year		<u>\$ 284,011</u>	<u>9</u>	<u>\$ 237,300</u>	<u>7</u>
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 901	-	\$ 33,286	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		6,125	-	1,509	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	(1,225)	-	(302)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>4,900</u>	<u>-</u>	<u>1,207</u>	<u>-</u>
8300	Other comprehensive income for the year		<u>\$ 5,801</u>	<u>-</u>	<u>\$ 34,493</u>	<u>1</u>
8500	Total comprehensive income for the year		<u>\$ 289,812</u>	<u>9</u>	<u>\$ 271,793</u>	<u>8</u>
	Profit attributable to:					
8610	Owners of parent		<u>\$ 284,011</u>	<u>9</u>	<u>\$ 237,300</u>	<u>7</u>
	Comprehensive income attributable to:					
8710	Owners of parent		<u>\$ 289,812</u>	<u>9</u>	<u>\$ 271,793</u>	<u>8</u>
	Basic earnings per share	6(27)				
9750	Total basic earnings per share		<u>\$ 3.02</u>		<u>\$ 2.52</u>	
	Diluted earnings per share	6(27)				
9850	Total diluted earnings per share		<u>\$ 2.94</u>		<u>\$ 2.51</u>	

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

	Notes	Equity attributable to owners of the parent						Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings		Other equity interest		
				Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year 2021								
Balance at January 1, 2021		\$ 741,100	\$ 1,000,100	\$ 110,000	\$ 240,000	(\$ 2,000)	\$ 7,000	\$ 3,000,121
Profit for the year		-	-	-	237,300	-	-	237,300
Other comprehensive income for the year		-	-	-	-	1,207	33,286	34,493
Total comprehensive income		-	-	-	237,300	1,207	33,286	271,793
Appropriation and distribution of 2020 retained earnings:	6(18)							
Legal reserve appropriated		-	-	9,142	(9,142)	-	-	-
Cash dividends of ordinary share		-	-	-	(75,342)	-	-	(75,342)
Balance at December 31, 2021		\$ 941,780	\$ 1,650,733	\$ 125,009	\$ 496,316	(\$ 1,155)	\$ 42,889	\$ 3,255,572
Year 2022								
Balance at January 1, 2022		\$ 941,780	\$ 1,650,733	\$ 125,009	\$ 496,316	(\$ 1,155)	\$ 42,889	\$ 3,255,572
Profit for the year		-	-	-	284,011	-	-	284,011
Other comprehensive income for the year		-	-	-	-	4,900	901	5,801
Total comprehensive income		-	-	-	284,011	4,900	901	289,812
Appropriation and distribution of 2021 retained earnings:	6(18)							
Legal reserve appropriated		-	-	23,730	(23,730)	-	-	-
Cash dividends of ordinary share		-	-	-	(122,432)	-	-	(122,432)
Due to recognition of equity component of convertible bonds issued	6(14)	-	49,598	-	-	-	-	49,598
Balance at December 31, 2022		\$ 941,780	\$ 1,700,331	\$ 148,739	\$ 634,165	\$ 3,745	\$ 43,790	\$ 3,472,550

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

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS			
Profit before tax		\$ 271,210	\$ 222,022
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(24)	246,648	243,586
Amortization expense	6(24)	23,929	23,313
Expected credit loss	6(24)	30,040	36,318
Net gain on financial assets or liabilities at fair value through profit or loss	6(22)	(20)	-
Interest expense	6(23)	50,981	31,696
Interest income	6(20)	(3,033)	(2,279)
Dividend income	6(3)(21)	(3,860)	(1,235)
Loss (gain) on disposal of property, plant and equipment	6(7)(22)	(131)	251
Loss on disposal of intangible assets	6(9)(22)	-	14
(Gain) loss on lease modification	6(22)	(1)	20
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		22,752 (	21,378)
Accounts receivable		(148,236)	343,411
Other receivable		19,634 (	6,255)
Inventories		(512,460)	(783,535)
Prepayments		17,436 (	88,584)
Other current assets		(2,605)	(119)
Changes in operating liabilities			
Contract liabilities		389	3,367
Notes payable		(270)	(10,817)
Accounts payable		(64,774)	175,845
Other payable		103,179	43,183
Other non-current liabilities		(3,106)	4,394
Cash inflow generated from operations		167,710	317,049
Interest received		3,033	2,279
Interest paid		(49,089)	(31,696)
Dividends received		3,860	1,235
Income taxes paid		(88,520)	(68,306)
Net cash flows from operating activities		<u>36,994</u>	<u>220,561</u>

(Continued)

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOW</u>			
Acquisition of financial assets at amortised cost		(\$ 1,000)	\$ 28,095
Acquisition of financial assets at fair value through other comprehensive income		-	(46,515)
Proceeds from disposal of property, plant and equipment		526	-
Acquisition of property, plant and equipment	6(28)	(939,217)	(65,423)
Acquisition of intangible assets	6(9)	(54)	-
Increase in prepayments for business facilities		(17,764)	(231,719)
Increase in guarantee deposits paid		(2,595)	(3,260)
Increase in prepayments for land		-	(181,470)
Net cash flows used in investing activities		(960,104)	(500,292)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(29)	(380,000)	350,000
Proceeds from long-term debt	6(29)	720,590	86,050
Repayments of long-term debt	6(29)	(193,776)	(169,912)
Increase in guarantee deposits received		4,543	-
Payments of lease liabilities	6(29)	(32,856)	(24,179)
Cash dividends paid	6(18)	(122,432)	(75,342)
Proceeds from issuing bonds	6(14)	806,134	-
Net cash flows from financing activities		802,203	166,617
Effect of exchange rate changes on cash and cash equivalents		7,534	1,560
Net decrease in cash and cash equivalents		(113,373)	(111,554)
Cash and cash equivalents at beginning of year	6(1)	812,166	923,720
Cash and cash equivalents at end of year	6(1)	\$ 698,793	\$ 812,166

TBI Motion Technology Co., Ltd.

2022 Earnings Distribution Chart

	Unit: NT\$
Beginning retained earnings	\$ 350,154,135
Net income for the period (Note)	284,010,653
Appropriation to legal reserve (10%)	(28,401,065)
Available earnings for distribution	605,763,723
Distribution items:	
Shareholder dividends - Cash (NT\$1.5/Share)	(141,267,000)
Ending retained earnings	<u>\$ 464,496,723</u>

Note: The amount mentioned above is after deducting director remuneration of

NT\$ 4,000,000 and employee compensation of NT\$ 14,000,000.

Chairman: Li, Ching-Kung



President: Li, Jin-Sheng



Accounting Officer: Chen, Chung-Wen



TBI Motion Technology Co., Ltd.
Comparison of Amendments to Operating Procedures for Loaning of Company Funds

Clause No.	Existing clause	Amended clause	Explanation of amendments made
Article 3	<p>Individual and aggregate lending limits for short-term financing:</p> <ol style="list-style-type: none"> 1. Lending to any single company is capped at 20% of the Company's net worth as shown in the latest audited or auditor-reviewed financial statements. 2. The aggregate sum of loans granted for short-term financing shall not exceed 40% of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements. The sum of loans mentioned here refers to the cumulative balance of loans granted for short-term financing. 	<p>Individual and aggregate lending limits for short-term financing:</p> <ol style="list-style-type: none"> 1. Lending to any single company is capped at 20% of the Company's net worth as shown in the latest audited or auditor-reviewed financial statements. 2. The aggregate sum of loans granted for short-term financing shall not exceed 40% of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements. The sum of loans mentioned here refers to the cumulative balance of loans granted for short-term financing. 3. Loans to individual companies or businesses that the Company has business dealing with shall not exceed the value of transactions between the two parties in the most recent year. Value of business transaction refers to the amount of purchase or sale between two parties, whichever is the higher. 	<p>Amendments are made in accordance with relevant regulations.</p>
Article 14	<p>Establishment and Amendments</p> <p>This policy was established on May 2, 2012.</p> <p>The 1st amendment was made on June 26, 2013.</p> <p>The 2nd amendment was made on June 27, 2016.</p>	<p>Establishment and Amendments</p> <p>This policy was established on May 2, 2012.</p> <p>The 1st amendment was made on June 26, 2013.</p> <p>The 2nd amendment was made on June 27, 2016.</p>	<p>Added date of the current amendment</p>

Clause No.	Existing clause	Amended clause	Explanation of amendments made
	<p>The 3rd amendment was made on March 7, 2018.</p> <p>The 4th amendment was made on June 27, 2019.</p> <p>.</p>	<p>The 3rd amendment was made on March 7, 2018.</p> <p>The 4th amendment was made on June 27, 2019.</p> <p>The 5th amendment was made on June 27, 2023.</p>	

TBI Motion Technology Co., Ltd.
Comparison of Amendments to Operating Procedures for Acquisition and Disposal of Assets

Clause No.	Existing clause	Amended clause	Explanation of amendments made
Article 5	<p style="text-align: center;">(Authorized limit and approval authority)</p> <p>1. (Omitted)</p> <p>2. Below are aggregate and individual limits on the acquisition of non-operating real estate property and right-of-use thereof and marketable securities, which apply separately for the Company and subsidiaries:</p> <p>(1) The sum of non-business related real estate properties and right-of-use assets thereof shall not exceed 5% of the net worth of the respective entity, as shown in the latest financial statements.</p> <p>(2) Total investments in marketable securities shall not exceed 15% of net worth of the respective entities, as shown in the latest financial statements.</p> <p>(3) Investments in any single marketable security shall not exceed 10% of net worth of the respective entities, as shown in the latest financial statements.</p> <p style="text-align: center;">3 to 6 (omitted)</p>	<p style="text-align: center;">(Authorized limit and approval authority)</p> <p>1. (Omitted)</p> <p>2. Below are aggregate and individual limits on the acquisition of non-operating real estate property and right-of-use thereof and marketable securities, which apply separately for the Company and subsidiaries:</p> <p>(1) The sum of non-business related real estate properties and right-of-use assets thereof shall not exceed 5% of the net worth of the respective entity, as shown in the latest financial statements.</p> <p>(2) Total investments in marketable securities shall not exceed 15% of net worth of the respective entities, as shown in the latest financial statements.</p> <p>(3) Investments in any single marketable security shall not exceed 10%70% of net worth of the respective entities, as shown in the latest financial statements.</p> <p style="text-align: center;">3 to 6 (omitted)</p>	<p>Amendments are made to conform with operating workflows</p>
Article 26	<p>The procedures were established on May 2, 2012.</p> <p>The 1st amendment was made on June 12, 2014.</p> <p>The 2nd amendment was made on June 22, 2015.</p> <p>The 3rd amendment was made on June 27, 2016.</p> <p>The 4th amendment was made on June 20, 2017.</p> <p>The 5th amendment was made on June 27, 2019.</p>	<p>The procedures were established on May 2, 2012.</p> <p>The 1st amendment was made on June 12, 2014.</p> <p>The 2nd amendment was made on June 22, 2015.</p> <p>The 3rd amendment was made on June 27, 2016.</p> <p>The 4th amendment was made on June 20, 2017.</p> <p>The 5th amendment was made on June 27, 2019.</p>	<p>Added date of the current amendment</p>

Clause No.	Existing clause	Amended clause	Explanation of amendments made
	The 6th amendment was made on June 27, 2022.	The 6th amendment was made on June 27, 2022. <u>The 7th amendment was made on June 27, 2023.</u>	

Appendices

[Appendix 1] Rules of Procedure for Board of Directors' Meetings (before amendment)

Document name	Rules of Procedure for Board of Directors' Meetings	Code	PM-A304-023
Publisher	Treasury Department	Version	6
Level of control	<input checked="" type="checkbox"/> General <input type="checkbox"/> Limited <input type="checkbox"/> Confidential <input type="checkbox"/> Extremely confidential	Date	2020.03.24

Document revision history

Version	Revision summary	Approver	Authority	Preparer	Date
1	Version 1 (new)				2011.05.25
2	Version 2 amendment				2013.04.01
3	Version 3 amendment				2015.05.07
4	Version 4 amendment				2016.05.05
5	Version 5 amendment				2017.11.20
6	Version 6 amendment				2020.03.24

- Article 1 The following rules are established in accordance with Article 2 of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to support the role of board of directors in the Company's governance, supervision and administration.
- Article 2 All issues relating to board of directors meeting, such as motions, procedures, minutes, announcements, compliance requirements etc., shall proceed according to this policy.
- Article 3 The Company convenes board of directors meetings once a quarter.
Convention of a board of directors meeting must be advised to all directors with detailed agenda at least 7 days in advance. In the case of an emergency, a meeting of the board of directors may be convened at any time.
The abovementioned meeting advice can be made in electronic form if consented by the receiving party.
Except in the case of emergency or under circumstances supported by justifiable reasons, all matters listed in Paragraph 1, Article 7 of the Rules must be proposed as part of the agenda and cannot be raised as a Extraordinary Motion.
- Article 4 Board of directors meetings shall be held at the Company's business premise during office hours or at any other time and place that is convenient for directors to attend.
- Article 5 The Treasury Department has been designated as the organizer for all board meeting affairs.
The meeting organizer is responsible for outlining board of directors meeting agenda and preparing adequate conference materials, which will be distributed along with the meeting advice.
Directors may request for supplemental information from the meeting organizer if they consider the prepared materials to be inadequate. Directors may resolve to postpone certain agenda items if they consider the information presented to them to be inadequate.
- Article 6 Agenda of a regular board meeting shall include at least the following topics:
1. Reports:
 - (1) Minutes of the previous meeting and execution of meeting resolutions.
 - (2) Reports on key financial or business information.
 - (3) Reports on internal audit issues.
 - (4) Reports on other important issues.

2. Discussions:
 - (1) Discussions carried forward from the previous meeting.
 - (2) Discussions proposed for the current meeting.
3. Extraordinary Motions.

Article 7 The following issues must be raised for discussion in board of directors meetings:

1. The Company's operating plans.
2. Annual and semi-annual financial reports. This excludes semi-annual financial reports that do not need to be audited by a CPA.
3. Establishment or amendment of internal control system, and assessment of effectiveness of the internal control system according to Article 14-1 of the Securities and Exchange Act (SEA).
4. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the SEA.
5. Offering, issuance or private placement of securities with equity characteristics.
6. Appointment and dismissal of finance, accounting, or internal audit officers.
7. Donation to related party or major donation to a non-related party. However, in the occurrence of a major natural disaster, emergency aid of a charitable nature can be made first and acknowledged later during the next board of directors meeting.
8. Any decisions that must be resolved in a shareholders' meeting or a board of directors' meeting as required in Article 14-3 of the SEA, relevant regulations or Articles of Incorporation and any major issues prompted by the authority.

The term "related party" mentioned in Sub-paragraph 7 above shall adhere to the definitions stipulated in Regulations Governing the Preparation of Financial Reports by Securities Issuers. Major donation to non-related party shall refer to any single or cumulative donations that amount to NT\$100 million or above in a year to the same party or amounts that accumulate to more than 1% of net revenues or 5% of paid-in capital, as shown in the latest audited financial statements. The one-year period mentioned above shall refer to the one year dating back from the current board meeting. Amounts that have already been passed in previous board meetings may be excluded from the calculation.

If the Company has independent directors in place, at least one independent director shall be

personally present at each board of directors meeting. For any decisions specified in Paragraph 1 that require resolution from a board of directors meeting, all independent directors shall personally attend the board meeting. Independent directors who are unable to attend personally shall appoint another independent director to attend on behalf. All objections and reservations expressed by independent directors must be detailed in board of directors meeting minutes. If the independent director is unable to express objections or reservations in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in board meeting minutes unless there is justifiable reason not to do so.

Article 8 Except for the issues listed in Paragraph 1 of the preceding Article that are subject to board of directors' discussion, the board of directors may authorize delegates according to laws and Articles of Incorporation to carry out duties on its behalf, provided that the level and scope of authorization are outlined clearly. However, issues that are material to the Company's interests still have to be resolved in a board of directors meeting.

Article 9 Attendance logs shall be provided during board meetings and signed by all directors present at the meeting for future reference.

Directors are required to attend board meetings personally. Directors who are unable to attend in-person may seek proxy attendance from other directors according to the Articles of Incorporation. Directors who participate in the meeting using video conferencing are considered to have attended in-person.

In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

The proxy mentioned in the two preceding Paragraphs may only represent the presence of one absent director.

Article 10 Board meetings that are convened by the Chairman shall be chaired by the Chairman. However, the first meeting of a newly elected board shall be convened by the director who receives the highest number of votes at the shareholders' meeting, whereas the role of the Chairman shall be assumed by the convener. If two or more directors are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

If a board meeting is convened with the consent of more than half of the board under any of the conditions described in Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of The Company

Act, the participating directors shall appoint one among themselves to serve as Chairman.

If the Chairman is on leave or is unable to exercise duties for any reason, the Vice-Chairman will act on behalf; if there is no Vice-Chairman or if the Vice-Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume acting duty; if there is no managing director, one of the directors will be appointed to perform acting duty; if no delegate is appointed by the Chairman, one shall be appointed from among the managing directors or directors to serve acting duty.

Article 11 When a board of directors' meeting is in session, the management department (or the meeting organizer appointed by the board of directors) shall have relevant information available to provide reference for the participating directors.

Personnel from relevant departments or subsidiaries may be called to participate in the board meeting depending on the topics discussed.

Certified public accountants, lawyers, or other professionals may also be invited to express opinions in board meetings, if necessary. However, these personnel are to be dismissed during discussion and voting.

Article 12 The Chairman shall announce commencement of board meeting when the time is due with more than half of all directors present.

If the meeting is due to convene but less than half of the board is present, the Chairman may postpone the meeting for up to two times. If the number of participants remains insufficient after two postponements, the Chairman may re-convene the meeting according to Paragraph 2, Article 3 of the policy.

The term "entire board of directors" mentioned above and in Sub-paragraph 2, Paragraph 2, Article 17 of the policy shall refer to those who are currently in active duty.

Article 13 Board meetings shall proceed according to the agenda conveyed in the meeting advice. However, changes can be made with the consent of more than half of all attending directors.

The Chairman cannot dismiss the meeting without the consent of more than half of all attending directors.

If the number of remaining directors falls to less than half of all attending directors while the board meeting is in progress, the Chairman shall suspend the meeting at the request of remaining directors and proceed according to Paragraph 2 of the preceding Article.

Article 14 The Chairman of a board meeting may announce to discontinue further discussions if the topic in question is considered to have been sufficiently discussed to proceed with the voting. Motion of a board of directors' meeting is considered passed if the Chairman receives no objections from any attending directors upon inquiry. Should any director express an objection after being inquired by the Chairman, the discussed topic shall be resolved through vote. The Chairman may choose to proceed with voting using any of the following methods, but if there is any objections among attendees as to the choice of the voting method, the Chairman shall adopt the method that has the highest support among attendees:

1. Voting with a show of hands or use of voting instruments.
2. Vote by roll call.
3. Vote by ballot.
4. Any other methods chosen by the Company.

The attending directors mentioned in the two paragraphs above do not include directors who are not permitted to vote under Paragraph 1, Article 16.

Article 15 Unless otherwise regulated in SEA or The Company Act, board of directors' resolutions are considered to have been passed only if more than half of the total board members are present in a meeting and with more than half of the attending directors voting in favor. When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. However, if any proposal is passed, all other proposals shall be deemed rejected and no further voting is necessary. If the voting process requires a ballot examiner and a ballot counter, the Chairman shall appoint them accordingly. The ballot examiner, however, must be a director. Outcome of a vote shall be documented and announced on site.

Article 16 If a director, or the corporate entity a director represents, is considered a stakeholder to the discussed topic, the director must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if the stakes are in conflict against the Company's interests. In addition, the director may not exercise voting rights on behalf of other directors. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the

matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

Board resolutions that involve directors who are prohibited from exercising voting rights as mentioned in the two preceding paragraphs are governed by Paragraph 4, Article 206 and Paragraph 2, Article 180 of The Company Act.

Article 17 Proceedings of a board meeting shall be compiled into minutes with the following details:

1. The meeting session (or year), time and venue.
2. Name of the Chairman.
3. Directors' attendance, including the number and names of attendees, absentees and those on leave of absence.
4. Names and titles of other participants invited to the meeting.
5. Name of the minutes taker.
6. The reports made.
7. Discussions: the methods by which resolutions were reached and outcomes of each motion; summary of opinions expressed by directors, experts, and other personnel involved; the names of directors who held conflicting interests in the discussed topic as described in Paragraph 1 of the preceding Article, descriptions of the stakes involved, reasons for directors' disassociation or participation in the discussed topic, and whether or not the director had disassociated from the discussion/vote; any objections or reservations expressed on record or in writing; and independent directors' written opinions raised according to Paragraph 4, Article 7.
8. Extraordinary Motions: the name of the person who raised the motion; the method of resolution and outcome; summary of opinions expressed by directors, experts, and other personnel; the names of directors who held conflicting interests in the discussed topic as described in Paragraph 1 of the preceding Article, descriptions of the stakes involved, reasons for directors' disassociation or participation in the discussed topic, whether or not the director had disassociated from the discussion/vote; and any objections or reservations expressed on record or in writing.
9. Other mandatory disclosures.

If the board resolution involves any of the following, the details of which shall be addressed in the meeting minutes and posted onto the reporting website designated by the authority within 2 days after the board resolution is made:

(1) Objections or reservations expressed by independent directors on record or in writing.

(2) If an Audit Committee has been assembled, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all directors.

The attendance log constitutes part of the board meeting minutes, and therefore shall be kept properly over the Company's existence.

Meeting minutes must be signed or sealed by the Chairman and the minutes taker, and distributed to all directors within 20 days after the meeting. The minutes should also be treated as part of the Company's key files and retained as such over the Company's existence.

Preparation and distribution of meeting minutes mentioned in Paragraph 1 can be made in electronic form.

Article 18 The entire proceeding of the Company's board of directors' meetings shall be recorded in video or audio and kept for at least 5 years. The footage can be stored in electronic form.

Should any litigation arise with respect to a specific board of directors meeting resolution before the abovementioned expiry, the relevant recordings shall be retained as evidence indefinitely until the litigation is concluded.

Where meetings are held by way of video conferencing, the recorded video and audio shall be treated as part of the meeting minutes and kept properly over the Company's existence.

Article 19 If the board has managing directors in place, then Article 2, Paragraph 2, Article 3, Articles 4-6, 9, 8-11, and 11-17 shall apply *mutatis mutandis* to board of managing directors meetings. However, for regular meetings of managing directors that are scheduled to convene within 7 days, the managing directors can be notified 2 days in advance.

Article 20 Establishment of the conference rules is subject to approval by the Company's board of directors and acknowledgment in a shareholders' meeting. The board of directors can be authorized to make subsequent amendments as deemed necessary.

Article 21 The meeting rules were established on May 25, 2011.
The 1st amendment was made on April 1, 2013.
The 2nd amendment was made on May 7, 2015.
The 3rd amendment was made on May 5, 2016.
The 4th amendment was made on November 20, 2017.
The 5th amendment was made on March 24, 2020.

[Appendix 2] Operational Procedures for Loaning of Company Funds (before amendment)



Document name	Operating Procedures for Loaning of Company Funds	Code	PM-A304-002
Publisher	Treasury Department	Version	5
Level of control	<input checked="" type="checkbox"/> General <input type="checkbox"/> Limited <input type="checkbox"/> Confidential <input type="checkbox"/> Extremely confidential	Date	2019.06.27

Document revision history					
Version	Revision summary	Approver	Authority	Preparer	Date
1	Version 1 (new)				2012.05.02
2	Articles 1, 2, 3, 4, 10, 12, and 14 are amended in line with Instruction Jin-Guan-Zheng-Shen-Zi No. 1010029874 issued by the Financial Supervisory Commission on July 6, 2012.				2013.06.26
3	Articles 8, 9, 13 and 14 of the policy are amended to accommodate the establishment of Audit Committee.				2016.06.27
4	Article 7 of the policy is amended in line with regulations.				2018.03.07
5	Articles 6, 10, 13 and 14 of the policy are amended in line with regulations.	Li, Ching-Kung	Li, Jin-Sheng Chen, Chung-Wen	Wu, Mei-Hua	2019.06.27

- Article 1 This policy has been established in accordance with the Financial Supervisory Commission's "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies;" all decisions that concern lending of capital to external parties shall proceed according to the terms of this policy.
- Article 2 Borrower and subject of assessment:
The Company may not lend capital to shareholders or any party except in the following circumstances:
1. To entities in need of short-term finance from the Company; "short term" is defined as a period of one year.
 2. Lending to entities in need of short-term finance shall be limited only to subsidiaries in which the Company controls more than 50% voting rights directly or indirectly.
 3. To entities that the Company has business dealing with.
- Article 3 Individual and aggregate lending limits for short-term financing:
1. Lending to any single company is capped at 20% of the Company's net worth as shown in the latest audited or auditor-reviewed financial statements.
 2. The aggregate sum of loans granted for short-term financing shall not exceed 40% of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements. The sum of loans mentioned here refers to the cumulative balance of loans granted for short-term financing.
- Article 4 Lending between foreign entities in which the Company directly or indirectly controls 100% voting rights for short-term finance shall not aggregate to more than 40% of lender's net worth; the sum of loans granted to any single borrower shall not exceed 40% of lender's net worth. Furthermore, the loan tenor shall be no more than two years.
- Article 5 Lending of capital is subject to the following procedures and reviews:
1. Application: to apply for loan, the borrower is required to submit to the Company a loan application in writing along with the borrower's profile and financial information.
- Credit assessment: Once the Company accepts the application, the Treasury Department shall investigate and assess the borrower's business activities, financial position, solvency, credibility, profitability and purpose of loan and produce an assessment report. The Treasury Department is required to conduct detailed assessments and reviews on the borrower, which shall cover at least

the following aspects:

- (1) The necessity and rationality for lending to an external party.
- (2) Whether or not the loan is necessary, given the borrower's financial position.
- (3) Whether or not the amount of cumulative lending is still within limit.
- (4) Impacts to the Company in terms of business risk, financial position and shareholders' equity.
- (5) Whether or not collaterals are needed and the appraised value of collaterals.
- (6) Credit assessment and risk evaluation on the borrower.

2. Loan approval:

- (1) If the review finds the borrower to be of poor credit rating or unsuitable to lend to for any other reason, the head of finance shall provide the borrower with a reason for the rejection at the earliest time possible after the decision is made.
- (2) For loan applications that exhibit good credit quality, justified use of capital and no adverse impact to the Company's financial position, business performance, and shareholders' equity, the head of finance shall present the credit assessment and review reports along with details such as loan quantum, tenor, interest rate, etc. for Chairman's approval. Loan cases are subject to board of directors' resolution before proceeding.

3. Security:

- (1) When lending capital, the Company shall obtain a secured promissory note of equivalent sum from the borrower and may place lien over movable or real estate properties, if necessary. This requirement does not apply to subsidiaries in which the Company holds more than 50% direct or indirect voting rights. The abovementioned debt security can be waived if the borrower is able to find an individual or company of adequate financial strength and credibility to guarantee the debt; in which case, the board of directors may base its decisions on the credit assessment report prepared by the Treasury Department. If the guarantor is a corporate entity, investigations shall be conducted on whether or not the corporate guarantor's Articles of Incorporation permits such a guarantee. A shareholders' meeting minutes containing the above resolution shall also be obtained as evidence.
- (2) All collaterals except land and marketable securities should be covered by fire insurance, whereas vehicles are to be covered by full insurance. The sum insured should not be lower than the replacement cost of the collateral. All insurance policies shall mention the Company as the beneficiary, whereas the name, quantity and location of property assured

and policy terms shall
(3) conform with the original lending terms and conditions.

Article 6 Approval authority:

1. When lending capital to an external party, the Company shall conduct due diligence assessments to determine whether or not the transaction complies with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and terms of the procedures stated herein. Outcomes of the assessments described in Notes 2 to 3, Article 5 shall be presented to the board of directors for resolution, and the decision cannot be delegated to other parties. However, major lending of capital will have to be supported by the Audit Committee before presenting it to the board of directors for resolution.
2. Lending to the Company's subsidiaries, and lending among the Company's subsidiaries, are subject to the board of directors' resolution in the manner described in the preceding Paragraph and the Chairman may be authorized to approve loans in multiple drawdowns or on a revolving basis to a single borrower up to the board-resolved limit for a period no more than one year.
3. The board-resolved limit mentioned in the preceding Paragraph shall conform with the requirements stated in Article 4; furthermore, the limit up to which the Company or subsidiary is authorized to lend to external parties is capped at 10% of the Company's net worth, as shown in the latest financial statements.
4. If the Company has independent directors in place, any opinions raised by independent directors with regards to lending of capital must be fully taken into consideration. Any objections or reservations raised by independent directors must be recorded in board of directors meeting minutes.
5. If the Company has assembled an Audit Committee, any establishment or amendment of the external party lending procedures shall be agreed by more than half of Audit Committee members and is subject to resolution by the board of directors. In which case, Paragraph 2 shall not apply.
6. If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operating 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.

7. The terms "all Audit Committee members" and "all directors" mentioned in Paragraphs 5 and 6 refer to those who are currently in active duty.

Article 7 Loan tenor and interest accrual:

Lending of capital shall be no longer than one year. Lending of capital shall accrue interests at no less than: the highest rate of the Company's short-term borrowing from financial institutions or the "five-bank average baseline rate" announced by the Central Bank, whichever the higher.

Loan interest should be payable once a month;

Adjustments can be made in special circumstances subject to the consent of the board of directors.

Article 8 Control measures and procedures on overdue loans:

1. The Company shall apply the following procedures after loan disbursement:
 - (1) The Company shall constantly monitor the financial position, business performance and credit standing of both the borrower and guarantor. If the loan is secured by collateral, changes in collateral value will also have to be monitored. Any major changes in the above must be escalated to the Chairman immediately and handled as instructed.
 - (2) The amount of interests payable by the borrower shall be calculated when repayment is due at maturity or when early repayment is made. Only when principal and interest have been settled in full may the Company proceed to return the promissory note being held as collateral or remove lien from the pledged collateral.
 - (3) Borrowers are required to settle all outstanding principals and interests upon loan maturity. If the borrower is unable to repay on time, an extension may be granted with board of directors' approval provided that a request is raised in advance. Only one extension for no more than one year can be granted per loan. Otherwise the Company may claim against the pledged collateral or guarantor in a manner permitted by the law.
2. The Company shall maintain a registry of all loans granted. This registry shall contain details such as name of borrower, amount of loan, board approval date, disbursement date and matters that are subject to due diligence assessment under applicable rules.
3. Internal audit staff shall perform audits on external party lending procedures and execution at least on a quarterly basis and produce written reports of audit findings. Any major violations discovered must be escalated immediately to the Audit Committee members in writing.
4. In the event that the Company is found to have loaned to an ineligible party or in excess of

its authorized limits due to change of circumstances, the Company shall propose a correction plan to the Audit Committee and complete corrections according to plan.

Article 9 The Company shall adopt the following procedures as control over external party lending by subsidiaries:

1. Subsidiaries that have the intention to lend to external parties shall be instructed to establish their own external party lending procedures based on the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and proceed accordingly.
2. For subsidiaries that intend to lend capital to external parties, the Company's Treasury Department and President shall assign a specialist to assess the necessity, rationality and risk of lending to an external party, as well as how the transaction affects the parent company and the subsidiary in terms of business risk, financial position and shareholders' equity. These transactions must be approved by the Company's President and Chairman, followed by the board of directors, before proceeding.
3. Subsidiaries are required to prepare an "External Party Lending Report" detailing the current month's transactions and submit the report to the Company before the 5th day of the next month (non-inclusive).
4. Internal audit staff of subsidiaries shall audit their external party lending procedures and execution at least on a quarterly basis, and produce written reports of audit findings. Any major violation discovered must be escalated immediately in writing to the Company's internal audit unit and forwarded to Audit Committee members.
5. While performing audits on various subsidiaries according to the annual audit plan, internal audit staff of the Company shall gain insights to the procedures that subsidiaries have adopted for lending to external parties. Internal audit staff shall also follow up how subsidiaries have rectified and made improvements to defects and produce a tracking report for the Chairman's review.

Article 10 Announcement and reporting procedures:

As a public company, the Company shall announce and make regulatory reports on external party lending according to the following procedures:

1. The Company is required to announce and report before the 10th calendar day each month

the amount of loans granted by the Company and its subsidiaries in the previous month.

2. Loans to external parties that satisfy any of the following criteria shall be announced and reported within 2 days from the date of occurrence:
 - (1) When outstanding balance of loans granted to all external parties by the Company and subsidiaries amounts to more than 20% of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements.
 - (2) When outstanding balance of loans granted to a single external party by the Company and subsidiaries amounts to more than 10% of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements.
 - (3) When additional lending granted by the Company or subsidiary
 - (4) amounts to NTD 10 million or more and represents 2% or more of the Company's net worth, as shown in the latest audited or auditor-reviewed financial statements.
 - (5) For subsidiaries that are not characterized as domestic public companies, all matters subject to announcement and regulatory reporting as mentioned in Sub-paragraph 3 of the preceding Paragraph shall be made by the Company instead.
3. The term "date of occurrence" mentioned in the preceding Paragraph shall be determined as the earliest between the contract signing date, the payment date, the board resolution date, and any other dates when the counterparty and amount of loan/endorsement/guarantee can be confirmed with certainty.

Article 11 Penalty against managers and case officers for violation:
Managers and case officers of the Company shall observe the procedures on all matters concerning external party lending, and exercise care to prevent loss from mishandling. Any violation against relevant laws or the procedures shall be disciplined according to the Company's personnel policy.

Article 12 The Company shall monitor the portfolio of loans granted to external parties, make adequate loss provisions, and disclose relevant information in financial reports in an appropriate manner. The Company shall also provide CPAs with the necessary information to perform audit and issue audit report.

Article 13 Other matters of concern:
1. Any matters that are not addressed in the procedures shall be governed by applicable laws

and rules of the Company.

2. The procedures, once approved by the Audit Committee and the board of directors, shall be presented for resolution in a shareholder meeting. Where directors have expressed objections on record or in writing, such objections must also be raised for discussion in a shareholder meeting. The same process shall apply to all subsequent amendments. Opinions of independent directors must be fully taken into consideration when external party lending procedures are submitted for discussion among the board of directors according to the preceding Paragraph. Any objections or reservations expressed by independent directors must be shown in board meeting minutes.

Article 14 Establishment and Amendments

This policy was established on May 2, 2012.

The 1st amendment was made on June 26, 2013.

The 2nd amendment was made on June 27, 2016.

The 3rd amendment was made on March 7, 2018.

The 4th amendment was made on June 27, 2019.

[Appendix 3] Operating Procedures for Acquisition and Disposal of Assets (before amendment)



Document name	Operational Procedures for Acquisition and Disposal of Assets	Code	PM-A304-003
Publisher	Treasury Department	Version	7
Level of control	<input checked="" type="checkbox"/> General <input type="checkbox"/> Limited <input type="checkbox"/> Confidential <input type="checkbox"/> Extremely confidential	Date	2022.06.27

Version	Revision summary	Approver	Authority	Preparer	Date
1	Version 1 (new)				2012.05.02
2	Articles 1, 2, 3, 4, 5, 7, 8, 10, 11, 12, 17 and 24 are amended in line with Instruction Jin-Guan-Zheng-Fa-Zi No. 1020053073 issued by the Financial Supervisory Commission on December 30, 2013.				2014.06.26
3	Articles 2, 3, 4, 5, 6, 7, 8, 10, 11, 13, 14, 17, 20 and 26 are amended in line with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”				2015.06.22
4	Articles 5, 8, 11, 24, 25, and 26 are amended to accommodate the establishment of Audit Committee.				2016.06.27
5	Articles 4, 7, 11, 14, 15, 16, 18, and 26 are amended in line with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”				2017.06.20
6	Articles 2, 4, 5, 11, 12, 13, and 26 are amended in line with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”				2019.06.27
7	Articles 4, 7, 11, and 26 are amended in line with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”	Li, Ching-Kung	Li, Jin-Sheng Chen, Chung-Wen	Wu, Mei-Hua	2022.06.27

Chapter One General Provisions

Article 1 Purpose and basis

The following procedures have been established in accordance with Article 36-1 of the Securities and Exchange Act and the Financial Supervisory Commission's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" for the protection of investments and enhanced information transparency. Any matters that are not addressed in the procedures shall be governed by relevant laws.

Article 2 Applicability

The term "asset" mentioned in the procedures shall refer to:

1. Securities: including shares, government bonds, corporate bonds, bank debentures, securities that represent fund entitlements, depository receipts, call/put options, beneficiary securities and asset-backed securities.
2. Real estate (including land, building and investment properties) and equipment.
3. Membership.
4. Intangible assets: including patents, copyrights, trademarks, licenses etc.
5. Right-of-use assets.
6. Claims of a financial institution (including receivables, bills purchased and discounted, loans and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of through legal merger, demerger, acquisition or share exchange.
9. Other key assets.

Article 2-1 Terminology used in the procedures is defined as follows:

1. Derivatives: refer to forward contracts, option contracts, futures contracts, leverage guarantee contracts, swap contracts, any combination of the above or structured contracts/products with embedded derivatives where the values are derived from interest rate, price of financial instrument, commodity price, exchange rate, price/rate index, credit rating, credit index, or other variables. The forward contracts mentioned here do not include insurance contract, performance contract, after-sale service contract, long-term lease contract or long-term purchase (sale) contract.
2. Assets acquired or disposed of through merger, demerger, acquisition, or exchange of shares

in accordance with law: \refers to assets that are acquired or disposed of through merger, demerger or acquisition in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act etc., or acquisition of shares in another company against an issuance of the Company's own new shares (referred to as "share exchange" below) under Article 156-3 of The Company Act.

3. Related parties and subsidiaries: as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other person duly authorized by the law to engage in the appraisal of real estate property or equipment.
5. Date of occurrence: refers to the earliest of the signing date, payment date, deal date, date of ownership transfer, board of directors' resolution date or any other dates when the transaction counterparty and the amount can be verified with certainty; For investments that require the approval of the authority, the date of occurrence shall be determined as the earlier between the above dates and the date approved by the authority.
6. Mainland investments: refer to investment projects in the Mainland that are either approved by the Investment Commission, Ministry of Economic Affairs, or permitted under Regulations Governing Investment or Technological Collaboration in the Mainland.

Article 3 Evaluation and operating procedures

1. Long-/short-term investments in securities and trading of derivatives shall be carried out according to the investment cycle, in which the applicant department is required to prepare an assessment report and seek approval at the appropriate level of authority before proceeding.
2. Acquisitions or disposals of real estate property or equipment by internal departments for business-related purpose shall be carried out according to the property, plant, and equipment cycle, in which the applicant department is required to provide explanations on the actual requirement or the underlying reason, complete price inquisition/comparison/negotiation procedures and the necessary assessments, and forward information to the relevant departments. These requests are subject to approval at the appropriate level of authority, and must be resolved in a shareholder meeting if they involve any of the material concerns listed in Article 185 of The Company Act.
3. Acquisition or disposal of memberships and intangible assets shall proceed according to the property, plant and equipment cycle, in which the applicant department will propose the

terms or price of transaction by taking into account expert's assessment or the fair market price and seek approval at the appropriate level of authority before proceeding.

4. Related party transactions shall proceed according to Chapter 2 of the procedures. Merger, demerger, acquisition and share exchange shall proceed according to Chapter 4 of the procedures.
5. In principle, the Company does not acquire or dispose of debt with financial institutions. Acquisition or disposal of debt from/to financial institutions will be subject to board of directors' approval, and will require prior establishment of valuation and operating procedures if such a need arises.

Article 4 Pricing method and reference

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where 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 domestic government agency, engaging others to build on its own land, engaging others to build on rented land or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal results and the transaction amount is 20 percent or more of the transaction amount.

B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price and if the dollar amount of the transaction is 20 percent 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. This excludes securities that are openly quoted in an active market, and circumstances that the Financial Supervisory Commission has regulated otherwise.
 3. Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
 4. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 31, paragraph 1, sub-paragraph 7 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.
 5. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
 6. Transactions with related parties shall be priced according to Chapter 2 of the procedures.
 7. Derivative transactions shall be priced after taking into consideration the futures market performance, exchange rate movements and interest rate forecasts. The price of which shall be determined according to Chapter 3 of the procedures.
 8. In the case of merger, demerger, business acquisition or share exchange, the Company shall

take into consideration the nature of business activities, net worth per share, asset value, technological competitiveness, profitability, production capacity and future growth potential of the entities involved. The price of which shall be determined according to Chapter 4 of the procedures.

Article 5 Authorized limit and approval authority

1. Asset acquisitions and disposals are shall be handled by responsible managers in accordance with the Company's internal control policies on property, plant, and equipment investments, and approved at the levels of authority shown below:

Item	Amount (NTD)	Accountable department				
		Head of department	Head of center	President	Chairman	Board of directors
Non-listed company	NT\$10 million and above		Review	Review	Review	Approval
	Below NT\$5 million		Review	Review	Approval	Acknowledgment
	NT\$5 million and above		Review	Review	Review	Approval
	Below NT\$5 million		Review	Review	Approval	Acknowledgment
Government bond, corporate bond, domestic beneficiary certificate, offshore mutual fund, depository receipt	NT\$5 million and above		Review	Review	Review	Approval
	Below NT\$10 million	Review	Review	Approval		
Real estate property	NT\$10 million and above		Review	Review	Review	Approval
	Below NT\$2 million		Review	Review	Approval	Acknowledgment
Membership	NT\$2 million and above		Review	Review	Review	Approval
	Below NT\$10 million		Review	Review	Approval	Acknowledge

						gment
	NT\$10 million and above		Review	Review	Review	Approval
Equipment	Below NT\$100,000	Approval				
	NT\$100,000 (inclusive) - NT\$1 million (non-inclusive)	Review	Approval			
	NT\$1 million (inclusive) - NT\$10 million (non-inclusive)	Review	Review	Approval		
	NT\$10 million and above	Review	Review	Review	Review	Approval

2. Below are aggregate and individual limits on the acquisition of non-operating real estate property and right-of-use thereof and marketable securities, which apply separately for the Company and subsidiaries:
 - (1) The sum of non-business related real estate properties and right-of-use assets thereof shall not exceed 5% of net worth of the respective entity, as shown in the latest financial statements.
 - (2) Total investments in marketable securities shall not exceed 15% of net worth of the respective entities, as shown in the latest financial statements.
 - (3) Investments in any single marketable security shall not exceed 10% of net worth of the respective entities, as shown in the latest financial statements.
3. Derivative transactions shall be proposed after taking into consideration the Company's revenue growth and changes in risk exposure. Furthermore, for safety concern, each transaction shall be proposed by the handling officer, preliminarily reviewed by the responsible manager and raised for approval by the President before taking effect. Any subsequent amendments shall also be approved by the President. Determination of transaction limits shall proceed according to Chapter 3 of the procedures.
4. In the case of transaction with a related party, the documents mentioned in Chapter 2 of the procedures shall be prepared and submitted to the Audit Committee and board of directors for approval before proceeding.
5. In the case of merger, demerger, business acquisition and share exchange, the processes and

mandatory information outlined in Chapter 4 of the procedures shall apply. Merger, demerger and business acquisition are subject to resolution in a shareholder meeting, except in cases where shareholders' resolution is exempted by the law. In the case of share exchange, the transaction is subject to board of directors' approval before proceeding.

6. Major asset acquisitions and disposals will have to be supported by the Audit Committee and presented to the board of directors for resolution.

Article 6 Transaction executors and procedures

Asset acquisitions and disposals are subject to review at the levels of authority explained below and may have to be escalated to the board of directors if necessary.

1. Acquisition and disposal of marketable securities shall be executed by the Treasury Department according to the investment cycle, and presented for approval by the President and the Chairman.
2. Acquisition and disposal of property, plant, and equipment shall be executed by the Administration Department or the department in use according to the property, plant, and equipment cycle. These transactions require detailed market survey, and the survey report along with appraisal outcomes produced by a professional appraiser are to be presented for review at appropriate levels of authority and approved by the President and Chairman.
3. Acquisition and disposal of membership or intangible asset shall be executed by the department in use, the Treasury Department, or the Administration Department according to the property, plant and equipment cycle. These transactions are to be presented for review at appropriate levels of authority and approved by the President and Chairman.
4. Derivative transactions shall be executed and managed exclusively by the Treasury Department due to the rapid change, high frequency, and complexity of calculation associated with such instruments. Furthermore, transaction confirmation and settlement tasks must be handled by separate personnel.
5. For merger, demerger, business acquisition and share exchange, the board of directors shall designate an executor to carry out the transaction according to legal procedures.

Article 7 Information disclosure

1. Mandatory announcements and reporting standards
 - (1) Acquisition or disposal of real property from or to a related party or acquisition or disposal of assets other than real property 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 government bonds or bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (2) Merger, demerger, acquisition or share exchange.
- (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (4) Acquisition or disposal of operating equipment with a non-related party that amounts to NT\$500 million or more.
- (5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- (6) Where an asset transaction other than any of those referred to in the preceding five 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:
 - A. Trading of domestic government bond or foreign government bond that has a credit rating no less than the sovereign rating of Taiwan.
 - B. Trading of bonds under repurchase and resale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (7) The amount of transactions above shall be calculated as follows:
 - A. The amount of each transaction.
 - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
 - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding

year.

(8) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced need not be counted toward the transaction amount.

2. Announcement and reporting timeline

Asset acquisitions and disposals that meet the criteria mentioned in the preceding Paragraph and applicable announcement/reporting standards shall have relevant details announced and reported over the website designated by the Financial Supervisory Commission within two days from the date of occurrence.

3. Announcement and reporting procedures

(1) The Company shall announce and report all relevant information to the website designated by the Financial Supervisory Commission.

(2) 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.

(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

(4) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

(5) Should any of the following circumstances arise after the Company has announced or reported its transactions according to the terms of this Article, the Company shall update all relevant information to the website designated by the Financial Supervisory Commission within 2 days from the date of occurrence:

A. Change, termination or rescission of a contract signed in regard to the original transaction.

B. The merger, demerger, acquisition, or share exchange is not completed by the scheduled date set forth in the contract.

C. Change to the originally publicly announced and reported information.

- Article 8 Control procedures for the acquisition and disposal of assets by subsidiaries:
1. Subsidiaries of the Company shall establish their own "Operating Procedures for Acquisition and Disposal of Assets" based on the Financial Supervisory Commission's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and execute accordingly.
 2. Acquisition/disposal of assets by subsidiaries of the Company shall proceed according to their respective "internal control systems" and "Operating Procedures for Acquisition and Disposal of Assets." Subsidiaries are required to submit reports to the Company before the 5th calendar day of each month detailing the assets acquired/disposed of and derivative transactions that took place in the previous month. The Company's internal audit unit shall include asset acquisition and disposal practices of its subsidiaries as one of the monthly key audit emphases. Outcomes of such audit shall be included as part of the mandatory audit report made to the Audit Committee and board of directors.
 3. For subsidiaries that are not domestic public companies, the Company will announce and report on their behalf any asset acquisition/disposal that exceeds the announcement or reporting criteria; for this reason, these subsidiaries are required to notify the Company of relevant details within one day after occurrence, thereby allowing the Company to make appropriate announcements and reports over the designated website within two days from the date of occurrence. Where subsidiary's reporting criteria mentions "20% of paid-in capital" or "10% of total assets," the criteria shall refer to the paid-in capital and total assets of the Company.

- Article 9 Penalties
- Employees who are found to violate "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the procedures when handling asset acquisition/disposal shall be disciplined according to the Company's Personnel Management Policy depending on severity.

Chapter 2 Related party transactions

- Article 10 Criteria
- When determining whether or not a counterparty is a related party or subsidiary, the Company must evaluate the relationship in its legal form and by its real nature.

Article 11 Resolution procedures

With the exception of government bonds, repurchase/resale agreements and subscription/redemption of money market funds issued by domestic securities investment trust enterprises, any acquisition/disposal of real estate property with a related party or any acquisition/disposal of asset other than real estate property with a related party that amounts to 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more shall have the following information submitted to the Audit Committee and the board of directors for approval before contract signing and payment:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. When acquiring or disposing real estate with a related party, any information that is relevant for establishing the rationality of transaction terms under Article 12 or 13 of the procedures.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction and reasonableness of the funds utilization.
6. Professional appraiser's report or CPA's opinion obtained in accordance with the procedures.
7. Restrictive covenants and other important stipulations associated with the transaction.

Acquisition and disposal of operating equipment or right-of-use asset thereof between the Company and its parent or subsidiary, or between subsidiaries in which the Company has 100% direct or indirect shareholding interest or capital contribution, that amount to less than NT\$10 million shall be approved by the Chairman and reported in the upcoming board of directors meeting.

Transactions that amount to NT\$10 million or above must be approved by the board of directors before proceeding.

If the Company has independent directors in place, independent directors' opinions must be fully taken into consideration when the transaction is proposed for discussion among the board of directors in accordance with Paragraph 1. Any objections or reservations expressed by independent directors shall be detailed in board meeting minutes.

Acquisition and disposal of assets with related parties are subject to the resolution procedures and rationality assessments described in Chapter 1. Furthermore, transactions that amount to 10%

or more of the Company's total assets will have to be supported by a professional appraiser's report or an opinion from a CPA. All relevant details will have to be presented for approval in a shareholder meeting before proceeding with contract signing and payment. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries, or between its subsidiaries.

Calculations for the transaction amounts mentioned in Paragraph 2 and the preceding Paragraph shall comply with Sub-paragraph 7, Paragraph 1, Article 7. The one-year timeframe mentioned herein shall date back from the date of occurrence. Transactions that have already been approved during the shareholder meeting, passed by the board of directors and acknowledged by the Audit Committee can be excluded.

Article 12 Rationality assessment on transaction terms

For any acquisition of real estate property or right-of-use asset thereof with a related party, the rationality of transaction cost will have to be assessed using the methods described below and reviewed by CPA with supporting opinions. However, this requirement does not apply to situations where: the related party had acquired the real estate property or right-of-use asset thereof in the first place through inheritance or gift; more than 5 years have passed between the time the related party first acquired the real estate property or right-of-use asset thereof and the time of the current transaction; or that the real estate is acquired by way of joint construction contract, commissioned development of own land, or commissioned development of leased land that involves the related party, in which case Sub-paragraph 3, Article 11 shall apply.

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 asset; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. If the related party had once pledged the property as collateral and borrowed from a financial institution, the value estimated by the financial institution should be used as reference, provided that the financial institution had lent more than 70% of the property value for more than 1 year. This does not apply if the financial institution is a related party to one of the counterparties.
3. For purchases or leases that involve both land and buildings, the transaction costs of land and building can be evaluated separately using any of the above methods.

Article 13

Actions to be taken if the calculated transaction cost is lower than the transaction price

Paragraph 3 shall apply if the cost of real estate property evaluated using the methods described in the preceding Article all conclude results that are lower than the transaction price, except in the following cases where objective evidence and opinions from real estate appraiser and CPA can be obtained to support rationality of the transaction.

1. The related party is acquiring or leasing bare land for new construction, in which case evidence can be raised to prove any of the following:
 - (1) The value of bare land assessed based on the preceding Article plus the value of building, including construction cost and reasonable markup, exceeds 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) Transaction completed by non-related party in the last year involving other floor of the same property or neighboring property, where the area and transaction terms are considered similar after accounting for reasonable price discrepancies attributed to floor or regional differences in accordance with the standard property market or leasing practices.
2. The real estate property purchased or right-of-use assets acquired through lease from related party is proven to be of comparable term and size to other transactions completed by non-related parties in the nearby area in the past 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.

The following rules shall apply to real estate properties and right-of-use asset thereof acquired from related parties where the valuation methods described in Article 12 and the 2 preceding Paragraphs both conclude transaction costs that are lower than the transaction price, and that the transaction does not exhibit any of the circumstances mentioned in Paragraph 1:

1. The Company shall provide special reserves equal to the difference between the transaction price and the assessed cost of real estate property or right-of-use asset thereof in the same manner as described in Paragraph 1, Article 41 of the Securities and Exchange Act. This special reserve cannot be distributed as dividends or capitalized into share capital. Provisions for special reserve can only be used if devaluation losses are recognized on the acquired or leased asset during revaluation or disposal, or if compensation or cost is incurred while restoring the asset to its original state, or if there is evidence to support the underlying rationale. In which case, use of special reserves is subject to approval of the Financial Supervisory Commission, Executive Yuan.
2. The Audit Committee shall proceed according to Article 218 of The Company Act.
3. Progress of Sub-paragraphs 1 and 2 shall be reported during the shareholder meeting, whereas transaction details are to be disclosed in annual reports and the prospectus.

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

Chapter 3 Control of Derivative Transactions

Article 14 Transaction principles and guidelines

1. Derivative categories: The Company may engage in the transaction of currency forwards; use of such instrument is limited only to the hedging of foreign currency receipts and payments that arise in relation to imports and exports. Use of other derivatives is subject to board of directors' approval.
2. Operating or hedging strategies: The Company aims to generate the majority of its profits from normal business activities, therefore derivatives should be used primarily for hedging purposes.
3. Trade limit:
4. The sum of outstanding hedge contracts shall not exceed the amount of net receivables/payables or net assets/liabilities in the next six months that the Company has incurred from business activities.
5. Limits on aggregate and individual contract losses:
6. Given the fact that hedging transactions are conducted specifically in accordance with the Company's actual requirements, all risk concerns have already been assessed and addressed beforehand, and therefore the stop-loss limit is set at 10% of contract value on an aggregate and individual basis.

7. Areas of responsibility

- (1) Transaction executors: Responsible for gathering data, comprehending regulations, designing hedging strategies and disclosing risks associated with the use of derivatives. Transaction executors shall develop a comprehensive understanding of the Company's management policies and philosophy, as well as market trends and risks before trading, and are required to prepare a proposal for the holding position and hedging method based on the Company's trading strategies and present to the responsible manager for approval before execution.
- (2) Confirmation personnel: Responsible for confirming transactions with banking partners, and for signing-off and mailing back trade confirmations.
- (3) Settlement personnel: Responsible for the settlement of derivative transactions and regular monitoring of cash flows to ensure that transaction contracts can be settled on time.
- (4) Bookkeeping personnel: Responsible for presenting transactions and profit and loss outcomes on financial statements in a manner that is correct, adequate and compliant with rules (such as Statement of Financial Accounting Standards).
- (5) Approval authority:

Approver	Amount per day	Cumulative net position limit
Chairman	US\$1 million and below	US\$5 million and below
Board of directors	Above US\$1 million	Above US\$5 million

8. Performance evaluation guidelines

- (1) Performance of hedging transactions shall be evaluated based on the hedging strategy. The Treasury Department shall evaluate any hedging transactions undertaken for business needs at least twice a month and present evaluation reports to the President. The department is also required to present to the President a performance report for previous month's transactions before the 10th day of the following month.
- (2) The Treasury Department must adopt the necessary response measures and report to the President immediately upon discovering any abnormality during regular evaluation or review.

All derivative transactions within the Company shall be subject to the following risk management measures:

1. Credit risk concern: The Company shall transact only with banks that it has existing relationships with or world-renowned financial institutions that are capable of providing information in a professional manner and trade only the instruments they offer.
2. Market/price risk concern: The Company shall transact in an open foreign currency market primarily through banks. The financial instruments traded must be highly liquid.
3. Liquidity risk concern: Derivative transactions undertaken by the Company must be backed by real business transactions to ensure fulfillment of settlement obligations.
4. Cash flow risk concern: Transaction executors shall strictly enforce the authorized limit and monitor the Company's cash flows to ensure adequate cash reserves for settlement.
5. Operational risk concern: All personnel concerned shall duly observe the authorized limit and execute transactions according to the procedures to avoid operational risks.
6. Legal risk concern: For the avoidance of legal risks, all contracts with financial institutions must be reviewed by legal affairs or legal consultants before signing.
7. Product risk concern: Internal traders and the counterparty financial institution must possess complete, accurate and professional knowledge about the financial instruments traded. Banks shall be instructed to make adequate disclosure of risks to avoid losses from misuse of financial instrument.

Article 16 Internal audit system

Internal audit personnel must regularly assess the adequacy of internal controls over derivative transactions and conduct monthly audits on trade department's compliance with derivative trading procedures. All findings shall be compiled into audit reports, and any major violation discovered has to be reported to the Chairman and the board-appointed senior manager immediately and notified to the Audit Committee in writing.

Article 17 Regular assessments and handling of extraordinary circumstances

1. Derivative traders, confirmation personnel and settlement personnel cannot be concurrently involved in each other's roles. Risk assessment, risk monitoring and risk control must be handled by different departments, and the progress of which shall be reported to the board of directors or to senior managers that do not exercise decision-making authority over transactions or positions.

2. Derivative exposures should be evaluated at least once a week, except for hedging transactions conducted in relation to business activities, which are subject to evaluation at least twice a month. All evaluation reports shall be presented for review by board-authorized senior managers and all unhedged positions are to be closely monitored.
3. The board of directors shall exercise supervision according to the following principles:
 - (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - (2) Periodically evaluate whether or not derivatives trading performance is consistent with the established operational strategy, as well as whether or not the risk undertaken is within the Company's permitted scope of tolerance.
 - (3) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
 - (4) Evaluate on a regular basis whether or not existing risk management measures are adequate, in conformity with Financial Supervisory Commission's "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," and carried out according to the procedures.
 - (5) Monitor trading activities, gains and losses, while taking necessary response measures and making timely reports to the board of directors upon discovering any abnormalities. Independent directors, if available, should be present at board meetings to express opinions.
 - (6) All derivative transactions performed by personnel who have been authorized according to the procedures shall be reported during the upcoming board of directors meeting.
4. The Company shall maintain a transaction log that details the types and amounts of derivatives traded, the board approval date, the regular evaluation report and the scope of regular evaluation by the board of directors and board-authorized senior manager for future reference.

Chapter 4 Merger, demerger, acquisition or share exchange

Article 18 Prior to commencing business merger, demerger, acquisition or share exchange, the Company shall engage a certified public accountant, lawyer or securities underwriter to provide opinions with regards to the exchange ratio, the acquisition price, or the amount of cash or other properties distributed to shareholders before the proposal is presented for board of directors' resolution. These opinions are subject to discussion and resolution by the board of directors. However,

experts' opinions are not required for mergers between the Company and subsidiaries in which it holds 100% direct or indirect ownership interest, and mergers between subsidiaries in which the Company holds 100% direct or indirect ownership interest.

Article 19 Important details of the business merger, demerger or acquisition shall be compiled into a public report and delivered to shareholders, along with meeting advice and expert's opinions mentioned in the preceding Article before the shareholder meeting. These documents will serve as reference for shareholders' decision on whether to support the merger, demerger or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger or acquisition, this restriction shall not apply.

If any participant of the business merger, demerger or acquisition is unable to convene a shareholder meeting or reach a resolution, or if the motion is voted down by shareholders, the Company shall immediately announce to the public the causes of the discontinuance, any follow-up actions and the estimated date of the next shareholder meeting.

Article 20 Unless otherwise regulated by the law or approved by Financial Supervisory Commission in advance, the Company shall convene board of directors meeting and shareholder meeting on the same day as all other participants of any merger, demerger or business acquisition that the Company is a part of, in order to resolve decisions relating to such merger, demerger or acquisition.

Unless otherwise regulated by the law or approved by the Financial Supervisory Commission in advance, the Company shall convene board of directors meeting on the same day as other participants of a share exchange.

When participating in business merger, demerger, acquisition or share exchange, the Company shall produce documents containing the following information and keep such for 5 years for reference:

1. Personnel profile: including the title, name and ID card number (or passport number for foreigners) of any person involved in the planning or execution of merger, demerger, acquisition or share exchange before the information is made public.
2. Important dates: including the date when the letter of intent or memorandum of understanding is signed, the date of engagement with financial or legal consultants, the date when contract is signed and the date of board of directors meeting.

3. Important documents and minutes: including the merger/demerger/acquisition/share exchange plan, letter of intent or memorandum of understanding, major contracts, and board of directors meeting minutes.

Where a merger, demerger, acquisition or share exchange involves a TWSE or TPEX-listed company, all information listed in Sub-paragraphs 1 and 2 of the preceding Paragraph shall be reported to the Financial Supervisory Commission, Executive Yuan, over the online system using the prescribed format within two days from the board resolution date.

If a participant of the business merger, demerger, acquisition or share exchange is a non-public listed company, the Company shall sign an agreement with the non-public listed company and execute the transaction according to Paragraphs 3 and 4.

Article 21 Share exchange ratio and acquisition price

Terms including the share exchange ratio and acquisition price in a business merger, demerger, acquisition or share exchange cannot be changed except under the following circumstances; furthermore, these exceptional circumstances must be specified as part of the business merger, demerger, acquisition or share exchange contract:

1. Cash issue and issuance of convertible bond, stock dividend, corporate bond with warrant, preferred share with warrant, warrant and any securities of equity nature.
1. Disposal of major assets or other conducts capable of influencing the Company's financial or business performance.
2. Major disasters, technological changes, and other events capable of impacting shareholders' equity or securities prices.
3. Adjustment for treasury stocks purchased by any participant of the business merger, demerger, acquisition or share exchange.
4. Changes to the organization or number of participants in a business merger, demerger, acquisition or share exchange.
5. Other circumstances specified in the contract under which the Company is permitted to make such changes, provided that the terms have been disclosed to the public.

Article 22 Details to be contained in contracts

The terms of a business merger, demerger, acquisition or share exchange contract shall clearly address the Company's rights and obligations under The Company Act and the applicable laws, and specify the following details:

1. How breach of contract is handled.
2. Treatment for any securities of equity nature issued by the non-surviving party of a merger or by the divested company, or any treasury stocks purchased.
- 3.
4. Amounts of treasury stock that participating companies may purchase after setting the exchange ratio and baseline date, and how treasury stocks are treated.
5. Treatment for any changes in the organization or the number of participating companies.
6. Preliminary progress schedule for plan execution and anticipated completion date.
7. The estimated date of mandatory shareholder meeting and relevant procedures in case the project is not completed on the due date.

Article 23 Other important notes on merger, demerger, business acquisition and share exchange

1. All parties involved or possessing knowledge of a merger, demerger, acquisition or share exchange shall be instructed to issue a written commitment not to disclose any information until the plan is made public. The written commitment shall also prohibit the trading of shares or securities of equity nature pertaining to the deal, whether in own name or in the names of others.
2. If a participant of the merger, demerger, business acquisition or share exchange intends to engage in another merger, demerger, business acquisition or share exchange with another company after the initial deal is made public, all procedures or legal actions completed on the initial deal must start afresh by all participants. However, this excludes situations where the total number of participants has decreased as a result of the second deal, and that a resolution has been made in a shareholder meeting to authorize the board of directors to change the terms of the initial deal; in which case, participants need not convene another shareholder meeting to resolve the board's decision.
3. If the merger, demerger, acquisition or share exchange involves a party that is not a public company, the Company shall sign a separate agreement with that particular party, and execute the transaction according to the terms outlined in Article 20 and the two preceding Sub-paragraphs of the procedures.

Chapter 5 Other material issues

Article 24 Other important notes

1. For any appraisal and opinion reports obtained from the accounting firm, law firm or

securities underwriter, the professional appraiser, certified public accountant, lawyer or securities underwriter involved must not be related to the transacting parties in any way. The appraisal firm and the appraiser must not be convicted of crime. Appraisal reports from at least two appraisal firms shall be obtained, and the firms and appraisers cannot be related.

2. If a director expresses objection on record or issues written declaration against an asset acquisition/disposal that is subject to board of directors' approval under the procedures, the Company shall present the director's objections for discussion in a shareholder meeting. The board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or reservations raised and the underlying reasons must be noted in board meeting minutes.
3. Calculation for "10% of total assets," as mentioned throughout the procedures, shall be based on the amount of total assets shown in the latest standalone or separate financial statements, as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 25 Implementation and revision

The procedures, once approved by the Audit Committee and the board of directors, shall be presented for resolution in a shareholder meeting and implemented thereafter. Where directors have expressed objections on record or in writing, such objections must also be raised for discussion in a shareholder meeting. The same process shall apply to all subsequent amendments. Independent directors' opinions must be fully taken into consideration when the procedures are submitted for discussion among the board of directors. Any objections or reservations and the underlying reasons opinions in favor or against the proposal and the underlying reasons must be noted in the board meeting minutes.

Article 26 Establishment and Amendments

The procedures were established on May 2, 2012.
The 1st amendment was made on June 12, 2014.
The 2nd amendment was made on June 22, 2015.
The 3rd amendment was made on June 27, 2016.
The 4th amendment was made on June 20, 2017.
The 5th amendment was made on June 27, 2019.
The 6th amendment was made on June 27, 2022.

[Appendix 4] Articles of Incorporation

Articles of Incorporation of TBI Motion Technology Co., Ltd

Chapter 1 General Principles

Article 1 The Company shall be organized in accordance with the provisions of the Company Act, and shall be named “全球傳動科技股份有限公司”. Its English name shall be TBI Motion Technology Co., Ltd.

Article 2 The Company operates the following businesses:

1. CA02990 Other Metal Products Manufacturing
2. CB01010 Mechanical Equipment Manufacturing
3. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
4. CC01040 Lighting Equipment Manufacturing
5. CD01030 Motor Vehicles and Parts Manufacturing
6. CD01040 Motorcycles and Parts Manufacturing
7. CH01010 Sporting Goods Manufacturing
8. E604010 Machinery Installation
9. F106010 Wholesale of Hardware
10. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
11. F113010 Wholesale of Machinery
12. F113030 Wholesale of Precision Instruments
13. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
14. F401010 International Trade
15. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company’s head office is located in New Taipei City and branch offices or sales offices may be set up inside and outside of the country when necessary upon a resolution of the Board of Directors.

Article 4 The announce method of the Company is conducted in accordance with Article 28 of the Company Act and other applicable laws and regulations.

Chapter 2 Shares

Article 5 The aggregate capital of the Company shall be NT\$3,000,000,000, divided into 300,000,000 ordinary shares at NT\$10 per share. The Board of Directors is authorized to issue ordinary shares in batches.

Article 6 The shares of the Company are registered shares, which are issued after being signed or sealed by 3 or more directors and certified in accordance with the laws.

The Company may be exempted from printing any share certificate for the shares issued. However, it shall register the issued shares with a centralized securities depository enterprise. The same regulations shall apply when issuing other marketable securities.

Article 6-1 The administration of shareholder services of the company shall be conducted in accordance with “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority and other related laws and regulations.

Article 7 The name change and transfer of shares shall not be conducted within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders' Meeting

Article 8 The shareholders' meetings of the Company are divided into ordinary shareholders' meetings and special shareholders' meetings.

1. Regular shareholders' meeting: the regular shareholders' meeting will be duly convened within six months following the close of each fiscal year.
2. Special shareholders' meeting: special shareholders' meetings may be convened when necessary in accordance with the laws and regulations or the resolutions of the Board of Directors.

When the Company holds a shareholders' meeting, it may adopt exercise of voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice, and the voting shall be conducted in accordance with the laws and regulations.

The notice to convene a regular shareholders' meeting of the Company, after obtaining a prior consent from the recipient(s) thereof, it could be given by means of electronic transmission.

Article 9 When a shareholder could not attend the shareholders' meeting in person, the shareholder could appoint a proxy to attend on behalf of the shareholder at a shareholders' meeting with a form prescribed by the Company stating the scope of authorization. Apart from Article 177 of the Company Act, shareholders attending the shareholders' meeting by proxy shall also be governed by “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.”

Article 10 The shareholders of the Company, except under the circumstances set in Article 179 of Company Act, shall be entitled to one vote for each share held at the shareholders' meeting.

After the shares of the Company are publicly issued, if a director has created a pledge on shares of the company held by the director in an amount exceeding half of the number of company shares held by the director at the time of the director's election, the voting power of that excess

portion of pledged shares shall not be exercised and that excess portion shall not be counted in the number of votes of shareholders present at the meeting.

Article 11 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. During voting, if the Chairman solicits the attending shareholders and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote.

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The preparation, distribution and storage shall be conducted in accordance with Article 183 of the Company Act.

The shareholders' meeting of the Company may adopt exercise of voting rights by electronic means and the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person. The relevant matters shall be conducted in accordance with laws and regulations.

Article 11-1 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission. With regard to a company offering its shares to the public, the distribution of the minutes of shareholders' meeting may be effected by means of a public notice.

Article 11-2 A shareholders' meeting shall be convened by the Board of Directors and be chaired by the Chairman. In case the Chairman is on leave or absent for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman. For a shareholders' meeting convened by any person having the convening right other than the Board of Directors, he/she shall act as the Chairman of that meeting provided, however, that if there are two or more persons having the convening right, the Chairman of the meeting shall be elected from among themselves.

Chapter 4 Directors and Audit Committee

Article 12 The Board of Directors of the Company shall have 5-9 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity and may be re-elected with the term of service of 3 years.

The Company established the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, and Committee consists of all independent directors. The members of the Audit Committee performs the duties of supervisors provided in the Company Act, Securities

and Exchange Act and other laws and regulations.

The Company adopts the candidates nomination system for election of the directors of the Company stipulated in Article 192-1 of the Company Act. Shareholders elect the directors from the candidates list by using the cumulative voting method. Apart from the shares without voting rights in accordance with the laws and regulations, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect. The Company may establish independent directors among the number of directors mentioned above. The number of independent directors shall not be less than 2 and shall not be less than one fifth of the total number of directors. The shareholders shall elect the independent directors from the Directors and Independent Directors Candidates List. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be conducted in accordance with the competent authority of securities.

The total registered shares owned by all directors of the Company shall comply with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” published by the competent authority.

Article 13 The Board of Directors shall elect a Chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman shall be the Chairman of the shareholders’ meeting and the Board of Directors and shall externally represent the Company.

In case the Chairman is on leave or absent for any cause that he is unable to exercise his duties, the proxy shall serve acting duty in accordance with Article 208 of the Company Act.

Article 14 When convening a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting. The notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of an emergency, a meeting of the board of directors may be convened at any time. The notice of the Board meetings may be made and delivered in writing, by email or fax.

A meeting of the board of directors may be proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

When a director is unable to attend the Board meeting in person, he/she may delegate another director as a proxy to attend the Board meeting in accordance with Article 205 of the Company Act. A proxy can only represent one director with a duly executed appointment to attend the Board meeting.

Unless otherwise provided for in laws and regulations, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 14-1: The Board meeting shall be recorded in the minutes. The minutes shall be signed or sealed by the Chairman of the meeting and recorder and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The minutes shall be listed as the significant documents of the Company and shall be retained for the duration of the existence of the Company. Matters that shall be recorded in the minutes shall be conducted in accordance with the Company Act and Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

Article 14-2: When the number of the vacancies in the board of directors of the Company equals to one-third of the total number of directors, the board of directors shall call a special meeting of shareholders within 60 days to elect succeeding directors to fill the vacancies. The new directors shall serve the remaining term of the predecessors.

When the number of independent directors of the Company is lower than the requirement due to dismissal (including resignation, dismissal and expiry of term of office), an independent director by-election shall be held at the next shareholders meeting. When all independent directors have been dismissed, the company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the fact occurred.

The new directors and independent directors shall serve the remaining term of the predecessors.

In case no election of new directors is effected after expiration of the term of office of the existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, *ex officio*, order the company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged ipso facto from such expiration date.

Article 14-3 The Board of Directors of the Company establishes the Remuneration Committee or other functional committees based on the demand of business operation.

Article 14-4 The formation, duties, meeting rules, and other compliance matters shall be conducted in accordance with the relevant regulations of the competent authority of securities.

Article 15 The Board of Directors of the Company is authorized to determine the remuneration of directors based on the participation level in the operations of the Company and the value of contribution while taking the general standards of the industry into consideration. Where the Company has earnings, it may allocate remuneration of directors in accordance with the regulations.

The Company may establish Remuneration Committee in accordance with laws and regulations to determine the remuneration of all directors and submit it to the Board of Directors for

resolution.

The Company may determine a reasonable remuneration that are different from the ordinary directors, for independent directors.

The Company may authorize the Board of Directors to purchase liability insurance for directors during their term of office within their business scope.

Chapter 5 Managerial officers

Article 16 The Company may have managerial officers. The appointment and discharge and the remuneration of the managerial officers shall be decided in accordance Article 29 of the Company Act.

The Company may establish Remuneration Committee in accordance with laws and regulations after the shares are publicly offered to determine the remuneration of managerial officers on a regular basis and submit it to the Board of Directors for resolution.

Chapter 6 Accounting

Article 17 The Board of Directors will prepare (1) Business Report; (2) Financial statements; and (3) proposal of earnings distribution or loss allocation after the end of the fiscal year for submission to the Audit Committee, who will present a report and submit them to the shareholders' meeting for approval in accordance with the statutory procedure.

Article 18 Where there is profit as a result of the yearly accounting closing, the Company shall distribute no less than 1% of the profit as the remuneration of employees, which may be distributed in shares or cash by the resolution of the Board of Directors. The recipient of the remuneration of employee may include the employees of **holding or affiliate companies** who meet certain criteria determined by the Board of Directors. The Board of Directors shall distribute no higher than 5% of the profit as the remuneration of directors and supervisors. The proposal of the distribution of employee remunerations and the director and supervisor remunerations shall be reported in the shareholders' meeting.

However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate for the employee bonuses and director and supervisor remuneration proportionally from the remaining amount based on the ratio indicated in the preceding paragraph.

Article 18-1: Where the Company has earnings at the end of the fiscal year, the Company shall first pay all taxes, offset its losses in the precious years and set aside a legal capital reserve at 10% of the net profit, which may be exempted when the accumulated legal capital reserve is equal the paid-in capital of the Company. Then set aside or reverse the special capital reserve in accordance with operational demand of the Company and relevant laws or regulations or the requirements of the competent authority. Where there is still remaining earnings, the Board of Directors may propose

the distribution of the remaining earnings plus the undistributed earnings of the previous years in the earnings distribution proposal for approval in the shareholders' meeting.

For the stability of the future business and long-term sound financial structure to generate the maximum profits for shareholders, the distribution of shareholders' bonus adopts cash and stock dividend balance policy. The dividends shall not be less than 10% of the distributable earnings in the current year. However, where the accumulated distributable earnings is less than 10% of the paid-in capital, the Company may transfer them into retained earnings and choose not to distribute dividends. During the earnings distribution, the dividends paid in cash shall not be less than 20% of the total dividends distributed in the current year.

Chapter 7 Supplemental Provisions

- Article 19 The Company shall not be a shareholder of unlimited liability in another company or a partner of a partnership enterprise. Where the Company is a shareholder with limited liabilities, the reinvestment amount is not subject to the limit of no higher than 40% of the paid-in capital set forth in Article 13 of the Company Act.
- Article 20 Under the demand of business development, the Company may provide endorsements/guarantees to others in accordance with the Procedures for Making Endorsements/Guarantees of the Company.
- Article 21 Matters not prescribed herein shall be conducted in accordance with the Company Act and other laws and regulations.
- Article 22 These Articles of Incorporation was stipulated on June 25, 2010.
The 1st amendment was made on September 20, 2010.
The 2nd amendment was made on May 25, 2011.
The 3rd amendment was made on May 2, 2012.
The 4th amendment was made on June 22, 2015.
The 5th amendment was made on June 27, 2016.
The 6th amendment was made on June 27, 2019.

TBI Motion Technology Co., Ltd.

Chairman: Li, Ching-Kung

[Appendix 5] Rules and Procedures of Shareholders' Meeting



Document name	Rules and Procedures of Shareholders' Meeting	Code	PM-A304-020
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6	Version 6 amendment				2021.07.28
7	Version 7 amendment	Li, Ching-Kung	Li, Jin-Sheng Chen, Chung-Wen	Wu, Mei-Hua	2022.06.27

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2 Unless otherwise regulated by the laws, shareholder meetings of the Company shall proceed according to the rules stated herein.

Announcements relating to the above shall be made using the reporting website designated by the Financial Supervisory Commission (FSC).

Article 3 Unless otherwise provided by the law or regulations, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholder's meeting agenda and supplemental meeting materials, and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, as well as being distributed on-site at the meeting venue.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an Extraordinary Motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any Extraordinary Motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only and no proposal containing more than one item will be included in the meeting agenda. Provided that where a shareholder's proposal is a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, it may be included in the meeting agenda. When the circumstances of any sub-paragraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

A proposal submitted by shareholders must not exceed 300 Chinese characters. Any proposal containing more than 300 Chinese characters will not be included in the agenda. A shareholder who has submitted a proposal must attend the regular shareholders' meeting in person or by proxy

and participate in the discussion of his or her proposal.

The Company shall notify the shareholder submitting the proposal of the status of his or her proposal before the date when the notice of the shareholders' meeting is sent, and include the proposals that have met the requirements in this article in the meeting notice. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders meeting.

In the case of repeated expressions of intent, the first one given to the Company shall prevail. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

If, after the Company has received a proxy form, a shareholder sending the proxy form decides to attend the shareholders' meeting in person or intends to exercise his or her voting rights in writing or electronically, he or she shall issue a written notice to revoke the authorization to the Company two days before the shareholders' meeting. If the revocation is not provided within the specified time limit, exercise of the voting rights by the proxy attending the meeting shall prevail. If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 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.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other *force majeure* events, at least covering

the following particulars:

- A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
- B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
- C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders meeting.
- D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the Chairman of the board. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the Chairman, the vice Chairman shall act in place of the Chairman; if there is no vice Chairman or the vice Chairman also is on leave or for any reason unable to exercise the powers of the vice Chairman, the Chairman shall appoint one of the managing directors to act as Chairman, or, if there are no managing directors, one of the directors shall be appointed to act as Chairman. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as Chairman.

When a managing director or a director serves as Chairman, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six

months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as Chairman.

It is advisable that shareholders meetings convened by the board of directors be chaired by the Chairman of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene, other than the board of directors, the convening party shall Chairman the meeting. When there are two or more such convening parties, they shall mutually select a Chairman from among themselves.

The Company may appoint its attorneys, certified public accountants or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

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

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously record the audio and video, without interruption, of the proceedings of the virtual meeting, from beginning to end.

The information as well as audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Chairman shall call the meeting to order at the appointed meeting time and disclose

information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the Chairman shall declare the meeting adjourned.

In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including Extraordinary Motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

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

and then continue with the meeting.

The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or Extraordinary Motions put forward by the shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed, call for a vote and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number) and account name. The order in which shareholders speak will be set by the Chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal, while a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chairman may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor; the Chairman shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chairman may respond in person or direct the relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the Chairman declaring the meeting open until the Chairman declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

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

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

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the Extraordinary Motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of Extraordinary Motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except for a declaration to revoke a prior expression of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, at least two business days before the date of the shareholders meeting. If the notice of

retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against, and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company.

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

When the Company convenes a virtual shareholders meeting, after the Chairman declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the Chairman announces the voting session ends, or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the Chairman announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for Extraordinary Motions, they will not exercise voting rights on the original proposals, or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The meeting minutes may be produced and distributed in electronic form.

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 Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the Chairman's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other *force majeure* events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make a comprehensive disclosure of the same at the place of the shareholders meeting. In the event of a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under the applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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

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

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

- Article 18 When a meeting is in progress, the Chairman may announce a break based on time considerations. If a force majeure event occurs, the Chairman 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 Extraordinary 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 In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the Chairman has announced the meeting adjourned.
- Article 20 When the Company convenes a virtual-only shareholders meeting, both the Chairman and secretary shall be in the same location, and the Chairman shall declare the address of their location when the meeting is called to order.
- Article 21 In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.
- In the event of a virtual shareholders meeting, when declaring the meeting open, the Chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other *force majeure* events before the Chairman has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.
- For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online

shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting, and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted, and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

- Article 22 When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
- Article 24 The meeting rules were established on May 25, 2011.
The 1st amendment was made on June 26, 2013.
The 2nd amendment was made on June 22, 2015.
The 3rd amendment was made on June 27, 2016.
The 4th amendment was made on June 24, 2020.
The 5th amendment was made on July 28, 2021.
The 6th amendment was made on June 27, 2022.

[Appendix 6] Impacts of Proposed Stock Dividends on the Company's Business Performance,
Earnings Per Share, and Return on Shareholders' Equity

Not applicable as no stock dividend was proposed for the current year.

[Appendix 7] Directors' Shareholding

TBI Motion Technology Co., Ltd.
Directors' Shareholding

Directors' and supervisors' individual and aggregate shareholding as of the book closure date for the current regular shareholders' meeting (April 27, 2023), as shown in the shareholder registry:

Position	Name	Number of shares held
Chairman	Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung	5,735,000
Directors	Smartech & Green Co., Ltd. Representative: Li, Jin-Sheng	1,092,107
Directors	Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin	2,200,000
Directors	Yeh, Chun-Yen	-
Independent director	Liu, I-Lin	-
Independent director	Fang, Chung-Li	-
Independent director	Chou, Cheng-I	-
Directors' aggregate shareholding		9,027,107

Note:

- (1) The Company has paid-in capital of NT\$951,047,750 in 95,104,775 issued shares.
- (2) According to Article 26 of the Securities and Exchange Act, the entire board of directors is required to maintain a minimum holding position of 7,608,382 shares.
- (3) Shares held by all directors: 9,027,107.
Directors' aggregate shareholding position has met legal requirements.
- (4) The Company has assembled an Audit Committee in place of supervisors, therefore supervisors' minimum shareholding requirements do not apply here.