



Stock Code : 6643

M31 Technology Corporation

2022 Annual Shareholders' Meeting

Meeting Handbook (Translation)

Time: 9:00AM, May 26, 2022

Place: Banquet Hall, 2F., No.3 Tai-Yuan 1st Street, Zhubei City,

Hsinchu County, Taiwan

Meeting type: Physical shareholders' meeting

Notice to Readers

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

Table of Contents

I. Meeting Procedure	1
II. Meeting Agenda	2
1. Report Items	3
2. Matters for Ratification	5
3. Matters for Discussion	6
4. Extemporaneous Motions	7
III. Attachment	
Attachment 1: 2021 Business Report.....	8
Attachment 2: Audit Committee’s Review Report.....	13
Attachment 3: Independent Auditors’ Report and the Consolidated Financial Statements for the year ended December 31, 2021.....	14
Attachment 4: Independent Auditors’ Report and the Parent Company Only Financial Statements for the year ended December 31, 2021.....	23
Attachment 5: Statement of Profit Distribution.....	32
Attachment 6: "Article of Incorporation" Amendment Comparison Table	33
Attachment 7: “Procedures for Acquisition or Disposal of Assets” Amendment Comparison Table.....	36
Attachment 8: The method and content of cash capital increase issuance of ordinary shares by public offering or private placement in 2022.....	45
IV. Appendix	
Appendix 1: Articles of Incorporation.....	48
Appendix 2: Rules of Procedure for Shareholders’ Meetings.....	53
Appendix 3: Procedures for Acquisition or Disposal of Assets.....	61
Appendix 4: Sustainable Development Best Practice Principles.....	82
Appendix 5: Shareholdings of All Directors.....	90

M31 Technology Corporation

Procedure of 2022 Annual Shareholders' Meeting

1. Commencement of the Meeting
2. Chairman's Address
3. Report Items
4. Matters for Ratification
5. Matters for Discussion
6. Extemporay Motions
7. Adjournment

M31 Technology Corporation

Agenda of 2021 Annual Shareholders' Meeting

Time: 9:00 AM (Thursday) May 26, 2022

Place: Banquet Hall, 2F., No.3 Tai-Yuan 1st Street, Zhubei City, Hsinchu County, Taiwan.

Meeting type: Physical shareholders' meeting

Chairman: Dr. Huey-Ling Chen, Chairman of the Board

1. Commencement of the Meeting (announce the number of shares in attendance)
2. Chairman's Address
3. Report Items
 - (1) 2021 Business Report.
 - (2) Audit Committee's Review Report and communication with the audit supervisor.
 - (3) Report the 2021 Remuneration of Directors and Distribution of Employee Compensation.
 - (4) Formulate "Sustainable Development Best Practice Principles."
4. Matters for Ratification
 - (1) 2021 Business Report and Financial Statements.
 - (2) 2021 Profit Distribution.
5. Matters for Discussion
 - (1) Amendments to the "Articles of Incorporation".
 - (2) Amendments to the "Procedures for Acquisition or Disposal of Assets"
 - (3) The manner and content of the issuance of common shares by public offering or private placement for cash capital increase.
 - (4) Proposal of Removing the Prohibition on Current Directors from Participation in Competitive Business.
6. Extemporary Motions
7. Adjournment

Report Items

Report No. 1 Proposed by the Board of Directors
Subject : 2021 Business Report.
Explanation : Please refer to the 2021 Business report (Attachment 1, pages 8 to 12).

Report No. 2 Proposed by the Board of Directors
Subject : Audit Committee's Review Report and communication with the audit supervisor.
Explanation : 1. Please refer to the Audit Committee's Review Report of 2021 (Attachment 2, page 13).
2. The Company's independent directors have good communication with the head of internal audit, mainly through the following three approaches:
(1) The head of internal audit sends the audit report to the independent directors by email every month, and the independent directors communicate with each other by phone or email regarding the audit report.
(2) At least once a quarter, the head of internal audit will report and explain the implementation of the audit plan and significant audit findings to the Audit Committee, and discuss and communicate directly with the independent directors face-to-face.
(3) The independent directors recommend the head of internal audit to evaluate and audit the higher risk items in the audit committee, board of directors' meetings or meetings without the Company's management.

Report No. 3 Proposed by the Board of Directors
Subject : Report the 2021 Remuneration of Directors and Distribution of Employee Compensation.
Explanation : 1. According to Article 23 of the Company's Articles of Incorporation "If there is any pre-tax profit, no less than 1% of the profit shall be distributed to eligible employees, and no more than 1.5% of the profit as remuneration to directors. If there are accumulated losses, the pre-tax profit should be reserved to offset the accumulated losses".
2. As approved by the board of directors' meeting on February 24, 2022, the total amount of 1.22% contribution to directors' remuneration was NT\$3,680,000 and the total amount of 1.22% contribution to employees' compensation was NT\$3,680,000, both of which were paid in cash for the year 2021.
3. Directors' remuneration policy, content and amount of individual compensation
The remuneration policy of the Company's directors is in accordance with the Company's Articles of Incorporation. The remuneration of the Company's directors is based on their participation in the Company's operations and the value of their contributions, and is determined by the Board of Directors' meeting with reference to industry standards.
The Company's Articles of Incorporation also stipulate that the remuneration of the Company's directors shall be no more than 1.5% of the Company's profit. In the event that the Company makes a profit in its annual accounts, the

remuneration of the Company's directors will be based on the results of the Company's operations and individual directors' evaluations, which will be reviewed by the Remuneration Committee and approved by the Board of Directors. In FY2021, the directors' self-assessment scored 90% or more, i.e., "exceeded the standard", therefore, the directors' remuneration is distributed according to the company's profitability during their term of office. The amount allocated to each director and independent director received NT\$560,000, except for the Chairman, Ms. Huey-Ling Chen, who received NT\$320,000.

12/31/2021 Unit : NT\$ thousands ; %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C-D+E+F+G) to Net Income (%)		Remuneration Paid to Directors from Non-consolidated Affiliates or Parent Company	
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) (Note1)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)					
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements				
Chairman	Huey-Ling Chen (Note 2)	1,435	1,435	4	4	320	320	6	6	0.70	0.70	-	-	-	-	-	-	-	0.70	0.70	-
Chairman	Hsiao-Ping Lin (Note 2)	-	-	-	-	-	-	-	-	-	-	63	63	-	-	-	-	-	0.02	0.02	-
Director	Yuan-Hsun Chang	-	-	-	-	560	560	14	14	0.23	0.23	5,136	5,136	40	40	-	-	-	2.28	2.28	-
Director	Tsung-Hsi Ko	-	-	-	-	560	560	12	12	0.23	0.23	-	-	-	-	-	-	-	0.23	0.23	-
Director	Li-Kuo Liu	-	-	-	-	560	560	10	10	0.23	0.23	-	-	-	-	-	-	-	0.23	0.23	-
Independent Director	Jun-Ji Lin	-	-	-	-	560	560	10	10	0.23	0.23	-	-	-	-	-	-	-	0.23	0.23	-
Independent Director	Ching-Te Chuang	-	-	-	-	560	560	0	0	0.23	0.23	-	-	-	-	-	-	-	0.23	0.23	-
Independent Director	Shih-Ying Huang	-	-	-	-	560	560	12	12	0.23	0.23	-	-	-	-	-	-	-	0.23	0.23	-

1. Please describe the policy, system, standards and structure for the remuneration of independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks, and time commitment: The remuneration of independent directors shall be set at no more than 1.5% of the Company's profits in accordance with Article 23 of the Company's Articles of Incorporation. If the Company makes a profit in its annual accounts, the remuneration of the Company's directors shall be approved by the Board of Directors after consideration by the Remuneration Committee based on the results of the Company's operations and the evaluation of individual directors.

2. In addition to the above table, the remuneration received by the Company's directors for services rendered to all companies in the financial statements (e.g., serving as consultants to non-employees) in the most recent year: None.

Note 1: This column represents the remuneration of directors approved by the Board of Directors on February 24, 2022.

Note 2: Chairman Hsiao-Ping Lin passed away on January 9, 2021 and was succeeded by Director Yuan-Hsun Chang on January 19, 2021. Chairman Yuan-Hsun Chang resigned on August 5, 2021 and was succeeded by new director Ms. Huey-Ling Chen.

Report No. 4

Proposed by the Board of Directors

Subject : Formulate "Sustainable Development Best Practice Principles"

Explanation : 1. With reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", the Company's "Sustainable Development Best Practice Principles" was formulated and the Company's "Corporate Social Responsibility Practice Principles" was abolished.
2. Please refer to Appendix IV(pages 82 to 89) for the contents of the Company's "Sustainable Development Best Practice Principles".

Matters for Ratification

Proposal No. 1

Proposed by the Board of Directors

Subject : 2021 Business Report and Financial Statements.

Explanation : 1. The Business Report of 2021, Consolidated and Parent Company Only Financial Statements (including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows) have been approved by the twelfth Meeting of the Board of Directors of the Fourth Term.

2. The preceding mentioned Consolidated and Parent Company Only Financial Statements audited by the certified public accountants Yu-Feng Huang and Mei-Chen Tsai of Deloitte & Touche with the proposed audit report.

3. The preceding mentioned Business Report, Consolidated and Parent Company Only Financial Statements had been submitted to the Audit Committee for review, and the review report was issued accordingly.

4. Please refer to the 2021 Business Report (Attachment 1, pages 8 to 12), Independent Auditors' Report and Financial Statements (Attachments 3&4, pages 14 to 31).

Resolution

Proposal No. 2

Proposed by the Board of Directors

Subject : 2021 Profit Distribution.

Explanation : 1. The proposed distribution of profit is to distribute distributable earnings for the year 2021 in the amount of NT\$197,782,200 (NT\$6.3 per share) and to distribute all cash dividends to shareholders. (The cash dividend is calculated based on the number of outstanding ordinary shares of 31,394,000 as of February 22, 2022, and the total amount to be distributed to each shareholder is calculated up to NT\$1, any cash dividends less than NT\$1 will be transferred to the Employee Benefit Committee of the Company).

2. The preceding mentioned distribution of cash dividends is proposed to be authorized to the Board of Directors by the Annual Shareholders' Meeting to set the ex-dividend date.

3. If the total number of outstanding shares of the Company is subsequently affected for any reason, the Chairman is authorized to adjust the distribution ratio based on the actual number of outstanding shares of the Company on the date of dividend distribution in accordance with the total amount of earnings to be distributed at the shareholders' meeting.

4. Please refer to the proposed 2021 Statement of Profit Distribution (Attachment 5, page 32).

Resolution :

Matters for Discussion

Proposal No. 1 Proposed by the Board of Directors
Subject : Amendment to the "Articles of Incorporation".
Explanation : In order to meet the current laws and regulations and the actual needs of the Company, some provisions of the Company's "Articles of Incorporation" have been amended, please refer to Attachment 6 (pages 33 to 35).
Resolution :

Proposal No. 2 Proposed by the Board of Directors
Subject : Amendment to the "Procedures for Acquisition or Disposal of Assets".
Explanation : In order to meet with the changes in laws and regulations and the actual needs of the Company, some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets" have been amended, please refer to Attachment 7 (pages 36 to 44).
Resolution :

Proposal No. 3 Proposed by the Board of Directors
Subject : The manner and content of the issuance of common shares by public offering or private placement for cash capital increase.
Explanation : 1. In order to invest in the research and development of advanced and high-end technologies, to increase operating capital, and to seek opportunities for technology cooperation or strategic alliances with domestic and foreign manufacturers, the Company intends to issue 3,000 thousand ordinary shares by public offering or private placement for cash capital increase, please refer to the relevant operations and contents (Attachment 8 pages 45 to 47).
2. This cash capital increase and issuance of ordinary shares shall be submitted to the shareholders' meeting for approval and the board of directors shall be authorized to handle relevant operations in accordance with the results of the resolution within one year.
Resolution :

Proposal No. 4 Proposed by the Board of Directors
Subject : Proposal of Removing the Prohibition on Current Directors from Participation in Competitive Business..
Explanation : 1. In accordance with Article 209 of the Company Act, "A director who performs acts for himself/ herself or for others within the scope of the company's business shall explain to the shareholders' meeting the material content of his/her acts and obtain such approval."
2. In order to leverage the expertise and relevant experience of the Company's directors, it is intended that the shareholders' meeting approve the proposal of removing the prohibition on current directors from participation in competitive business as follows:

Directors (including independent directors) Name	Part-time Job Title in Other Companies (Institutions)
Shih-Ying Huang	<ul style="list-style-type: none"> - Independent Director of CREATIVE SENSOR INC. - Independent Director of ALLIANCE MATERIAL CO., LTD.

Resolution :

Extemporary Motions

Adjournment

M31 Technology Corporation

Business Report

Dear Shareholders,

We would like to thank our shareholders for their long term support and care for M31 Technology. We would like to report on the results of operations for FY2021 and a summary of the business plan for FY2022.

1. FY2021 Operating Results

1.1 Business Plan Implementation Results

- (1) Operating revenue for the year was NT\$1,011,879 thousand, an annual increase of 3.15% compared to the operating revenue of NT\$981,016 thousand in 2020. The gross profit margin for both years was 100%. 84.89% of the revenue from technical services and 15.11% of the revenue from royalties were generated in FY2021; the royalty income increased compared to 2020.
- (2) Net income after tax was NT\$252,637 thousand, with a net profit margin of 24.97%, an annual decrease of 21.60% compared to the net income after tax of NT\$322,248 thousand in 2020, the increase in operating expenses was mainly due to the growth in the number of employees and the relocation of the company's headquarter; earnings per share for FY 2021 was NT\$8.12.

1.2 Financial Budget: M31 did not prepare the annual financial projection for the year 2021.

1.3 Analysis of financial income and profitability

Year		FY 2022	FY 2021	Difference
Item				
Financial Income and Expenses (NTD in Thousands)	Net cash generated from operating activities	224,520	385,631	-161,111
	Net cash used in investing activities	(313,779)	(145,322)	-168,457
	Net cash used in financing activities	(133,808)	(291,836)	158,028
Profitability (%)	Return on Assets	13.76	19.21	-28.37%
	Return on Equity	16.34	21.84	-25.18%
	Net income before tax as a percentage of paid-in capital	92.88	120.21	-22.74%
	Net profit ratio	24.97	32.85	-23.99%
	Earnings per share (NT\$)	8.12	10.34	-21.47%

Due to the growth in the number of employees and the relocation of the company's headquarters, M31's financial income decreased in FY 2021 compared to FY 2020 and its profitability also decreased compared to FY 2020.

1.4 Research and development

With the rapid development of chip design complexity and interface integration using advanced processes, this year M31's research and development has not only been deeply rooted in two major product lines for many years, but also launched IP integration services for the first time this year, making the overall IP technology layout to be more complete, which will provide customers with more diversified selections and technology services, and continuously expand the penetration of M31's IP in various chip design platforms:

- **Functional IP:** M31 has two existing categories: the high-speed interface IP and analog IP. Among the high-speed interface IP, PCIe, USB, MIPI, SerDes PHY have been developed on a series of 7nm, 12nm, 16nm, 22nm and 28nm advanced process platforms, the first 4nm/5nm of eUSB2 PHY has been launched this year, and has been certified and adopted by the US major manufacturers. The latest high-end versions of USB4.0, PCIe5.0, MIPI C/D-PHY Combo TX/RX have also completed the design phase; overall, the layout of high-speed transmission interface IP in advanced processes and high-end applications has gradually become more mature and complete. Besides, analog IP, including PLL, ADC, VDT, Temperature Sensor, POR, etc. have been completed 12nm/16nm and 22nm/28nm designs, and moving into the development of advanced process below 7nm. Functional IP products are used in various applications, such as automotive electronics, artificial intelligence, edge computing, network communication, cloud storage, Internet of Things, wearable devices, etc.
- **Foundation IP :** Currently, M31 has three types of libraries: Standard Cell Library, Memory Compiler, and General Purpose Input/ Output Library (GPIO).With TSMC's process platform this year, M31 has completed special process of 40nm embedded Flash for automotive/industrial microcontrollers, and 55nm BCD and 90nm BCD for power management ICs.In addition to the special process, M31 has also completed a variety of foundation IP for 12nm/16nm and 22nm/28nm logic processes to meet customers' various customization needs.In addition to TSMC's process platform, Foundation IP has also developed new process platforms in the U.S. and China foundries, and has developed special process 28nm high-voltage OLED driver ICs at GF (GlobalFoundries) and 55nm embedded Flash process for automotive/industrial microcontrollers at HHGrace this year.
- **IP Integration Services :** The first IP integration service launched this year has successfully developed Arm processor IP for machine learning and artificial intelligence applications, including the Arm Cortex® -M55 processor and Arm Ethos™-U55 (NPU), optimizing the implementation of on-chip processor IP cores. The M31 Optimized PPA library, a series of optimized design kits based on Arm architecture processors, includes custom high-speed and ultra-low leakage memory instances and optimized cell libraries to help advanced processor cores achieve maximum performance, reduce area, and minimize power consumption. At the same time, the self-integration time can be reduced by 50% of self-integration time to meet the different artificial intelligence applications extended by wearable devices, home appliances and even high-end mobile phones.

By the end of 2021, M31 has developed more than 470 sets of Foundation IP and over 210 sets of high-speed interface IP and analog IP, about half of which are for TSMC process platforms and 1/3 of which are for 28nm and below advanced process technologies.

2. Business Plan Outline for 2022

2.1 Current Year's Operating Policy

As the development of global high-speed computing (HPC) applications continues to accelerate, the data transmission speed of 5G networks can reach 50 to 100 times the speed of 4G networks, and the fast transmission speed and low latency create a reliable network environment for the goal of the Internet of Everything. Once tens of billions of terminal devices are connected to the network, the massive amount of data generated will require artificial intelligence to transform the data into meaningful information. In order to speed up information processing efficiency and create more applications for the data, a new computing layer will be added between cloud computing and IoT terminal devices in the future, which is called edge computing. Through edge computing, it is not necessary to transfer every data to the cloud for calculation and then give instructions to the device. Therefore, the real-time data processing is better, the power consumption is relatively low, and the size of the chip is small, which helps to develop more IoT products that can be used in various environments. In this era of 5G+AI+IoT big data, "high-speed transmission interface IP", which helps improve the performance of HPC computing, will become more and more important in the industry. In response to the expanding applications in the high-speed transmission market, M31 will continue to deploy more advanced process IP to upgrade the transmission interface while reducing overall chipset power consumption and space, and to provide more diverse products and services, by deepening cooperation with strategic partners to expand IP market share and actively developing physical IP with major foundries and IC design houses around the world. M31 will continue to provide high-performance silicon solutions to the global semiconductor industry and maintain our technological leadership while continuously providing new revenue growth. Despite the continuous improvement of the base period, M31's revenue outlook for 2022 will continue to maintain its operating target of positive growth.

2.2 Growth and Sales Expectation

The future of semiconductor industry is driven by 5G, AI, high-speed computing, etc. The development trend is based on big data. According to the market research report, the global IP market will grow at a CAGR (compound annual growth rate) of 11%, and the CAGR of high-speed transmission interface is as high as 19%. M31 Technology continues to focus on the industry trend of high frequency and high speed, advanced process technology and leading edge technology in R&D and sales. With more complete product layout and improved product performance, the overall sales volume and value are expected to exceed 2021 in 2022, and the annual growth continues to rise.

2.3 Production and Marketing

M31 Technology's main markets are Mainland China, the United States, and Taiwan. However, the IP needs of customers in these three regions are slightly different.

Mainland China: Semiconductor is a national strategic industry, including IC production and design. New foundries and IC design companies are rapidly increasing, with a wide range of end products covering high, medium, and low end applications. China's wafer production capacity continues to grow, and newly developed process platforms are adding momentum to the demand for fundamental IP. In addition to the demand for advanced logic process high-speed transmission for CPU, cloud data center, AI, 5G Station, etc., there is also a huge market for special process power management ICs, display driver ICs, microcontroller ICs, image sensors, power components, analog ICs, etc. In addition, the demand for automotive applications continues to drive mature special process orders from local Chinese manufacturers. The overall design and marketing strategy belongs to a comprehensive IP product layout.

United States : Most of the customer's IP needs have entered high-end applications, such as mobile computing, artificial intelligence, automotive electronics, high-end storage, cloud servers, etc. The marketing strategy focuses on products and services with advanced manufacturing processes and high-speed computing transmission, helping customers to take full advantage of M31's advanced technology with significant improvements in power consumption, performance, and area to accelerate product differentiation and innovation.

Taiwan : In addition to TSMC's fundamental IP development on new process platforms, most of Taiwan's IC design products are consumer electronics, with logical process technologies targeted at 12nm/16nm, 22nm/28nm, and 40nm, while mature processes above 28nm focus on special applications, targeting automotive, Internet of Things, fingerprint recognition, and wireless charging. In terms of special processes, the IP developed for HV process is used for LCD, LED, and OLED driver ICs, BCD process is used for power management ICs, and eFlash process is used for microcontroller ICs, which are important application markets for Taiwan design houses. Technology is not necessarily the biggest difference in the marketing strategies of Taiwan's consumer IC design houses. The key is how to understanding customer needs, customizing services, and designing IP products that customers need in a short period of time.

3. Future Development Strategies

The overall development strategy can be broken down into breadth, depth, and integration:

- Breadth

Expanding product lines and services to meet the diverse needs of different chip designers, M31 will increase the market share of our IP products and facilitate the development of

new markets. Whether it is Interface IP, Memory IP, or Analog IP, M31 will develop and design new product lines with different types and specifications in response to market demands and trends. In addition, the company will utilize its existing resources to expand the scope and content of customized IP services, such as IP integration services, in order to create maximum benefits for both customers and M31.

- Depth

Continuing to advance to more advanced processes is a demonstration of R&D capability, especially for physical IP, and the integration with fab process technology is an indicator of competitiveness and profitability. Below 7nm (7nm, 5nm, 4nm, and 3nm) is the new blue ocean market for chip leaders; 12nm to 16nm is an important technology platform for high speed computing applications; 22nm and 28nm are the manufacturing processes that optimize the cost and performance of mid-range and high-end consumer ICs. On these three process technology platforms, M31 will focus on developing a complete IP layout, which is the focus of M31's future medium and long-term growth.

- Integration

M31 currently focuses on four types of IP products (Foundation IP, Interface IP, Memory IP, and Analog IP), and with the progress of the development of various products, the logic process of 22nm and 28nm have been designed and validated, and the Platform IP that can integrate various IP solutions has been formed. In addition to providing customers with multiple choices and convenience, M31 IP will also increase the penetration rate within customers' IC products. In the future, M31 will continue to build more sets of Platform IP for more advanced processes (12nm and 16nm) to integrate a more complete IP portfolio, and through the launch of IP integration services, customers can focus on chip design differentiation and system level integration. M31 will provide one-stop service and package sales for different IP products in the three process technology platforms of sub-7nm advanced process, IP 12nm/16nm and 22nm/28nm to help customers' IC products have more competitive advantages in terms of performance and cost performance, and the integration of different IP products to create Platform IP will have a multiplier effect, adding to M31's overall business performance.

4. External Competitive, Regulatory, and Overall Business Environment.

In order to enhance our overall competitiveness, M31 is committed to differentiate its basic product specifications, product and service quality, expand its product line and service content, and actively enhance its international brand image to meet the competition and challenges from international manufacturers. On the other hand, M31 complies with the relevant laws and regulations for listed companies and pays attention to the operational risks arising from interest rates and exchange rates in order to create maximum benefits for shareholders.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, financial statements, and proposal for distribution of profits. The CPA firm of Deloitte & Touche was retained to audit M31's financial statements (Consolidated and Parent Company Only) and has issued an audit report relating to the financial statements. The business report, financial statements, and profit distribution proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

M31 Technology Corporation

Chairman of the Audit Committee: Shih-Ying Huang

February 24, 2022

DELOITTE

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

M31 Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of M31 Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Group's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 10, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of

technical service revenue:

1. Understand the design and operating effectiveness of the Group's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2021, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

Other Matter

We have also audited the parent company only financial statements of M31 Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 307,421	16	\$ 527,760	30
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	416,743	22	444,616	25
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	227,840	13
Accounts receivable (Notes 4, 5, 10 and 21)	319,072	16	254,612	15
Other receivables	1,302	-	95	-
Current tax assets (Notes 4 and 23)	46,501	2	41,567	2
Prepayments (Note 15)	32,411	2	15,816	1
Other current assets (Notes 15 and 30)	8,739	-	8,475	1
Total current assets	<u>1,132,189</u>	<u>58</u>	<u>1,520,781</u>	<u>87</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	7,487	-	28,000	2
Financial assets at amortized cost - non-current (Notes 4 and 9)	106,422	6	-	-
Property, plant and equipment (Notes 4, 12 and 30)	674,452	35	175,035	10
Right-of-use assets (Notes 4 and 13)	1,110	-	4,186	-
Intangible assets (Notes 4 and 14)	7,640	1	7,775	-
Deferred tax assets (Notes 4 and 23)	5,672	-	7,867	-
Other non-current assets (Note 15)	1,723	-	13,118	1
Total non-current assets	<u>804,506</u>	<u>42</u>	<u>235,981</u>	<u>13</u>
TOTAL	<u>\$ 1,936,695</u>	<u>100</u>	<u>\$ 1,756,762</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 89,002	5	\$ 90,167	5
Accounts payable (Note 17)	5,606	-	3,085	-
Other payables (Note 18)	131,485	7	114,637	7
Current tax liabilities (Notes 4 and 23)	20,302	1	28,861	2
Lease liabilities - current (Notes 4 and 13)	1,065	-	3,074	-
Long-term borrowings maturing within one year (Note 16)	5,821	-	-	-
Other current liabilities (Note 18)	16,339	1	6,809	-
Total current liabilities	<u>269,620</u>	<u>14</u>	<u>246,633</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	83,482	4	-	-
Lease liabilities - non-current (Notes 4 and 13)	-	-	1,095	-
Total non-current liabilities	<u>83,482</u>	<u>4</u>	<u>1,095</u>	<u>-</u>
Total liabilities	<u>353,102</u>	<u>18</u>	<u>247,728</u>	<u>14</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	316,060	16	313,180	18
Capital surplus	727,719	38	634,551	36
Retained earnings				
Legal reserve	125,647	6	92,583	6
Unappropriated earnings	514,477	27	493,824	28
Total retained earnings	640,124	33	586,407	34
Other equity	(52,246)	(3)	22,960	1
Treasury shares	(48,064)	(2)	(48,064)	(3)
Total equity	<u>1,583,593</u>	<u>82</u>	<u>1,509,034</u>	<u>86</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,936,695</u>	<u>100</u>	<u>\$ 1,756,762</u>	<u>100</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 1,011,879	100	\$ 981,016	100
GROSS PROFIT	1,011,879	100	981,016	100
OPERATING EXPENSES (Notes 14 and 22)				
Selling and marketing expenses	(53,713)	(5)	(50,918)	(6)
General and administrative expenses	(99,678)	(10)	(89,343)	(9)
Research and development expenses	(541,929)	(54)	(420,785)	(43)
Expected credit loss (Note 10)	(3,665)	-	(1,725)	-
Total operating expenses	(698,985)	(69)	(562,771)	(58)
OPERATING INCOME	312,894	31	418,245	42
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	1,399	-	6,844	1
Other income (Notes 4 and 22)	1,811	-	1,075	-
Other gains and losses (Notes 4 and 22)	(20,620)	(2)	(49,554)	(5)
Finance costs (Note 22)	(1,926)	-	(132)	-
Total non-operating income and expenses	(19,336)	(2)	(41,767)	(4)
PROFIT BEFORE INCOME TAX	293,558	29	376,478	38
INCOME TAX EXPENSE (Notes 4 and 23)	(40,921)	(4)	(54,230)	(5)
NET PROFIT FOR THE YEAR	252,637	25	322,248	33

(Continued)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income(Note 20)	\$ 32,972	3	\$ 28,703	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 20)	(417)	-	(671)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 20 and 23)	83	-	134	-
	(334)	-	(537)	-
Other comprehensive income(loss) for the year, net of income tax	32,638	3	28,166	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 285,275</u>	<u>28</u>	<u>\$ 350,414</u>	<u>36</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 8.12</u>		<u>\$ 10.34</u>	
Diluted	<u>\$ 8.11</u>		<u>\$ 10.34</u>	

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings		Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value	Unearned Employee Benefits	Amount of Treasury Shares	Total Equity
	Shares (In Thousands)	Amount	Amount	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2020	31,318	\$ 313,180	\$ 61,727	\$ 428,928	\$ 634,551	\$ 61,727	\$ 428,928	(\$ 67)	\$ 3,250	\$ -	\$ -	\$ 1,441,569
Appropriations of 2019 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	30,856	(30,856)	-	30,856	(30,856)	-	-	-	-	-
Cash dividends	-	-	-	(234,885)	-	-	(234,885)	-	-	-	-	(234,885)
Net profit for the year ended December 31, 2020	-	-	-	322,248	-	-	322,248	-	-	-	-	322,248
Other comprehensive income(loss) for the year ended December 31, 2020, net of income tax (Note 20)	-	-	-	-	-	-	-	(537)	28,703	-	-	28,166
Total comprehensive income(loss) for the year ended December 31, 2020	-	-	-	322,248	-	-	322,248	(537)	28,703	-	-	350,414
Buy-back of treasury shares (Note 20)	-	-	-	-	-	-	-	-	-	-	(48,064)	(48,064)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	8,389	-	-	8,389	-	(8,389)	-	-	-
BALANCE AT DECEMBER 31, 2020	31,318	313,180	92,583	493,824	634,551	92,583	493,824	(604)	23,564	-	(48,064)	1,509,034
Appropriations of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	33,064	(33,064)	-	33,064	(33,064)	-	-	-	-	-
Cash dividends	-	-	-	(248,856)	-	-	(248,856)	-	-	-	-	(248,856)
Net profit for the year ended December 31, 2021	-	-	-	252,637	-	-	252,637	-	-	-	-	252,637
Other comprehensive income(loss) for the year ended December 31, 2021, net of income tax (Note 20)	-	-	-	-	-	-	-	(334)	32,972	-	-	32,638
Total comprehensive income(loss) for the year ended December 31, 2021	-	-	-	252,637	-	-	252,637	(334)	32,972	-	-	285,275
Issuance of employee restricted shares	288	2,880	-	-	93,168	-	-	-	-	(67,248)	-	28,800
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	-	9,340	-	9,340
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	49,936	-	-	49,936	-	(49,936)	-	-	-
BALANCE AT DECEMBER 31, 2021	31,606	\$ 316,060	\$ 125,647	\$ 514,477	\$ 727,719	\$ 125,647	\$ 514,477	(\$ 938)	\$ 6,600	(\$ 57,908)	(\$ 48,064)	\$ 1,583,592

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 293,558	\$ 376,478
Adjustments for:		
Depreciation expenses	36,689	39,382
Amortization expenses	3,686	2,783
Expected credit loss	3,665	1,725
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,293)	(1,548)
Finance costs	1,926	132
Interest income	(1,399)	(6,844)
Compensation cost of employee restricted shares	9,340	-
Loss(gain) on disposal of property, plant and equipment	3,479	(867)
Unrealized (gain)loss on foreign currency exchange	(14,861)	20,770
Changes in operating assets and liabilities		
Accounts receivable	(67,364)	(75,988)
Other receivables	(1,277)	387
Prepayments	(16,595)	1,734
Other current assets	(7,827)	(3)
Contract liabilities	(1,165)	62,636
Accounts payable	2,480	992
Other payables	24,651	18,444
Other current liabilities	9,474	1,195
Cash generated from operations	277,167	441,408
Interest received	1,399	6,844
Interest paid	(1,910)	(132)
Income tax paid	(52,136)	(62,489)
Net cash generated from operating activities	<u>224,520</u>	<u>385,631</u>

(Continued)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	\$ 53,485	\$ 10,053
Acquisition of financial assets at amortized cost	(108,818)	(484,850)
Disposal of financial assets at amortized cost	241,370	318,760
Acquisition of financial assets at fair value through profit or loss	(490,664)	(415,000)
Disposal of financial assets at fair value through profit or loss	519,830	476,799
Acquisition of property, plant and equipment	(531,379)	(30,141)
Disposal of property, plant and equipment	10	867
Decrease (Increase) in refundable deposits	7,563	(97)
Acquisition of intangible assets	(3,551)	(8,211)
Increase in other finance assets	-	(484)
Increase in prepayments for equipment	(<u>1,625</u>)	(<u>13,018</u>)
Net cash used in investing activities	(<u>313,779</u>)	(<u>145,322</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowings	300,000	-
Repayment of long-term borrowings	(210,697)	-
Repayment of the principal portion of lease liabilities	(3,055)	(8,887)
Dividends paid	(248,856)	(234,885)
Payment for buy-back of treasury shares	-	(48,064)
Issuance of employee restricted shares	<u>28,800</u>	<u>-</u>
Net cash used in financing activities	(<u>133,808</u>)	(<u>291,836</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>2,728</u>	(<u>10,268</u>)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(220,339)	(61,795)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>527,760</u>	<u>589,555</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 307,421</u>	<u>\$ 527,760</u>

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

DELOITTE

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

M31 Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of M31 Technology Corporation (the "Company"), which comprise the parent company only balance sheet as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statement, 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 of December 31, 2021 and 2020, and the parent company only financial performance and the 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The 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 parent company only financial statements for the year ended December 31, 2021. 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, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2021 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Company's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 10, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Company's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2021, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report

to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Huang and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY BALANCE SHEETS**

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 294,591	15	\$ 503,171	29
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	416,743	22	444,616	25
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	227,840	13
Accounts receivable (Notes 4, 5, 10 and 21)	260,406	13	176,919	10
Accounts receivable - related parties (Notes 4, 21 and 29)	56,652	3	86,850	5
Other receivables (Note 29)	1,278	-	89	-
Current tax assets (Notes 4 and 23)	46,416	2	41,393	2
Prepayments (Note 15)	32,298	2	15,700	1
Other current assets (Notes 15 and 30)	8,739	1	8,508	1
Total current assets	<u>1,117,123</u>	<u>58</u>	<u>1,505,086</u>	<u>86</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	7,487	-	28,000	2
Financial assets at amortized cost - non-current (Notes 4 and 9)	106,422	6	-	-
Investments accounted for using the equity method (Notes 4 and 11)	16,427	1	16,100	1
Property, plant and equipment (Notes 4, 12 and 30)	674,430	35	174,986	10
Right-of-use assets (Notes 4 and 13)	-	-	1,902	-
Intangible assets (Notes 4 and 14)	7,640	-	7,775	-
Deferred tax assets (Notes 4 and 23)	5,672	-	7,867	-
Other non-current assets (Note 15)	1,625	-	13,018	1
Total non-current assets	<u>819,703</u>	<u>42</u>	<u>249,648</u>	<u>14</u>
TOTAL	<u>\$ 1,936,826</u>	<u>100</u>	<u>\$ 1,754,734</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 89,002	5	\$ 90,167	5
Accounts payable (Note 17)	5,606	-	3,085	-
Other payables (Note 18)	131,485	7	113,498	7
Other payables - related parties (Note 29)	1,196	-	1,347	-
Current tax liabilities (Notes 4 and 23)	20,302	1	28,861	2
Lease liabilities - current (Notes 4 and 13)	-	-	1,933	-
Long-term borrowings maturing within one year (Note 16)	5,821	-	-	-
Other current liabilities (Note 18)	16,339	1	6,809	-
Total current liabilities	<u>269,751</u>	<u>14</u>	<u>245,700</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	83,482	4	-	-
Total non-current liabilities	<u>83,482</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>353,233</u>	<u>18</u>	<u>245,700</u>	<u>14</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	316,060	16	313,180	18
Capital surplus	727,719	38	634,551	36
Retained earnings				
Legal reserve	125,647	6	92,583	6
Unappropriated earnings	514,477	27	493,824	28
Total retained earnings	640,124	33	586,407	34
Other equity	(52,246)	(3)	22,960	1
Treasury shares	(48,064)	(2)	(48,064)	(3)
Total equity	<u>1,583,593</u>	<u>82</u>	<u>1,509,034</u>	<u>86</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,936,826</u>	<u>100</u>	<u>\$ 1,754,734</u>	<u>100</u>

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

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,010,911	100	\$ 977,942	100
GROSS PROFIT	1,010,911	100	977,942	100
OPERATING EXPENSES (Notes 14, 22 and 29)				
Selling and marketing expenses	(54,194)	(5)	(49,776)	(5)
General and administrative expenses	(99,678)	(10)	(89,343)	(9)
Research and development expenses	(541,929)	(54)	(420,785)	(43)
Expected credit loss (Note 10)	(3,665)	-	(1,725)	(1)
Total operating expenses	(699,466)	(69)	(561,629)	(58)
OPERATING INCOME	311,445	31	416,313	42
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	1,376	-	6,802	1
Other income (Notes 4 and 22)	1,806	-	1,059	-
Other gains and losses (Notes 4 and 22)	(20,354)	(2)	(49,124)	(5)
Finance costs (Note 22)	(1,900)	-	(87)	-
Share of profit of subsidiaries (Note 4)	744	-	734	-
Total non-operating income and expenses	(18,328)	(2)	(40,616)	(4)
PROFIT BEFORE INCOME TAX	293,117	29	375,697	38
INCOME TAX EXPENSE (Notes 4 and 23)	(40,480)	(4)	(53,449)	(5)
NET PROFIT FOR THE YEAR	252,637	25	322,248	33

(Continued)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	\$ 32,972	3	\$ 28,703	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 20)	(417)	-	(671)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 20 and 23)	83	-	134	-
	(334)	-	(537)	-
Other comprehensive income(loss) for the year, net of income tax	32,638	3	28,166	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 285,275</u>	<u>28</u>	<u>\$ 350,414</u>	<u>36</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 8.12</u>		<u>\$ 10.34</u>	
Diluted	<u>\$ 8.11</u>		<u>\$ 10.34</u>	

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

M31 TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Unappropriated Earnings	Exchange Difference on Transferring the Financial Statements of Foreign Operations (\$ 67)	Other Equity			Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings			Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Amount of Treasury Shares	
BALANCE AT JANUARY 1, 2020	31,318	\$ 315,180	\$ 634,551	\$ 81,727	\$ 428,928			\$ 3,250		\$ -	\$ 1,441,569
Appropriations of 2019 earnings	-	-	-	30,856	(30,856)			-		-	-
Legal reserve	-	-	-	-	(234,885)			-		-	(234,885)
Cash dividends	-	-	-	-	322,248			-		-	322,248
Net profit for the year ended December 31, 2020	-	-	-	-	-		(537)	28,703		-	28,166
Other comprehensive income/(loss) for the year ended December 31, 2020, net of income tax (Note 20)	-	-	-	-	-		(537)	28,703		-	350,414
Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	-		-	-		-	(48,064)
Buy-back of treasury shares (Note 20)	-	-	-	-	-		-	-		(48,064)	(48,064)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	8,382			(8,382)		-	-
BALANCE AT DECEMBER 31, 2020	31,318	313,180	634,551	92,583	493,824	(604)	23,564	-	(48,064)	-	1,509,034
Appropriations of 2020 earnings	-	-	-	33,064	(33,064)			-		-	-
Legal reserve	-	-	-	-	(248,856)			-		-	(248,856)
Cash dividends	-	-	-	-	252,637			-		-	252,637
Net profit for the year ended December 31, 2021	-	-	-	-	-		(334)	32,972		-	32,638
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax (Note 20)	-	-	-	-	-		(334)	32,972		-	285,275
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-		-	-		(67,248)	28,800
Issuance of employee restricted shares	288	2,880	93,168	-	-		-	-		9,340	9,340
Compensation cost of employee restricted shares	-	-	-	-	-		-	-		-	-
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	40,936			(40,936)		-	-
BALANCE AT DECEMBER 31, 2021	31,606	\$ 316,060	\$ 727,719	\$ 125,647	\$ 514,477	(938)	\$ 6,600	(\$ 57,908)	(\$ 48,064)	-	\$ 1,583,593

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

M31 TECHNOLOGY CORPORATION**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 293,117	\$ 375,697
Adjustments for:		
Depreciation expenses	35,541	38,114
Amortization expenses	3,686	2,783
Expected credit loss	3,665	1,725
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,293)	(1,548)
Finance costs	1,900	87
Interest income	(1,376)	(6,802)
Compensation cost of employee restricted shares	9,340	-
Share of profit of subsidiaries	(744)	(734)
Loss(gain) on disposal of property, plant and equipment	3,479	(867)
Unrealized (gain)loss on foreign currency exchange	(15,126)	21,512
Changes in operating assets and liabilities		
Accounts receivable	(86,391)	1,373
Accounts receivable - related parties	30,463	(83,013)
Other receivables	(1,259)	393
Prepayments	(16,598)	1,443
Other current assets	(7,794)	(36)
Contract liabilities	(1,165)	62,636
Accounts payable	2,480	992
Other payables	25,790	17,348
Other payables - related parties	(151)	71
Other current liabilities	9,474	1,195
Cash generated from operations	287,038	432,369
Interest received	1,376	6,802
Interest paid	(1,884)	(87)
Income tax paid	(51,784)	(61,534)
Net cash generated from operating activities	<u>234,746</u>	<u>377,550</u>

(Continued)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	\$ 53,485	\$ 10,053
Acquisition of financial assets at amortized cost	(108,818)	(484,850)
Disposal of financial assets at amortized cost	241,370	318,760
Acquisition of financial assets at fair value through profit or loss	(490,664)	(415,000)
Disposal of financial assets at fair value through profit or loss	519,830	476,799
Acquisition of property, plant and equipment	(531,379)	(30,141)
Disposal of property, plant and equipment	10	867
Decrease (Increase) in refundable deposits	7,563	(156)
Acquisition of intangible assets	(3,551)	(8,211)
Increase in other finance assets	-	(484)
Increase in prepayments for equipment	(<u>1,625</u>)	(<u>13,018</u>)
Net cash used in investing activities	(<u>313,779</u>)	(<u>145,381</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowings	300,000	-
Repayment of long-term borrowings	(210,697)	-
Repayment of the principal portion of lease liabilities	(1,933)	(7,652)
Dividends paid	(248,856)	(234,885)
Payment for buy-back of treasury shares	-	(48,064)
Issuance of employee restricted shares	<u>28,800</u>	<u>-</u>
Net cash used in financing activities	(<u>132,686</u>)	(<u>290,601</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,139</u>	(<u>9,601</u>)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(208,580)	(68,033)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>503,171</u>	<u>571,204</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 294,591</u>	<u>\$ 503,171</u>

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

M31 Technology Corporation Statement of Profit Distribution

2021

Unit : NT\$

Amount

Beginning Balance of Unappropriated Retained Earnings	211,905,295
Add : Net Profit of 2021	252,637,404
Add : Disposal of investments in equity instruments at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings	49,935,740
Less : Legal Reserve Appropriated	(30,257,314)
Sub-total of distributable retained earnings	484,221,125
Distribution Item	
Shareholder Dividends –Cash (NT\$6.3 per Share)	(197,782,200)
Ending Balance of Unappropriated Retained Earnings	286,438,925

- Remarks: 1. According to the Rule No.871941343 issued by the Ministry of Finance on April 30, 1998, when distributing earnings, it shall be identified respectively; the earnings distributed in this year shall be those of the latest year, i.e., the earnings of the current year 2021.
2. Cash dividends of NT\$6.3 per share, based on 31,394,000 outstanding shares as of February 22, 2022 (31,606,000 issuance shares less 211,000 treasury shares and 1,000 shares withdrawn from new employee restricted shares). The total amount of cash dividends paid to each shareholder is rounded down to the nearest dollar, and any fractional balance less than NT\$ 1 shall be transferred to the Employee Benefits Committee.
3. The preceding mentioned distribution of cash dividends is proposed to be authorized to the Board of Directors by the Annual Shareholders' Meeting to set the ex-dividend date.
4. In the event that the total number of outstanding shares is affected for any reason, it is proposed to authorize the Chairman by the Annual Shareholders' Meeting to make any adjustment of the distribution ratio based on the actual number of outstanding shares as of the date of dividend distribution in accordance with the total amount of earnings to be distributed from the common stock.

M31 Technology Corporation
"Article of Incorporation"
Amendment Comparison Table

Original Article	Revised Article	Description
<p>Article 6 The total capital stock of the Company shall be in the amount of NT\$500,000,000, divided into 50,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments as required. A total of NT\$75,000,000 among the above total capital stock should be reserved for employee stock options, which may be issued in installments by resolution of the Board of Directors.</p>	<p>Article 6 The total capital stock of the Company shall be in the amount of NT\$500,000,000, divided into 50,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments as required. A total of NT\$75,000,000 among the above total capital stock should be reserved for employee stock options, which may be issued in installments by resolution of the Board of Directors.</p> <p><u>The Company's employee stock options are issued to employees, including employees of control and affiliated companies who meet certain criteria.</u></p> <p><u>When the Company issues new shares, the employees who acquire the shares include those who meet certain criteria for control and affiliated companies.</u></p> <p><u>The Company issued new Employee restricted shares to employees of control and subordinate companies who meet certain criteria.</u></p> <p><u>Treasury shares acquired by the Company in accordance with the law are transferred to employees of control and affiliated companies who meet certain criteria.</u></p>	<p>In accordance with Company Act Article 235-1, the Company may issue shares to employees of control and affiliated companies.</p>
	<p><u>Article 6-1</u> <u>The issuance of employee stock options with an exercise price lower than the closing price of the Company's ordinary shares on the date of issuance shall be subject to the approval of the shareholders' meeting with more than half of the shareholders representing the total number of outstanding shares and two-thirds of the shareholders' voting rights present.</u> <u>The transfer of shares of the Company's ordinary shares to employees at a price less than the average price at which the shares of the Company's ordinary shares were actually repurchased shall be approved by at least two-thirds of the voting rights of the shareholders present at the most recent shareholders' meeting representing more than half of the total number of outstanding shares.</u></p>	<p>The subscription price for additional employee stock options and treasury shares may be lower than the market price or the buyback price by resolution of the shareholders' meeting.</p>

Original Article	Revised Article	Description
<p>Article 9</p> <p>The shareholders' meetings of the Company are classified into two types. The annual meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.</p>	<p>Article 9</p> <p>The shareholders' meetings of the Company are classified into two types. The annual meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.</p> <p><u>The Company's shareholders' meetings may be held by video conference or by announcement of the central competent authority.</u></p>	<p>In accordance with the Company Act Article 172-2, the meeting method of shareholders' meetings has been added.</p>
<p>Article 24</p> <p>If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:</p> <ol style="list-style-type: none"> 1. Reserve for tax payments. 2. Offset accumulated losses, if any. 3. Legal reserve, which is 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. 4. <u>Allocation</u> or reverse of special reserves as required by law or government authorities. 5. The remaining net profits and retained earnings from previous years <u>will be allocated as shareholders' dividends. The Board will prepare a distribution proposal and submit it to the Shareholders' Meeting for review and approval by a resolution.</u> 	<p>Article 24</p> <p>If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:</p> <ol style="list-style-type: none"> 1. Reserve for tax payments. 2. Offset accumulated losses, if any. 3. Legal reserve, which is <u>set aside</u> 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. 4. <u>Set aside</u> or reverse of special reserves as required by law or government authorities. 5. The remaining net profits and retained earnings from previous years <u>shall be prepared by the Board for distribution of earnings. If the distribution is made in the form of new shares, it shall be submitted to the Shareholders' Meeting for a resolution, and if the distribution is made in the form of cash, the Board of Directors shall be authorized to resolve on the distribution in accordance with Article 240, Paragraph 5 of the Company Act and report to the shareholders' meeting.</u> <p><u>In accordance with Article 241 of the Company Act, the Company may issue all or part of the legal reserve and capital reserve to new shares or cash in proportion to the shareholders' original shares, and in the case of a cash payment, the Board is authorized to resolve the matter and report it to the shareholders' meeting.</u></p>	<p>In accordance with the Company Act Article 240, Paragraph 5 and Article 241 amended, add a provision regarding the authorization of the board's resolution for cash dividends; amend the description of the Company's dividend policy.</p>

Original Article	Revised Article	Description
<p>The <u>company</u> considers <u>that the current industry development is at a growth stage, and the dividend distribution policy is based on future funding needs and long-term financial planning. It will allocate no less than 2% of the distributable earnings in the preceding paragraph to distribute shareholder dividends, which can be done</u> in cash or stock. Cash dividends <u>shall not be lower</u> than 10% of total dividends <u>to shareholders</u>.</p>	<p><u>The Company's dividend policy considers the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial structure, and the Board prepares earnings distribution plans based on future funding needs and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the retained earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.</u></p>	
<p>Article 26 The Articles of Incorporation was established on October 5, 2011. The first amendment was made on January 13, 2012. The second amendment was made on March 13, 2012. The third amendment was made on April 17, 2012. The fourth amendment was made on March 25, 2013. The fifth amendment was made on June 25, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on May 9, 2017. The eighth amendment was made on May 24, 2018. The ninth amendment was made on November 13, 2018 The tenth amendment was made on August 5, 2021</p>	<p>Article 26 The Articles of Incorporation was established on October 5, 2011. The first amendment was made on January 13, 2012. The second amendment was made on March 13, 2012. The third amendment was made on April 17, 2012. The fourth amendment was made on March 25, 2013. The fifth amendment was made on June 25, 2014. The sixth amendment was made on June 28, 2016. The seventh amendment was made on May 9, 2017. The eighth amendment was made on May 24, 2018. The ninth amendment was made on November 13, 2018 The tenth amendment was made on August 5, 2021 <u>The eleventh amendment was made on May 26, 2022</u></p>	<p>Add the date and number of revisions.</p>

M31 Technology Corporation
"Procedures for Acquisition or Disposal of Assets"
Amendment Comparison Table

Original Article	Revised Article	Description
<p>Article 5 Professional appraisers and their officers, certified public accountants (CPA), attorneys, and securities underwriters that provide the company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>checking</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the working draft <u>of the case</u>. 	<p>Article 5 Professional appraisers and their officers, certified public accountants (CPA), attorneys, and securities underwriters that provide the company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the respective trade associations and the</u> following <u>matters</u>:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working <u>papers</u>. 	<p>In accordance with the revision of the Act, the external experts will be added to the self-regulatory regulations and amendments of each association.</p>

Original Article	Revised Article	Description
<p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	
<p>Article 6 Appraisal procedures The price of an asset acquired or disposed of by the Company shall be determined in accordance with and supporting reference materials as follows:</p> <p>1. Securities investment</p> <p>1.1. When acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price as follows:</p> <p>(1) When the securities are acquired or disposed of through stock exchange or over-the-counter market, shall be determined by the current market prices</p> <p>(2) In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter market shall be evaluated by its net value per share, profitability, potential of future growth, current market price, or by reference to current market interest rates, interest rates of bonds, and debtor's credit rating.</p> <p>1.2 If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices</p>	<p>Article 6 Appraisal procedures The price of an asset acquired or disposed of by the Company shall be determined in accordance with and supporting reference materials as follows:</p> <p>1. Securities investment</p> <p>1.1. When acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price as follows:</p> <p>(1) When the securities are acquired or disposed of through stock exchange or over-the-counter market, shall be determined by the current market prices</p> <p>(2) In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter market shall be evaluated by its net value per share, profitability, potential of future growth, current market price, or by reference to current market interest rates, interest rates of bonds, and debtor's credit rating.</p> <p>1.2 If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>This requirement does not apply, however, however, to publicly quoted</p>	<p>In accordance with the Act, Article 5 has been considered and updated to require that external experts should follow the self-regulatory standards of their respective professional societies in issuing opinions. It covers the procedures that accountants should follow in issuing opinions and hereby removes the text that accountants should follow the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation of the Republic</p>

Original Article	Revised Article	Description
<p>of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>1.3 The Company's transaction amount reaches the standard of the preceding paragraph and has one of the following circumstances, shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price:</p> <p>(1) In acquiring or disposing of securities which are not traded on any stock exchange or OTC market.</p> <p>(2) Acquiring or disposing privately placed securities.</p> <p>2. Real property and other fixed assets</p> <p>2.1 In acquiring or disposing of real property, shall take a reference to the government assessed value, appraised value, the actual transaction price of real property located in neighborhood; In acquiring or disposing of other fixed assets, shall collect relevant price information in advance and make it by one of the means of comparing the price, negotiating the price or call for tenders.</p> <p>2.2 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(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.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or</p>	<p>prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>1.3 The Company's transaction amount reaches the standard of the preceding paragraph and has one of the following circumstances, shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price:</p> <p>(1) In acquiring or disposing of securities which are not traded on any stock exchange or OTC market.</p> <p>(2) Acquiring or disposing privately placed securities.</p> <p>2. Real property and other fixed assets</p> <p>2.1 In acquiring or disposing of real property, shall take a reference to the government assessed value, appraised value, the actual transaction price of real property located in neighborhood; In acquiring or disposing of other fixed assets, shall collect relevant price information in advance and make it by one of the means of comparing the price, negotiating the price or call for tenders.</p> <p>2.2 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(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.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or</p>	<p>of China.</p>

Original Article	Revised Article	Description
<p>more professional appraisers shall be obtained.</p> <p>(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, <u>a CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(3.1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(3.2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(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.</p> <p>3. Membership, intangible assets or right-of-use assets</p> <p>3.1 In acquiring or disposing of memberships, shall collect relevant price information in advance and make it by one of the means of comparing the price or negotiating the price. In acquiring or disposing of intangible assets or right-to-use assets, shall also collect relevant price information in advance and carefully evaluate the contents of relevant laws and regulations and contracts to determine the transaction price.</p> <p>3.2 In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a CPA</p>	<p>more professional appraisers shall be obtained.</p> <p>(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, <u>the CPA shall be consulted to</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(3.1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(3.2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(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.</p> <p>3. Membership, intangible assets or right-of-use assets</p> <p>3.1 In acquiring or disposing of memberships, shall collect relevant price information in advance and make it by one of the means of comparing the price or negotiating the price. In acquiring or disposing of intangible assets or right-to-use assets, shall also collect relevant price information in advance and carefully evaluate the contents of relevant laws and regulations and contracts to determine the transaction price.</p> <p>3.2 In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government</p>	

Original Article	Revised Article	Description
<p>prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>4. The acquisition or disposal of derivatives shall be governed by the relevant provisions of Chapter II, Section III of these Regulations.</p> <p>5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law are subject to the relevant provisions of Chapter II, Section IV of these Regulations</p> <p>6. Claims of financial institutions or other major assets In acquiring or disposing of claims of financial institutions or other major assets, shall collect relevant price information in advance depending on the subject matter of the transaction assets and determine the transaction price after carefully evaluating the relevant laws and regulations and the contents of the contracts.</p> <p>7. 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.</p> <p>8. The calculation of the transaction amount for the acquisition or disposal of real property, other fixed assets, securities exchanges, intangible assets, right-of-use assets, and membership for which an expert's opinion is requested shall be in accordance paragraph 2 of Article 27, and the term of "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In term of the amounts that the appraisals from professional appraisers or opinions from CPA have been obtained pursuant to these procedures shall be exempted to be counted toward the transaction amount</p>	<p>agency, the company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>4. The acquisition or disposal of derivatives shall be governed by the relevant provisions of Chapter II, Section III of these Regulations.</p> <p>5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law are subject to the relevant provisions of Chapter II, Section IV of these Regulations</p> <p>6. Claims of financial institutions or other major assets In acquiring or disposing of claims of financial institutions or other major assets, shall collect relevant price information in advance depending on the subject matter of the transaction assets and determine the transaction price after carefully evaluating the relevant laws and regulations and the contents of the contracts.</p> <p>7. 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.</p> <p>8. The calculation of the transaction amount for the acquisition or disposal of real property, other fixed assets, securities exchanges, intangible assets, right-of-use assets, and membership for which an expert's opinion is requested shall be in accordance paragraph 2 of Article 27, and the term of "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In term of the amounts that the appraisals from professional appraisers or opinions from CPA have been obtained pursuant to these procedures shall be exempted to be counted toward the transaction amount.</p>	

Original Article		Revised Article		Description
Article 7				Amend the amounts approved by the Chairman and the Board of Directors for the acquisition and disposal of the listed assets
Item	Amount before amendment	Revised Amount	Approval of Authority	
Long-term Securities, Other Major Assets	NTD 3 0,000,000 or less	NTD 5 0,000,000 or less	Chairman	
	NTD 3 0,000,001 or more	NTD 5 0,000,001 or more	Board of Directors	
Short-term Securities other than Bond Funds	NTD 1 0,000,000 or less	NTD 5 0,000,000 or less	Chairman	
	NTD 1 0,000,001 or more	NTD 5 0,000,001 or more	Board of Directors	
Real Property, Other Fixed Assets, Right-of-use Assets, Intangible Assets, Claims of Financial Institutions	NTD10,000,000 to NTD 3 0,000,000	NTD10,000,001 to NTD 5 0,000,000	Chairman	
	NTD 3 0,000,001 or more	NTD 5 0,000,001 or more	Board of Directors	
Article 11 When the Company acquires or disposes of real property or the right-of-use assets from or to a related party, or when it acquires or disposes of assets or the right-of-us assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13. 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.	Article 11 When the Company acquires or disposes of real property or the right-of-use assets from or to a related party, or when it acquires or disposes of assets or the right-of-us assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13. 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.	If the transaction amount of the acquisition or disposal of assets by a related party reaches 10% or more of the Company's total assets in accordance with the amendment to the Act, the relevant information shall be submitted to the shareholders' meeting for approval before the transaction is made.		

Original Article	Revised Article	Description
<p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may authorize the board chairman to decide such matters when the transaction is within 20% of the Company's paid-in capital and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>In accordance with paragraph 1, the Company shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 31, paragraphs 4 and 5.</p>	<p>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may authorize the board chairman to decide such matters when the transaction is within 20% of the Company's paid-in capital and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>In accordance with paragraph 1, the Company shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 31, paragraphs 4 and 5.</p> <p><u>If the company or a subsidiary that is not a domestic public offering company has the</u></p>	

Original Article	Revised Article	Description
	<p><u>first transaction and the transaction amount reaches more than 10% of the company's total assets, the company shall submit the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, between the Company and its subsidiaries, or transactions between subsidiaries, are not subject to this limitation.</u></p> <p><u>The calculation of the transaction amounts referred to in the first and preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</u></p>	
<p>Article 27</p> <p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related 	<p>Article 27</p> <p>Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related 	<p>In line with the amendments to the Act, foreign Bond issuance with a rating of not lower than the sovereign rating of our country may also be exempted from filing public announcements.</p>

Original Article	Revised Article	Description
<p>party, and the transaction amount reaches NT\$500 million or more.</p> <p>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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>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% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>6.1 Trading of domestic government bonds.</p> <p>6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(omitted below)</p>	<p>party, and the transaction amount reaches NT\$500 million or more.</p> <p>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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>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% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>6.1 Trading of domestic government bonds <u>or foreign bonds with credit rating not lower than the sovereign rating of our country.</u></p> <p>6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(omitted below)</p>	
<p>Article 32</p> <p>These procedures were established on June 28, 2016.</p> <p>The first amendment was made on August 18, 2017.</p> <p>The second amendment was made on May 24, 2018.</p> <p>The third amendment was made on May 30, 2019.</p>	<p>Article 32</p> <p>These procedures were established on June 28, 2016.</p> <p>The first amendment was made on August 18, 2017.</p> <p>The second amendment was made on May 24, 2018.</p> <p>The third amendment was made on May 30, 2019.</p> <p><u>The fourth amendment was made on May 26, 2022.</u></p>	<p>Add the date and number of revisions.</p>

*That Act is the “Regulations Governing the Acquisition or Disposal of Assets by Public Company”.

M31 Technology Corporation

The method and content of cash capital increase issuance of ordinary shares by public offering or private placement in 2022

1. Purpose and Amount of Financing.

In order to invest in the research and development of advanced and high-end technologies, to increase working capital, and seek technical cooperation or strategic alliance opportunities with domestic and foreign manufacturers, the company intends to request the shareholders' meeting to authorize the board of directors at an appropriate time, within the quota of not more than 3,000,000 ordinary shares, in accordance with relevant laws and regulations and the principles of the following methods, choose one or a combination method to handle a cash capital increase (Par value of NTD10 per share).

2. Cash capital increase method and handling principles

2.1 Issuance of ordinary shares through public offerings for cash capital increases

- A. In accordance with Article 267-1 of the Company Act, except for retaining 10% to 15% of the total number of new shares issued to be subscribed by employees, the remaining shares are intended to be publicly underwritten in accordance with Article 28-1 of the Securities and Exchange Act in one of the following ways.
- (1) Public Subscription: 10% of the total issuance is allocated for public underwriting, the remaining shares will be subscribed by the original shareholders in proportion to their shareholdings.
 - (2) Book Building: 85% to 90% of the total issuance is allocated for public underwriting, the original shareholders waiving their preferential subscription.
 - (3) Competitive Auction: 85% to 90% of the total issuance is allocated for public underwriting, the original shareholders waiving their preferential subscription.
- B. The issue price will be determined in accordance with the "Self-Regulatory Rules for Underwriters' Counseling and Issuance of Marketable Securities by Members of the Securities Association of the R.O.C." and the regulations of the competent authorities, and the actual issue price is to be mutually agreed upon by the chairman of the board of directors and the underwriters as authorized by the shareholders' meeting, subject to market conditions.
- C. If employees and original shareholders disclaim or are under-subscribed for the shares, the chairman of the board of directors is proposed to be authorized by the shareholders' meeting to negotiate with specific parties to subscribe for the shares at the issue price.
- D. It is proposed to request the shareholders' meeting to authorize the board of directors or its authorized person to set the base date of the stock purchase, the base date of the capital increase and to handle all related matters after the case is submitted to the competent authority for approval.

2.2 Issuance of ordinary shares through private placement for cash capital increase.

A. The basis and reasonableness of the private placement price setting:

- (1) The price of the private placement shall not be less than 80% of the reference price, and the reference price shall be determined by the higher of the following two criteria:
 - (1.1) The simple arithmetic average of the closing price of ordinary shares is calculated on one of the 1, 3, or 5 business days before the pricing date, deducting the free allotment ex-rights and dividend distribution, and adding back the share price per share after the capital reduction and reverse ex-rights.
 - (1.2) The simple arithmetic average of the closing price of common shares on the 30 business days before the pricing date, deducting the free allotment ex-rights and dividend distribution, and adding back the share price per share after the capital reduction and reverse ex-rights.
 - (1.3) The actual pricing date is intended to be determined by the board of directors under the authority of the shareholders' meeting in accordance with the relevant laws and regulations, negotiations with specific parties and market conditions in the future.
- (2) The actual issue price is intended to be determined by the board of directors with the authorization of the shareholders' meeting within the range of not less than the percentage resolved by the shareholders' meeting and in accordance with relevant laws and regulations, negotiations with specific parties and market conditions in the future.
- (3) The above-mentioned subscription price of the private placement of ordinary shares and the issuance price are set with reference to the company's stock price and theoretical price, and comply with the provisions of the public offering company's precautions for handling the private placement of marketable securities, so it should be reasonable.

B. The selection method and purpose of the specific person, the necessity and the expected benefits.

The target of the private placement is limited to the specific persons stipulated in Article 43-6 of the Securities and Exchange Act and the relevant letters and orders issued by the competent authorities, with priority given to strategic investors who can benefit the long-term development and competitiveness of the Company. It is intended that the shareholders' meeting will authorize the Board of Directors to handle all matters related to the identification of specific persons. The Company intends to use strategic investors to directly or indirectly assist the Company's strategic development in order to strengthen the Company's competitiveness and enhance operational efficiency and long-term development.

C. Reasons necessary for the private placement:

In view of the company's development plan to introduce strategic investors, considering the private placement method is relatively timely and convenient, and the private placement of marketable securities is restricted from transferring within three years, which can ensure the long-term relationship between the company and the strategic investors.

D. For this private placement of securities, it is proposed to request the shareholders' meeting to authorize the board of directors to apply to the Securities and Exchange Commission for a letter of consent to meet the listing criteria after three years from the date of delivery of the private placement, and subsequently report to the competent authorities for a supplemental public offering and application for over-the-counter trading.

3. The use of funds for this financing, the progress of capital utilization and the expected benefits to be achieved:

This financing will be carried out in one or several tranches within one year from the date of the shareholders' meeting. The funds are expected to be used to invest in advanced and high-end technology research and development, to increase working capital, and to seek technical cooperation or strategic alliance opportunities with domestic and foreign manufacturers, based on the issuance of 3,000 thousand shares, it accounts for about 9.56% of the total number of outstanding shares. Although the shareholding ratio of the original shareholders will be diluted, the capital increase will strengthen the company's competitiveness and enhance operational efficiency after the benefits of the capital increase are realized, which should not have a significant impact on the original shareholders and will have positive benefits.

4. The cash capital increase issuance of ordinary shares are issued or delivered in a non-physical manner, with the same rights and obligations as the original ordinary shares, except that the private placement of marketable securities is subject to the restriction of transfer within three years after delivery in accordance with Article 43-8 of the Securities and Exchange Act.

5. After the cash capital increase and issuance of ordinary shares are approved by the resolution of the shareholders' meeting, the shareholders' meeting will be requested to authorize the board of directors to set and adjust the terms of the issuance or private placement, the plan of capital utilization, the use of funds, the scheduled progress, the expected benefits and other related matters within one year in accordance with the actual needs of the Company, market conditions and relevant laws and regulations. If any changes or amendments are required in the future due to changes in laws and regulations, instructions from competent authorities, or changes in objective environmental factors such as operational assessment or the market, it is intended that the shareholders' meeting to authorize the board of directors to exercise its full authority to deal with such changes.

6. In order to complete the financing plan, it is proposed to request the shareholders' meeting to authorize the chairman of the board of directors or his designee to act on behalf of the Company in all matters related to the issuance of ordinary shares by cash capital increase and to sign related contracts and documents.

7. If there are any outstanding matters, it is proposed to request the shareholders' meeting to authorize the board of directors to deal such matters with full authority in accordance with relevant laws and regulations.

Articles of Incorporation of M31 Technology Corporation

Section I General Provisions

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be M31Technology Corporation.
- Article 2 The scope of business of the Company shall be as follows:
CC01030 Electrical Appliance and Audiovisual Electric Products Manufacturing
CC01060 Wired Communication Mechanical Equipment Manufacturing
CC01070 Wireless Communication Mechanical Equipment Manufacturing
CC01080 Electronics Components Manufacturing
CC01090 Manufacture of Batteries and Accumulators
CC01110 Computer and Peripheral Equipment Manufacturing
CC01120 Data Storage Media Manufacturing and Duplicating
CC01990 Other Electrical Engineering and Electronic Machinery Equipment
Manufacturing
F118010 Wholesale of Computer Software
F218010 Retail Sale of Computer Software
F219010 Retail Sale of Electronic Materials
F601010 Intellectual Property Rights
I301010 Information Software Services
I301020 Data Processing Services
I301030 Electronic Information Supply Services
I199990 Other Consulting Service
IZ99990 Other Industrial and Commercial Services
CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
ZZ99999 All business items that are not prohibited or restricted by law, except those
that are subject to special approval
- Article 3 The total amount of the Company's reinvestment shall not be subject to the restriction of no more than 40% of the Company's paid-up capital, as provided in Article 13 of the Company Act. The Company may provide endorsement and guarantee and act as a guarantor.
- Article 4 The Company has registered its headquarters in Hsinchu County, Taiwan, Republic of China. Upon approval of government authorities in charge, the Company may also have branch offices at such other places both within and without the territory of the Republic of China as the Board of Directors may determine whenever is necessary.
- Article 5 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section II Capital Stock

- Article 6 The total capital stock of the Company shall be in the amount of NT\$500,000,000, divided into 50,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments as required.
A total of NT\$75,000,000 among the above total capital stock should be reserved for employee stock options, which may be issued in installments by resolution of the Board of Directors.
- Article 7 The share certificates of the Company shall all be name-bearing and issued in accordance with Article 161-1 of the Company Act. Share certificates issued by the Company are exempted from printing; however, they shall be registered in the central securities depository.
- Article 8 Registration for share transfer shall be suspended sixty days before the date of annual shareholders' meeting, and thirty days before the extraordinary shareholders' meeting, or within five days before the day on which the Company determines to pay dividends, bonuses, or any other benefits.

Section III Meetings of Shareholders

- Article 9 The shareholders' meetings of the Company are classified into two types. The annual meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.
- Article 10 Shareholders may designate a proxy to attend the shareholders' meeting with a power of attorney issued by the Company in accordance with Article 177, Article 177-1, and Article 177-2 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies promulgated by the competent authority.
- Article 11 Shareholders of the Company are entitled to one vote for each share held. However, if there are exceptions to the provisions of Article 179 of the Company Act, this shall not apply to Company's shares held by its own pursuant to laws and regulations.
- Article 12 The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares. Shareholder who votes electronically shall be deemed as attending the Meeting in person. Electronic voting shall be conducted in accordance with relevant laws and regulations. The proposal shall be deemed adopted if all attending shareholders are solicited by the Chairman and no objection is voiced. Its validity is the same as voted by casting ballot. The Company may withdraw from public offering upon shareholder approval at the

Meeting and submission of a request for withdrawal to the competent authority.

Article 13 If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 14 The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The distribution of the preceding minutes shall be in accordance with the provisions of the Company Act.

Section IV Directors and Audit Committee

Article 15 The Company shall have five (5) to nine (9) directors to be elected at the Meeting through a nominating system from persons of legal capacity to serve a term of three years. Shareholders shall nominate candidates for election as directors from the list of candidates. Directors are eligible for re-election. The number of Independent Directors within the number of Directors in the preceding article shall be two at least, and shall not be less than one-fifth of the total number of Directors. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the competent authorities.

In addition, the Company shall purchase insurance to cover the liability of the directors in respect of the scope of business they are legally obligated to perform during their term of office.

The Company shall establish various functional committees under the Board of Directors, and each functional committee shall establish rules and regulations for the exercise of its powers and functions, which shall be implemented upon approval by the Board of Directors.

Article 16 The Company shall establish an Audit Committee in accordance with the relevant provisions of the Securities and Exchange Act. The number of members, term of office, power and rules of procedure of the Audit Committee shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers and Functions of the Audit Committee of Public Companies" and shall be governed by the Rules and Regulations Governing the Organization of the Audit Committee.

Article 17 The Company's directors shall be elected through cumulative voting. Each share has the voting rights equal to the number of directors to be elected. The votes may be cast to one

candidate or among several candidates. The candidates who receives the most votes shall be elected as the director. Any amendment of this voting system shall be handled in accordance with Article 172 of the Company Act and shall be specified, with explanation of the material contents, in the notice of the meeting.

Article 18 The Board is composed of Directors. The Directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending Directors, which represents more than two-thirds of all Directors. The Chairman shall have the authority to represent the Company.

Article 19 In the case where the Chairman is on leave or cannot exercise his or her authority with due cause, a proxy shall be appointed in accordance with Article 208 of the Company Act.

If a Director is unable to attend the Board meeting for some reason, he/she shall authorize another Director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No Director may act as a proxy for more than one other Director.

For Board meetings conducted through video-conferencing, a Director who participates through video conferencing is deemed to attend in person.

Article 20 All of the directors shall be paid by the Company regardless of operating gains or losses. The Board is delegated to determine the remuneration to Directors based on their involvement in the Company's business operation and their contributions to the Company with reference to the remuneration standard of the industry.

Section V Managers

Article 21 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

Section VI Accounting

Article 22 The Company's Board of Directors shall prepare the following after the end of each fiscal year and forward them to the annual meeting of shareholders for approval:

1. Business report
2. Financial statements
3. Profit distribution or deficit compensation proposal

Article 23 When the Company makes a profit for the year, the compensation to employees shall be no less than 1% of the balance and the remuneration to the Directors shall not be higher than 1.5% of the balance. If there are accumulated losses, the profit should offset the accumulated losses.

Employees' compensation shall be paid in stock or cash to employees, including those of affiliated companies who meet certain criteria, which are authorized by the Board of Directors. Directors' remuneration shall be paid in cash.

Article 24 If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses, if any.
3. Legal reserve, which is 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and retained earnings from previous years will be allocated as shareholders' dividends. The Board will prepare a distribution proposal and submit it to the Shareholders' Meeting for review and approval by a resolution.

The company considers that the current industry development is at a growth stage, and the dividend distribution policy is based on future funding needs and long-term financial planning. It will allocate no less than 2% of the distributable earnings in the preceding paragraph to distribute shareholder dividends, which can be done in cash or stock. Cash dividends shall not be lower than 10% of total dividends to shareholders.

Section VII Additional Provisions

Article 25 Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and other laws and regulations.

Article 26 The Articles of Incorporation was established on October 5, 2011.

The first amendment was made on January 13, 2012.

The second amendment was made on March 13, 2012.

The third amendment was made on April 17, 2012.

The fourth amendment was made on March 25, 2013.

The fifth amendment was made on June 25, 2014.

The sixth amendment was made on June 28, 2016.

The seventh amendment was made on May 9, 2017.

The eighth amendment was made on May 24, 2018.

The ninth amendment was made on November 13, 2018

The tenth amendment was made on August 5, 2021

Rules of Procedure for Shareholders Meetings of M31 Technology Corporation

- Article 1 In order to establish a good governance system for the Company's shareholders' meeting, improve the supervisory function and strengthen the management function, in accordance with the provisions of Article 5 of the Code of Corporate Governance for Listed Companies, these rules are hereby established for compliance.
- Article 2 The rules of procedure for the Shareholders Meetings of the Company, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 The Convention and Meeting Notice of Shareholders' Meeting
The Shareholders' Meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.
The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins, as well as 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) 30 days before the date of a regular Shareholders' Meeting or 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. In addition, 15 days before the date of the Shareholders' Meeting, the Company shall also have prepared the Shareholders' 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 place.
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, using earnings to increase capitalization, using reserve to increase capitalization, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 (Significant change in business policy) of the Company Act, shall be set out in the notice of the reasons for convening the Shareholders' Meeting, as well as the essential contents shall be explained. None of the above matters may be raised by an extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.
Where the matter of that all directors of the Company will be re-elected has been set out

in the causes of a meeting of shareholders to be convened, and the date for the elected directors to assume their office is also indicated in, after the re-election is completed in such a shareholders' meeting, the date for the elected directors to assume their office shall not be altered by bring up as extemporary motions or by other means.

A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular Shareholders' Meeting. Such proposal is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at the shareholders' meeting by the Board of Directors. In addition, when any one of the circumstances set forth in each subparagraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, methods of acceptance in writing or by way of electronic transmission and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 Proxy form

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 before 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 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 Principles Determining the Time and Place of a Shareholders' Meeting

The venue for a Shareholders' Meeting shall be the premises of the Company, or a place

easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 Preparation of Documents such as the Attendance Book

The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations 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. Shareholders and their proxies (collectively, "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.

Article 7 The Chair and Non-voting Participants of a Shareholders' Meeting

If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the 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 chair.

It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chairman 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 but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair 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 Documentation of a Shareholders' Meeting by Audio or Video

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 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance

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 plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 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 chair shall declare the meeting adjourned.

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 paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

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

Article 10 Discussion of Proposals

If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The proposals (including extemporaneous motion and the amendment to original proposal) shall require a voting by poll on every resolution. 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 chair 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 chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of

Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair 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 chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote with arranging sufficient time for the vote.

Article 11 Shareholder Speech

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 chair.

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 chair, a shareholder may not speak more than twice on the same proposal, and 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 chair 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 chair and the shareholder that has the floor; the chair 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 chair may respond in person or direct relevant personnel to respond.

Article 12 Calculation of Voting Shares and Recusal System

Voting at a Shareholders' Meeting shall be calculated based the number of shares.

With respect to resolutions of Shareholders' Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by

two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 Vote on a Proposal

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 paragraph 2, Article 179 of the Company Act.

When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by electronic means or correspondence means. 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 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration 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, 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, 2 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. During a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. 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 chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other

proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, 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.

Article 14 Election of Directors

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.

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 1 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 Meeting Minutes

The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The production and distribution of video and audio files can be done electronically.

The distribution may be done via public announcement by upload them to the MOPS.

The meeting minutes shall accurately record the year, month, date, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the results of voting (including the statistical weights of the numbers of votes), in the event of Director election, the number of the votes to each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16 Public Disclosure

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 and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.

If matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws and regulations, and the Taiwan Stock Exchange(Tapei Exchange), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintaining Order at the Meeting Place

Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

The chair 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 arm band 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 chair may prevent the shareholder from so doing.

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

Article 18 Recess and Resumption of a Shareholders' Meeting

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including 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 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Article 20 These Rules were adopted by the Shareholders' Meeting on June 28, 2016.

The first amendment was made on May 24, 2018.

The second amendment was made on May 29, 2020.

Procedures for Acquisition or Disposal of Assets of M31 Technology Corporation

Chapter I General Principles

Article 1 In order to enhance asset management and achieve the purpose of full disclosure of information, the Company has established these procedures in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" (hereinafter "Regulations") issued by the competent authorities.

Article 2 The Company's acquisition or disposal of assets shall be handled in compliance with the Regulations of the competent authorities and these handling procedures. However, unless other laws and regulations or the Company's internal control system provided otherwise, these procedures shall be followed.

Article 3 The term "assets" as used in these procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities (hereinafter "Securities").
2. Real property (including land, houses and buildings, investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Claims of financial institutions (including receivables, bill purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4 Terms used in these procedures are defined as follows:

1. Derivatives
Refers to Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law

Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary

Refers as defined in the 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 law to engage in the value appraisal of real property or equipment.

5. Date of occurrence

Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment

Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5

Professional appraisers and their officers, certified public accountants (CPA), attorneys, and securities underwriters that provide the company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding

paragraph shall comply with the following:

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

Chapter II Disposition Procedures

Section I Acquisition or Disposal of Assets

Article 6 Appraisal procedures

The price of an asset acquired or disposed of by the Company shall be determined in accordance with and supporting reference materials as follows:

1. Securities investment
 - 1.1. When acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price as follows:
 - (1) When the securities are acquired or disposed of through stock exchange or over-the-counter market, shall be determined by the current market prices
 - (2) In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter market shall be evaluated by its net value per share, profitability, potential of future growth, current market price, or by reference to current market interest rates, interest rates of bonds, and debtor's credit rating.
 - 1.2 If the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

- 1.3 The Company's transaction amount reaches the standard of the preceding paragraph and has one of the following circumstances, shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price:
 - (1) In acquiring or disposing of securities which are not traded on any stock exchange or OTC market.
 - (2) Acquiring or disposing privately placed securities.
2. Real property and other fixed assets
 - 2.1 In acquiring or disposing of real property, shall take a reference to the government assessed value, appraised value, the actual transaction price of real property located in neighborhood; In acquiring or disposing of other fixed assets, shall collect relevant price information in advance and make it by one of the means of comparing the price, negotiating the price or call for tenders.
 - 2.2 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (3.1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (3.2) The discrepancy between the appraisal results of two or more professional appraisers is 10% 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.

3. Membership, intangible assets or right-of-use assets
 - 3.1 In acquiring or disposing of memberships, shall collect relevant price information in advance and make it by one of the means of comparing the price or negotiating the price. In acquiring or disposing of intangible assets or right-to-use assets, shall also collect relevant price information in advance and carefully evaluate the contents of relevant laws and regulations and contracts to determine the transaction price.
 - 3.2 In acquiring or disposing of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
4. The acquisition or disposal of derivatives shall be governed by the relevant provisions of Chapter II, Section III of these Regulations.
5. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law are subject to the relevant provisions of Chapter II, Section IV of these Regulations
6. Claims of financial institutions or other major assets
In acquiring or disposing of claims of financial institutions or other major assets, shall collect relevant price information in advance depending on the subject matter of the transaction assets and determine the transaction price after carefully evaluating the relevant laws and regulations and the contents of the contracts.
7. 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.
8. The calculation of the transaction amount for the acquisition or disposal of real property, other fixed assets, securities exchanges, intangible assets, right-of-use assets, and membership for which an expert's opinion is requested shall be in accordance paragraph 2 of Article 27, and the term of "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. In term of the amounts that the appraisals from professional appraisers or opinions from CPA have been obtained pursuant to these procedures shall be exempted to be counted toward the transaction amount

Article 7 Operating procedures

1. Authorized Amount and Level

- 1.1 When the Company acquires or disposes of an asset, the contractor shall compile information on the reasons for the proposed acquisition or disposal, the subject matter, the counterparty to the transaction, the transfer price, the terms of receipt and payment, and the price reference basis, and submit it to the authority for a ruling according to the asset item to be transacted. The authorization amount and level of derivatives are in accordance with the relevant provisions in Chapter II, Section III of these Regulations.

Item	Amount	Authorities		
		President	Chairman	Board of Directors
Long-term Securities	NTD30,000,000 or less	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval
Bond Funds Currency Funds Short-term Notes	NTD10,000,000 or less	Approval		
	NTD9,999,999 to 20% of the company's paid-in capital per transaction(excluding)	Review	Approval	
	20% of the company's paid-in capital per transaction (inclusive)	Review	Review	Approval
Short-term Securities other than Bond Funds	NTD10,000,000 or less	Review	Approval	
	NTD10,000,001 or more	Review	Review	Approval
Real Property	NTD10,000,000 or less	Approval		
	NTD10,000,000 to NTD30,000,000	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval
Other Fixed Assets	NTD10,000,000 or less	Approval		
	NTD10,000,000 to NTD30,000,000	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval
Membership	NTD10,000,000 or less	Review	Approval	
	NTD10,000,001 or more	Review	Review	Approval
Right-of-use Assets	NTD10,000,000 or less	Approval		
	NTD10,000,000 to NTD30,000,000	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval
Intangible Assets	NTD10,000,000 or less	Approval		
	NTD10,000,000 to NTD30,000,000	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval

Item	Amount	Authorities		
		President	Chairman	Board of Directors
Claims of Financial Institutions	NTD10,000,000 or less	Approval		
	NTD10,000,001 to NTD30,000,000	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval
Assets Acquired or Disposed of in Connection with Mergers, Demergers, Acquisitions, or Transfer of Shares in Accordance with Law.	Those who are not required by law to obtain a resolution from the shareholders' meeting	Review	Review	Approval
	Those who are subject to resolutions of the shareholders' meeting in accordance with the law	Review	Review	Review
Other Major Assets	NTD30,000,000 or less	Review	Approval	
	NTD30,000,001 or more	Review	Review	Approval

(1.2) The acquisition or disposal of assets by the Company shall be subject to the approval of the Board of Directors in accordance with these Procedures or other legal requirements, if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

2. The units responsible for implementation

2.1 Short-term investments in Securities, derivatives and claims of financial institutions are evaluated and executed by the Finance and Accounting Department.

2.2 Subject matter other than the preceding paragraph

The president will instruct the person in charge or set up a project team to evaluate and execute the project.

2.3 Public announcement and regulatory filing

By the announcement and regulatory filing personnel to contact the contractor to compile the announcement and regulatory filing related information, the coordination of processing.

3. Transaction process

The transaction process and operation of the acquisition or disposal of the relevant assets are handled in accordance with the relevant laws and regulations and the relevant provisions of the Company's internal control system.

Article 8 Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary not for business use, and limits on individual securities.

1. The total amount of real property acquired by the Company not for business use shall not exceed 10% of the net value of the Company's most recently audited or reviewed financial statements, and each subsidiary shall not exceed 10% of its net value.

2. The total amount of Securities acquired by the Company and each subsidiary and the limits of individual Securities are as follows:

2.1 The total amount of the Company's and each subsidiary's individual investments in Securities shall not exceed 100% of the net value of the Company's and each subsidiary's individual most recently audited financial statements or approved by the accountants, except for those approved by the Company's and each subsidiary's individual shareholders' meetings and those subsidiaries in which the investments are made on a professional basis.

2.2 The limit on the Company's and each subsidiary's individual investment in individual Securities shall not exceed 100% of the net value of the Company's and each subsidiary's individual most recently audited financial statements or approved by accountants, except for those approved by the Company's and each subsidiary's individual shareholders' meeting and those subsidiaries in which the investments are made on a professional basis.

Article 9 Control procedures for the acquisition and disposal of assets by subsidiaries

1. Supervise the subsidiaries to establish and implement procedures for the acquisition or disposal of assets in accordance with the Regulations. The procedures shall be approved by the board of directors of the subsidiary and submitted to the shareholders' meeting for approval, and shall be carried out in accordance with the prescribed procedures.

2. To examine the subsidiaries and supervise the subsidiaries to check whether the "Procedures for Acquisition or Disposal of Assets" established by the subsidiaries comply with the Regulations, the relevant regulations and internal control systems of the Company and the subsidiaries, and whether the subsidiaries have acquired or disposed of assets in accordance with the above Regulations.

3. If a subsidiary of the Company is not a domestic public company and acquires or disposes of assets that are required to be publicly announced and regulatory filing under Chapter III, the Company shall do so.

4. The subsidiary shall provide the Company with monthly records of derivative transactions and other relevant information in accordance with the public announcement and regulatory filing requirements.

Section II Related Party Transactions

Article 10 When the Company acquires or disposes of assets with a related party, in addition to the resolution procedures and evaluation of the reasonableness of the transaction terms in accordance with the provisions of the preceding section and this section, the Company shall obtain an appraisal report from a professional appraiser or an accountant's opinion if the transaction amount reaches 10% or more of the Company's total assets in accordance with the provisions of the preceding section.

The calculation of the preceding transaction amount shall be made in accordance with the provisions of Article 6, Paragraph 1-8.

In determining whether the counterparty is a related party, in addition to paying attention to its legal form, the Company shall also consider the actual relationship.

Article 11 When the Company acquires or disposes of real property or the right-of-use assets from or to a related party, or when it acquires or disposes of assets or the right-of-us assets other than real property from or to a related party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the company's board of directors may authorize the board chairman to decide such matters when the transaction is within 20% of the Company's paid-in capital and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

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

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

In accordance with paragraph 1, the Company shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 31, paragraphs 4 and 5.

Article 12 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

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

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

The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

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

Article 13 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - 1.1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 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.
 - 1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than

50% 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.

Article 14 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside for the difference between the real property transaction price and the appraised cost or its right-to-use assets in accordance with the relevant provisions of the Securities and Exchange Act, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two paragraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Section III Engaging in Derivatives Trading

Article 15 Trading principles and strategies:

1. Derivatives trading types
 - 1.1 The derivative transactions that the Company may engage in are limited to those referred to as derivatives in Article 4, Paragraph 1-1 of these Procedures.
 - 1.2 Matters related to the bond margin transactions shall be handled in accordance with the relevant provisions of these procedures.
2. Operating or Hedging Strategies

The company's hedging strategy should be to offset and level off the overall internal hedge and operate on a net position basis. Derivatives trading should be conducted for the purpose of hedging risks, and commodities traded should be selected to hedge the risks arising from the Company's business operations.
3. Segregation of Duties
 - 3.1 Financial Personnel: responsible for the management of the company's capital on

a regular basis, and is also the center of the derivatives trading management system, controlling the operation of derivatives, forecasting of positions and collecting relevant financial information of the company. Market information, trends and risks, financial instrument structures, rules and regulations, and operational techniques must be grasped at all time for reference when performing operations.

- 3.2 Accounting Personnel: accurately calculate the position having been realized or may occur in the future, and keep the account book according to the settlement vouchers and related transaction documents
- 3.3 Auditors: regularly evaluate whether the derivative transactions are in compliance with the internal control process and whether the risks are within the company's tolerance range.

4. Performance Evaluation

When operating derivative financial instruments, the Company should record the details of the operations on a regular basis to keep track of the profit and loss status and to confirm whether the resulting gain or loss is within the original plan and whether the gain or loss is in compliance with the stop-loss setting mechanism; and to settle the exchange gain or loss on a monthly, quarterly, semi-annual or annual basis.

5. Total contract amount and maximum loss limit

- 5.1 The total contract amount of the derivative financial transaction is limited to 5 million USD or its equivalent in NT\$.
- 5.2 The total contract loss shall be limited to one million USD or its equivalent in NT\$.
- 5.3 Individual contract losses are limited to five hundred thousand USD or the equivalent in NT\$.

Article 16 Derivatives trading procedures

1. Authorized Amount and Level

1.1 For hedging purposes

Based on the company's monthly capital requirements in each currency as the measurement benchmark, each transaction authorization is as follows:

Level	Transaction amount
Chairman	US\$5,000,000 or less
Board of Directors	US\$5,000,001 or more

1.2 For trading purposes

In principle, the Company does not engage in non-hedging derivative transactions.

2. Engaging in Derivatives Trading Process

- 2.1 Transaction execution: the financial officer shall be responsible for the transaction personnel, and make transactions with financial institutions in accordance with the authorized amount and approved operating strategies. After each transaction is completed, the transaction form shall be filled out immediately according to the transaction report of the financial institution, indicating the contents, and signed by

the authorized supervisor, and a copy of the transaction form and related transaction evidence shall be sent to the accounting personnel.

- 2.2 Transaction confirmation: Accounting personnel shall confirm the transactions based on the copies of transaction orders and related transaction certificates delivered by the trading party, and make detailed entries and subsequent settlement operations based on the confirmed figures. The financial personnel shall prepare monthly summary statements and submit them to the accounting personnel for accounting evaluation.
- 2.3 Reporting to the Board of Directors: When the Company engages in derivative transactions, the Company shall report the aggregate amount of each transaction and the related profit or loss to the Board of Directors afterwards.

Article 17 When the Company engages in derivative transactions, the Company shall establish a log book and enter details of the types and amounts of derivative transactions engaged in, the dates approved by the Board of Directors, and the matters to be prudently evaluated in accordance with Article 18 Paragraph 1-5 in the log book for reference.

1. Derivative transactions to be recorded in the log book shall include transaction-by-transaction and authorized amounts.
2. The date of approval by the Board of Directors as recorded in the log book shall include the date of approval of each transaction and the date of approval of the quota.
3. If the authorization is given to the relevant personnel, the date of reporting to the Board of Directors shall be recorded in the log book.

Article 18 Risk management measures

1. The scope of risk management for derivative transactions is as follows:

1.1 Credit Risk Management

Transactions are limited to those banks or well-known financial institutions with good credit standing that have dealings with the company and can provide professional information. After the transaction, the accounting personnel should immediately register the credit control form and regularly reconcile with the correspondent banks.

1.2 Market Risk Management

The selection of products is based on financial instruments that are commonly traded internationally and the use of specially designed products is reduced. The recording (accounting) personnel should always check whether the total amount of transactions is in accordance with the limits specified in this procedure. The accounting personnel should conduct market price assessment at any time and pay attention to the possible impact on the profit and loss of the positions held due to interest rate, exchange rate changes or other factors that may cause future market price fluctuations, which should be controlled at any time.

1.3 Liquidity and Cash Flow Risk Management

In order to ensure market liquidity, the trading financial institution must have adequate equipment, information and trading capabilities, and be able to trade in

any market, and the derivatives traded should be limited to those listed and traded on internationally recognized exchanges or standardized products through bank counters. The trading (financial) personnel should always be aware of the company's monetary cash flow to ensure that sufficient cash is available for payment at the time of settlement.

1.4 Operation Risk Management

The authorization amount and operating procedures are clearly defined and must be followed by the relevant personnel to avoid risks in the operation.

1.5 Legal Risk Management

The documents signed with the counterparties are mainly common contracts in the market, and the relevant parties should read the contents in detail. If necessary, any special contract may be signed only after examination by a legal professional or consultation with an attorney.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3. Risk measurement, monitoring, and control personnel of derivative trading shall be assigned to a different department than the personnel in the preceding paragraph and shall report to the board of directors or executive management personnel with no responsibility for trading or position decision-making.

4. Internal Audit System

The internal auditor shall periodically check whether the internal control system for derivatives transaction is proper or not, and an audit report shall be made by auditing the trading department to examine the compliance of the procedures for derivatives transactions each month. If any material violation is found, the internal auditor shall give written notice to the audit committee.

5. Regular evaluation methods and handling of abnormal situations

5.1 Derivatives that are hedging transactions for business purposes shall be evaluated at least twice a month and the evaluation report shall be submitted to the senior executives authorized by the board of directors.

5.2 The Board of Directors shall designate senior executives to monitor and control the risk of derivative transactions at all times, and shall periodically evaluate whether the performance of engaging in derivative transactions is consistent with the established business strategies and whether the risks assumed are within the Company's tolerance.

5.3 The senior executives authorized by the Board of Directors shall periodically evaluate the appropriateness of the risk management measures currently in use and ensure compliance with the handling guidelines and these handling procedures.

5.4 When supervising the transactions and profit and loss situation, if anything is found unusual, the senior executives authorized by the Board of Directors shall take necessary measures and report to the Audit Committee and the Board of Directors promptly, the independent director shall attend to the Board of Directors' meeting

and express his/her opinions.

5.5 If the Company engages in derivative transactions and authorizes the relevant personnel to do so in accordance with the provisions of these Procedures, the Company shall report the matter to the Board of Directors afterwards.

Section IV Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 19 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article 20 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel
Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events
Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes
Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in the preceding paragraphs 1 and 2 to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraphs 3 and 4.

Article 22 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 23 The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

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

Article 25 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 26 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21, Article 22, and Article 25.

Chapter III Public announcement and regulatory filing procedures

Article 27 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a

related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches 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 furthermore the transaction counterparty is not a related party, 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% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - 6.1 Trading of domestic government bonds.
 - 6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

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.

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.

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

Article 28 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 29 Information required to be publicly announced and reported in accordance with the provisions of the Article 27 or Article 28 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.

The preceding subsidiaries are subject to the public announcement reporting standard of Article 27, paragraph 1-5 regarding the requirement of 20% of paid-in capital or 10% of total assets, which is based on the Company's paid-in capital or total assets.

For the calculation of 10% of total assets under these procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

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

Chapter IV Additional Provisions

Article 30 If the relevant personnel of the Company violate the Regulations or the relevant provisions of these procedures when acquiring or disposing of assets, the supervisor or auditor shall immediately report the violation to the president or the board of directors, and the president or the board of directors shall, depending on the severity of the case, impose appropriate penalties on the relevant personnel.

Article 31 The Company shall establish these procedures in accordance with the provisions of the Regulations and submit them to the shareholders' meeting for approval after they have been approved by the Audit Committee and the Board of Directors, as well as any amendments thereto. If a director expresses dissenting opinion and there is a record or written statement, the Company shall send the information of the dissenting opinion of the director to the Audit Committee.

When this procedure is submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of the independent directors shall be fully considered, and any dissenting opinions or reservations about any matter shall be recorded in the minutes of the Board of Directors' meeting.

The first paragraph of the Audit Committee shall be approved by at least one-half of all Audit Committee members.

If the preceding paragraph is not approved by more than one-half of all members of the Audit Committee, it may be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.

All members of the Audit Committee and all directors referred to in the third paragraph shall be counted as those who are currently serving in office.

Article 32 These procedures were established on June 28, 2016.

The first amendment was made on August 18, 2017.

The second amendment was made on May 24, 2018.

The third amendment was made on May 30, 2019.

Sustainable Development Best Practice Principles Of M31 Technology Corporation

Chapter I General Principles

- Article 1 In order to fulfill the Company's corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", this Principles has been established in accordance to manage the economic, environmental and social risks and impact.
- Article 2 The Principles including the entire operations of each such company and its business group.
The Principles encourage the Company to actively fulfill the corporate social responsibility in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.
- Article 3 In promoting sustainable development, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.
The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.
- Article 4: The Company's practice of sustainable development are advised to follow the principles below:
1. Exercise corporate governance.
 2. Foster a sustainable environment.
 3. Preserve public welfare.
 4. Enhance disclosure of corporate sustainable development information
- Article 5 The Companies shall take into consideration the correlation between the development of domestic and international sustainable development and corporate core business operations, and the effect of the operation of individual companies and of the respective business groups as a whole on stakeholders, in establishing the policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.
When a shareholder proposes a motion involving sustainable development, the

company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

Article 6 The Companies are advised to follow the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”, the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, and the “Code of Ethical Conduct for TWSE/GTSM Listed Companies” to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in promoting the Company's sustainable development initiatives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8 The Company is advised to, on a regular basis, organize education and training to promote sustainable development, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9 For the purpose of managing sustainable development initiatives, the Company has established a governance structure to promote sustainable development and is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to

the board of directors on a periodic basis.

The company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Company is advised to establish proper environment management systems based on the characteristics of the industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of the operation on a regular basis.

Article 14 The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for the managerial officers and other employees on a periodic basis.

Article 15 The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and

services in accordance with the following principles to reduce the impact on the natural environment and human beings from the business operations:

1. Reduce resource and energy consumption of the products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use the best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Company is companies are advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of acquired electricity, heating, or steam.
3. Other indirect greenhouse gas emissions: emissions from company activities that are not indirect emissions from energy sources but originate from sources owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of the business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that the human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Company shall provide information for the employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Company is advised to provide safe and healthful work environments for the employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company is advised to organize training on safety and health for the employees on a regular basis.

Article 21 The Company is advised to create an environment conducive to the development of the employees' careers and establish effective training programs to foster career skills. The Company is shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant

information on and express the opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22-1 The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

Article 23 The Company shall take responsibility for the products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of the products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Company shall ensure the quality of the products and services by following the laws and regulations of the government and relevant standards of the industries. The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, the products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26 The Company is advised to assess the impact the procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate

with the suppliers to jointly implement the corporate social responsibility initiative. The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When the Company enters into a contract with any of the major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27 The Company shall evaluate the impact of the business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development

Chapter 5 Enhancing Disclosure of Sustainable Development Information

Article 28 The Company shall disclose information according to relevant laws, regulations and the “Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies” and shall fully disclose relevant and reliable information relating to the sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the sustainable development initiatives established by the company, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.

6. Other information relating to sustainable development initiatives.

Article 29 The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of the implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports.

The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 30 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve the established sustainable development framework and to obtain better results to promote sustainable development policy.

Article 31 The Principles will be implemented after it is approved by the Audit Committee and the Board of Directors and reported to the shareholders' meeting, and the same shall apply to amendments.

Article 32 The Principles were established on February 24, 2022.

M31 Technology Corporation

Shareholdings of All Directors

1. The total number of issued shares: 31,606,000 shares
2. The minimum required combined shareholding of all Directors: 3,600,000 shares
3. Up to the date on which share transfer registration is suspended before the convention of this shareholders' meeting (March 28, 2022), the status of shareholdings of individual and all Directors registered on the shareholders roster is set forth below:

Title	Name	Holding Shares	Shareholding Ratio
Chairman	Huey-Ling Chen	4,596,000	14.54%
Director	Yuan-Hsun Chang	187,000	0.59%
Director	Tsung-Hsi Ko	0	0.00%
Director	Li-Kuo Liu	0	0.00%
Independent Director	Jun-Ji Lin	0	0.00%
Independent Director	Ching-Te Chuang	0	0.00%
Independent Director	Shih-Ying Huang	0	0.00%
The number of shares held by all Directors		4,783,000	15.13%