



Stock Code:5289

Innodisk Corporation

2022 General Shareholders' Meeting

Meeting Manual

Meeting Date: May 31, 2022

Place: T1 Building (RF1 meeting room), No. 237, Section 1,
Datong Road, Xizhi District, New Taipei City

Innodisk Corporation Meeting Manual for the 2022 General Shareholders' Meeting

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Innodisk Corporation
2022 General Shareholders' Meeting

Time: 9:00 am, May 31, 2022 (Tuesday)

Place: T1 Building (RF1 meeting room), No. 237, Section 1, Datong Road, Xizhi District, New Taipei City

Convening method: physical meeting

Agenda:

- I. Call the meeting to order (announce the total number of shares represented by the attending shareholders)
- II. Chairperson's speech
- III. Report items
 - (I) 2021 Business Report.
 - (II) Audit committee's review report.
 - (III) Report on the distribution of remuneration for employees and directors for 2021
- IV. Ratification items
 - (I) 2021 business report and financial statements.
 - (II) 2021 earnings distribution.
- V. Discussion items
 - (I) The Company's 2021 rights issue from retaining earnings.
 - (II) Revision of the Company's "Procedures for Acquisition or Disposal of Assets."
- VI. Extraordinary motions
- VII. End of meeting

Reports Items

1 (Proposed by the board)

Summary: Please review the 2021 business report.

Description: Please refer to Attachment I (pages 8 to 16) of the meeting manual for the Company's 2021 business report.

2 (Proposed by the board)

Summary: Please review the audit committee's review report.

Description: Please refer to Attachment II, page 17 of the meeting manual for the Audit Committee's review report.

3 (Proposed by the board)

Summary: Please review the distribution of 2021 remuneration for employees and directors.

Description: I. The profit of the Company before deducting the remuneration of employees and directors in the current year is NT\$2,043,493,758. According to the Articles of Association, NT\$105,000,000 for employees and NT\$18,400,000 for directors are provided, all of which are paid in cash.

II. The abovementioned amounts are not different from the amounts estimated in 2021.

Ratification Items

1 (Proposed by the board)

Summary: Please ratify the 2021 business report and financial statements.

Description: I. The Company's 2021 business report and standalone and consolidated financial statements have been approved by the board resolution, audited by accountants, Tsui Miao Yeh and Shih-Chun Huang, of PricewaterhouseCoopers Taiwan and submitted to the Company's Audit Committee for audit, and the audited reports are now available.

II. Please refer to pages 8 to 16, Attachment I and pages 19 to 42, Attachment III, respectively, of the meeting manual for the various reports and statements.

III. The documents submitted require ratification.

Resolution

2 (Proposed by the board)

Summary: Please ratify the 2021 earnings distribution.

Description: I. In accordance with the Company's Articles of Incorporation, the distribution of the Company's 2021 earnings is shown in the table below:

Innodisk Corporation
2021 Profit Distribution Table

Unit: NTD

Item	Amount	Remarks
Beginning undistributed earnings	1,756,558,654	
Add: Net income after taxes for the year	1,560,887,696	
Less: 10% as legal reserve	156,088,770	
Less: Special reserve	7,709,820	
Earnings available for distribution	3,153,647,760	
Distributions:		
Cash dividends	967,216,068	Distribution of NT\$11.7 per share
Stock dividends	24,800,410	0.03 share per share
Undistributed earnings at the end of the period	2,161,631,282	

Chairman:

Manager:

Head of Accounting:

- II. Cash dividends at NT\$11.7 per share have been proposed (to be distributed to the nearest ones) and fractional balances less than NT\$1 after the decimal point are recognized by the Company as other income. The resolution of the shareholders' general meeting this year will authorize the chairman to set the ex-dividend and other related matters.
- III. Stock dividends of 30 shares per 1,000 shares. After the proposal is approved by the shareholders' general meeting and becomes effective upon the approval by the securities authority, the board will be authorized to set an ex-dividends date.
- IV. In the event that regulatory changes, adjustments by the authority or other factors affecting the changes of shares cause changes to the number of outstanding shares and stock or cash dividends to shareholders, the shareholders' meeting will authorize the chairman to adjust the cash or stock dividends in accordance with the total amount of earnings distributed and ex-dividends dates of stock or cash dividends determined by the proposal.
- V. The documents submitted require ratification.

Resolution:

Discussion Items

1 (Proposed by the board)

Summary: Please discuss the Company's 2021 rights issue from retained earnings.

Description: I. Considering the needs for future business development, the Company intends to allocate NT\$24,800,410 from the distributable earnings as shareholders' dividends to capitalize on that to issue 2,480,041 new shares. After the proposal is passed by the shareholders' general meeting and approved by the authority, the board will be authorized to set an ex-dividends date and issue 30 shares of stock dividends per 1,000 shares to those who are on the shareholders' register. Shareholders who have fractional shares may add them together and register them with the Company's shareholder service agent within 5 days after the stock stop-transfer date. Those who do not register will be issued cash (rounded to the nearest NT\$1), and the fractional shares will be purchased at face value in cash by persons specified by the chairman.

II. For the rights issues, a total of 2,480,041 shares will be issued at a face value of NT\$10 only, and the rights and

obligations of the shares are the same as those of the original shares.

III. In the event that regulatory changes, adjustments by the authority or other factors affecting the changes of shares cause changes to the number of outstanding shares and the stock dividends to shareholders, the shareholders' meeting will authorize the chairman to adjust the stock dividends.

IV. The proposal is submitted for discussion.

Resolution:

2 (Proposed by the board)

Summary: Please discuss the revision of the Company's "Procedures for Acquisition or Disposal of Assets."

Description: I. In order to comply with the revision of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," it is proposed to revise some provisions of the Company's "Procedures for Acquisition or Disposal of Assets," and a comparison table of the revised provisions is herewith attached. Please refer to Appendix IV on pages 43 to 62 of this manual.

II. The proposal is submitted for discussion.

Resolution:

Extraordinary Motions

End of Meeting

[Attachment I]

Innodisk Corporation
Business Report

COVID-19 continued its impact around the world in 2021. Even in Taiwan, where the situation is relatively stable, it has been facing severe challenges since May last year, and has implemented an unprecedented high-intensity pandemic alert. Since the outbreak of the pandemic at the end of 2019, although it caused the problem of lack of labor and materials in the initial stage, resulting in the shutdown of the manufacturing industry and the interruption of the supply chain. Fortunately, with the popularization of vaccines, the industry has gradually recovered. The high demand for electronic equipment and telecommunications networks during the period also accelerated the construction of 5G and the popularization of AI applications, and pushed up the price of related products under the market condition of limited production capacity but significantly increased demand. Relying on its years of experience in the field of industrial control and rapid and flexible organizational adaptability, Innodisk Corporation has fully demonstrated the resilience of the Company. Even though the global material shortage problem is serious, Innodisk still makes every effort to maintain smooth global supply and stabilize upstream and downstream industrial relations, and broke its record high annual revenue last year. Looking forward to 2022, the Company will continue to invest in the R&D of products and technology, continue the

development strategy of software and hardware integration, and continue to move towards the goal of becoming a high-quality international enterprise.

The Company's operating results for 2021 and outlook for 2022 are described as follows:

I. Implementation results, budgeting, financial results, and achievements of research and development in the business plan for the previous year:

In recent years, Innodisk has established the development direction of AIoT to create an intelligent world, and set the operation policy for 2021 as "software and hardware integration and full implementation," so as to realize AIoT intelligent application and accelerate its implementation through comprehensive product layout. The continuous development of AI and the application of 5G have gradually driven the vigorous development of global intelligent IoT. To this end, Innodisk takes advantage of its existing technology and channels to actively lay out various industrial computer peripheral modules, connect data generation, collection, transmission, storage, operation and application, provide product and technical support for industrial control applications from the cloud to end users, meet the complete solution requirement for various vertical market edge computing ends, and go deep into the fields of 5G netcom, smart city, smart transportation, smart vehicle, smart monitoring and unmanned

automatic system. In terms of sales channels, after the establishment of the French office last year, the global business layout has reached as many as 14 business bases, and the Company is further employing business representatives in Russia, Spain and India to expand the local market and implement localized services globally. In terms of marketing, due to the delay of global exhibitions, the Company is actively strengthening digital applications. In addition to striving for global industrial exposure through online exhibitions, the Company continues to deepen the operation of “InnoTV” audio-visual platform and maintain a high degree of market interaction and customer communication. In the meantime, the Company is managing its own brand “Innodisk” with full force, is again elected as the top 35 best international brands in Taiwan, and is gradually moving towards the goal of being a world-class manufacturer and world-class brand.

Last year, the Company’s operating revenues were NT\$10,195,658 thousand, an increase of 43% from the previous year, and the net profits attributable to shareholders of the parent company were NT\$1,560,888 thousand, with earnings per share of NT\$18.94; solid profitability was maintained. At the end of last year, the Company’s net accounts receivable was NT\$1,556,625 thousand, and an increase of NT\$676,513 thousand. In order to avoid the shortage of raw materials caused by the chaos of the supply chain, the inventory at the end of the year reached NT\$1,664,349 thousand, an increase of NT\$872,676 thousand over the previous year. At the end of last year,

due to the increase in current liabilities, the debt ratio increased by 5% to 27% compared with the previous year. The financial structure is still stable and the financial revenue and expenditure are normal. On the whole, the revenue and profit have returned to the growth track again due to factors such as economic recovery and rising product prices. The overall budget implementation exceeded the original goal of the Company, which once again shows that the Company can respond to environmental changes in time, grasp business opportunities, take care of the safety and health of all employees and survive the pandemic smoothly.

In terms of product and technology development, as a leading brand of industrial storage, memory module and embedded peripherals, all product business units of the Company launched the world's first attractive products last year. In the field of industrial embedded storage, the Company mastered the development trend of blockchain and launched the patented "InnoBTS™ SSD" (blockchain technology storage) solution, which integrates the digital signature function and blockchain technology to strengthen the data correctness and the highest level of protection of smart IoT devices. The Company's industrial memory module takes the lead in the world by launching the Ultra Temperature DDR4 memory module, which pushes up the past industrial wide temperature standard to 125°C with the characteristics of high speed, strength and ultra high temperature. The whole series adopts the manufacturer's IC and vehicle parts and

components of vehicle specifications which passed the AEC-Q200 reliability verification of vehicle electrical parts and components of the International Automotive Electronics Association, and passed the temperature impact and seismic test (MIL-STD810G) of the USA national safety standards, so as to meet all kinds of harsh industrial grade applications with the highest specifications. In view of the DDR5 market which is of high concern to the market, the Company has also fully prepared the inventory under raw material shortage, and provides the most complete industrial grade DDR5 series products in the whole market. On embedded peripheral products, the Company launched the world's first M.2 2280 10GbE network expansion card which integrates the characteristics of high speed, compactness and low power. Through its 10x high-speed and more space-saving M.2 size design, it helps customers painlessly realize high-speed network transmission and avoid institutional interference.

II. This year's business operation strategies, expected sales quantities and key production and sales policies:

Under the AIoT development strategy of creating an intelligent world, Innodisk has accumulated profound, intelligent application know-how and professional technology. On this basis, Innodisk has set the development goal of the next stage to become a global leader in AIoT intelligent applications. The Company's operation goal this year is to lay a solid foundation for working towards this goal. In terms of

product application, Innodisk will pay special attention to 5G netcom, 5G-ORAN, edge server, vehicle, edge computing and low orbit satellite products this year, jointly establish eco-systems together with system operators and strategic partners, and launch intelligent solutions for various vertical markets. In terms of business promotion, Innodisk will apply its ability as a large world-class factory in strengthening the delicacy of local services. In terms of marketing strategy, the Company will expand product marketing and marketing layout of the Innodisk brand, and expects to introduce marketing automation tools to improve global product marketing efficiency, strengthen talent layout through industry-academia cooperation, deepen ESG efforts and implement corporate responsibility, so as to enhance brand influence. Innodisk will make every effort to make all preparations in terms of products, business and brand, and provide customers with more complete integration solutions, so as to assist and accelerate the full implementation of customers' AIoT applications and jointly create value.

On product and technology development this year, the Company will continue to launch products with attraction based on its own technology development ability. Among them, with the development of AIoT, many new applications are gradually discovered, and many customer pain points that cannot be satisfied in the market also emerge one by one. In view of this, Innodisk will launch corresponding embedded storage products for the data transmission and calculation

gap between cloud and end users of industrial control applications. In addition, for the industrial control I/O periphery and AIoT periphery, we will focus AIoT applications on the links of data collection, storage, management, transmission, calculation, learning and application to explore business opportunities, launch a new series of products, and expand the layout of overall solution applications.

In response to the drastic industrial changes brought about by the pandemic, the Company has actively improved operational efficiency and promoted internal intelligence, comprehensively improved the intelligence of the management system, and improved the efficiency and accelerated the response speed from delivery estimation, order receiving process, production scheduling to technical services. Meanwhile, the Company's R&D and Manufacturing Center in Yilan Science Park has started the construction project of the second plant, in order to continue to improve R&D ability and production capacity. On sales channels, we will continue to increase overseas sales and service bases to expand services to customers in different regions, deepen our operation as a large world-class factory, strengthen the depth and breadth of cooperation with key customers, and become a strategic partner of key customers. With the industry's continuous development and introduction of new applications, it is expected that the Company's sales volume will continue to grow steadily this year.

III. Company's future development strategy and the impact

from competitive environment, regulatory environment and overall operating environment:

The COVID-19 pandemic is still continuing, and the global economic order is challenged. Innodisk will continue to focus on industrial control and AIoT intelligent application, and continue to invest in R&D resources with an innovative entrepreneurial spirit to maintain its leading position in technology. At the same time, it will also continuously improve the service satisfaction of global customers, so as to create the ultimate service value. In addition to business operation and profit growth, the Company attaches great importance to enterprise sustainability, implements ESG operation, comprehensively strengthens corporate governance, attaches importance to environmental issues, complies with green supply chain norms and practices social responsibility. Among them, the company has passed the third-party verification and obtained ISO9001 quality certification, IECQ: QC080000 HSF certification, ISO27001 information security certification and a number of ISO environmental safety and health certification. In addition, the Company has actively participated in social participation. Since 2016 when the Innodisk Education Foundation was established, it has been paying attention to the education problems of disadvantaged students, and encouraging and assisting students to stabilize their schooling and establish their learning direction. On corporate governance, the Company will actively promote and implement the Corporate Governance 3.0

Blueprint proposed by the competent authority. At the same time, the Company continues to pay attention to industrial competition and changes in laws and regulations; it not only abides by the laws, but also maintains high attention and flexibility to possible industrial changes in the future, so as to formulate countermeasures at any time, and cultivate and maintain the Company's long-term and stable competitive advantage. We will adhere to our business philosophy of "Innovation. Discipline. Sharing." and continue to make progress toward our long-term goal of becoming a world-class company.

Chairman:

President:

Accounting Officer:

[Attachment II]

Innodisk Corporation
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, financial statements and earnings allocation proposal. The financial statements have been audited by the CPAs of PricewaterhouseCoopers Taiwan, and the Auditors' Report was issued accordingly.

The Audit Committee is responsible for the supervision of the Company's financial reporting process. The CPAs have certified the 2021 financial statements and communicated with the Audit Committee on the following matters:

1. The CPAs have not found any significant deficiencies within the planned scope and timing of the audit.

2. The CPAs have provided the Audit Committee with a statement regarding the independence of the personnel who are in compliance with the Codes of Ethics for Professional Accountants, and have not found any relationships or other matters that may be considered to have affected the independence of the CPAs.

3. The certified public accountants have communicated with the Audit Committee on key audit matters before deciding matters to be communicated and disclosed on the audit report.

The Business Report, Financial Statements, and proposals for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please kindly find the attached report for your reference.

Yours,

Innodisk Corporation 2022 General Shareholders' Meeting

Convener of the Audit Committee: Young, Kai-Charn

Audit Committee Member: Wang, Yin-Tien

Audit Committee Member: Lin, Wei-Li

Audit Committee Member: Lo, Su-Shun

February 23, 2022

Independent Auditor's Report

To the Board of Directors and Stockholders of Innodisk Corporation:

Opinion

We have audited the parent company only balance sheets of Innodisk Corporation (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the 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 its financial performance and 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 2021 parent company only financial statements in our professional judgment. 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 Innodisk Corporation's 2021 parent company only financial

statements are as follows:

Key audit matter –Inventory Evaluation

Description

With respect to the accounting policy for inventory valuation, please refer to Note 4 (11) of the parent company only financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (4).

Innodisk Corporate mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to parent company only financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Understand the provision policy for valuation of inventory allowance to ensure that the provision policy for loss of inventory allowance during the reporting period is consistent.
2. Obtained net realizable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales data and relevant supporting estimation documents. Second, recalculated net realizable value item by item, then applied the lower of cost or net realizable value method for valuation and whether reasonable allowance was recognized.
3. Obtain an inventory aging report to conduct inventory aging test. Random sampling of inventory and compare inventory transaction records to confirm the classification of aging intervals.
4. Compared current and previous year's allowance for valuation of inventory loss and reviewed the reasonableness of allowance recognized.

Key audit matter –Existence of Sales Revenue

Description

For the accounting policy of revenue recognition, please refer to Note 4 (28) of the parent company only financial statements. For the description on accounting entries of sales revenue, please refer to Note 6 (16).

Innodisk Corporation is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Due to that product diversification and innovation affect changes to top ten customers sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained an understanding of the process and basis of sales revenue recognition and collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control on shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Selected samples of details of sales for the top ten customers to verify the related vouchers and status of subsequent payment collection.
5. Obtain details of sales returns in the subsequent period of the top ten customers and examine the status of sales returns.

Responsibilities of management and those charged with governance for the individual 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, 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 misstatements, 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 individual financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit for the parent company. 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 Company's parent company

only financial statements of 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.

Yeh, Tsui Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2022

Innodisk Corporation
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Expressed in Thousands of NTD

Asset	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,824,752	23	\$ 1,992,270	33
1136	Current financial assets at amortised cost	6 (2)	600,000	8	400,000	6
1150	Notes receivable	6 (3)	1,986	-	258	-
1170	Accounts receivable, net	6 (3)	1,178,044	15	582,340	10
1180	Accounts receivable -- related parties	6 (3) and 7 (2)	357,219	5	282,216	5
1200	Other receivables		2,879	-	2,627	-
1210	Other receivables -- related parties	7 (2)	279	-	828	-
1220	Current income tax assets	6 (25)	494	-	606	-
130X	Inventories	6 (4)	1,532,434	19	737,236	12
1410	Prepayments		87,465	1	44,566	1
11XX	Current Assets		<u>5,585,552</u>	<u>71</u>	<u>4,042,947</u>	<u>67</u>
Non-current assets						
1535	Non-current financial assets at amortized cost	6(2) and 8	10,706	-	7,706	-
1550	Investments accounted for using equity method	6 (5)	469,476	6	345,306	6
1600	Property, plant and equipment	6 (6)	1,324,833	17	1,234,132	21
1755	Right-of-use assets	6 (7)	182,889	2	186,848	3
1760	Investment property, net	6 (9)	136,438	2	138,466	2
1780	Intangible assets		27,164	-	16,760	-
1840	Deferred income tax assets	6 (25)	56,350	1	34,728	1
1900	Other non-current assets	6 (10)	83,541	1	16,113	-
15XX	Non-current assets		<u>2,291,397</u>	<u>29</u>	<u>1,980,059</u>	<u>33</u>
1XXX	Total Assets		<u>\$ 7,876,949</u>	<u>100</u>	<u>\$ 6,023,006</u>	<u>100</u>

(Continued)

Innodisk Corporation
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Expressed in Thousands of NTD

Liabilities and Equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6 (18)	\$ 8,184	-	\$ 27,005	-
2170	Accounts payable		923,937	12	537,013	9
2180	Accounts payable -- related parties	7 (2)	16,023	-	2,053	-
2200	Other payables	6 (21)	429,717	6	275,618	5
2220	Other payables -- related parties	7 (2)	8,124	-	4,226	-
2230	Current income tax liabilities	6 (25)	272,026	3	108,317	2
2250	Provisions for liabilities-current	6 (14)	59,600	1	61,193	1
2280	Current lease liabilities		7,959	-	7,005	-
2300	Other current liabilities		3,603	-	2,073	-
21XX	Current Liabilities		<u>1,729,173</u>	<u>22</u>	<u>1,024,503</u>	<u>17</u>
Non-current liabilities						
2570	Deferred income tax liabilities:	6 (25)	8,279	-	-	-
2580	Non-current lease liabilities		177,216	2	181,157	3
2600	Other non-current liabilities	7 (2)	1,292	-	1,100	-
25XX	Non-current Liabilities		<u>186,787</u>	<u>2</u>	<u>182,257</u>	<u>3</u>
2XXX	Total liabilities		<u>1,915,960</u>	<u>24</u>	<u>1,206,760</u>	<u>20</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6 (15)	826,680	11	813,240	13
Capital surplus						
3200	Capital surplus	6 (16)	1,213,829	15	1,082,702	18
Retained earnings						
3310	Legal reserve	6 (17)	610,743	8	517,734	9
3320	Special reserve		5,438	-	4,080	-
3350	Unappropriated retained earnings		3,317,446	42	2,403,928	40
Other equity interests						
3400	Other equity interests		(13,147)	-	(5,438)	-
3XXX	Total equity		<u>5,960,989</u>	<u>76</u>	<u>4,816,246</u>	<u>80</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total Liabilities and Equity		<u>\$ 7,876,949</u>	<u>100</u>	<u>\$ 6,023,006</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD
(Except for earnings per share)

	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	6 (18) and 7 (2)	\$ 9,427,772	100	\$ 6,626,157	100
5000	Operating costs	6 (4) and 7 (2)	(6,752,343)	(72)	(4,794,650)	(72)
5900	Gross profit before unrealized gross profit on sales to subsidiaries		2,675,429	28	1,831,507	28
5910	Unrealized profit from sales		(14,316)	-	(12,625)	-
5920	Realized profit on from sales		12,625	-	13,602	-
5950	Gross profit before unrealized gross profit on sales to subsidiaries		2,673,738	28	1,832,484	28
	Operating expenses	6 (23) (24) and 7 (2)				
6100	Selling expenses		(323,578)	(3)	(284,312)	(5)
6200	General and administrative expenses		(364,014)	(4)	(265,509)	(4)
6300	Research and development expenses		(171,450)	(2)	(142,330)	(2)
6450	Expected loss on credit impairment		(493)	-	(6,226)	-
6000	Total operating expenses		(859,535)	(9)	(698,377)	(11)
6900	Operating profit		1,814,203	19	1,134,107	17
	Non-operating income and expenses					
7100	Interest income	6 (19)	4,844	-	5,667	-
7010	Other income	6 (20) and 7 (2)	16,647	-	29,871	1
7020	Other gains and losses	6 (21)	(24,098)	-	(51,452)	(1)
7050	Finance cost	6 (22)	(2,304)	-	(1,715)	-
7070	Share of profit/(loss) of associates and joint ventures accounted for using equity method	6 (5)	110,802	1	27,023	-
7000	Total non-operating income and expenses		105,891	1	9,394	-
7900	Profit before income tax		1,920,094	20	1,143,501	17
7950	Income tax expense	6 (25)	(359,206)	(4)	(211,838)	(3)
8200	Profit for the year		\$ 1,560,888	16	\$ 931,663	14
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(\$ 7,709)	-	(\$ 1,358)	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		(7,709)	-	(1,358)	-
8500	Total comprehensive income for the year		\$ 1,553,179	16	\$ 930,305	14
	Basic earnings per share					
9750	Profit for the year	6 (26)	\$ 18.94		\$ 11.46	
	Diluted earnings per share					
9850	Profit for the year	6 (26)	\$ 18.61		\$ 11.21	

The accompanying notes are an integral part of the parent company only financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

	Note	Share capital - common stock	Capital surplus	Retained earnings			Other equity interests	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>2020</u>								
Balance at January 1, 2020		\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471
Profit for the year		-	-	-	-	931,663	-	931,663
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,358)	(1,358)
Total comprehensive profit and loss for the year		-	-	-	-	931,663	(1,358)	930,305
Appropriations and of 2019 earnings	6 (17)							
Legal reserve		-	-	101,426	-	(101,426)	-	-
Special reserve		-	-	-	4,080	(4,080)	-	-
Stock dividends		15,946	-	-	-	(15,946)	-	-
Cash dividends		-	-	-	-	(597,971)	-	(597,971)
Share-based payment	6 (13)	-	22,864	-	-	-	-	22,864
Changes in net assets of the associates and joint ventures accounted for using equity method		-	-	-	-	(1,580)	-	(1,580)
Share-based remuneration for employees of subsidiaries		-	1,157	-	-	-	-	1,157
Balance at December 31, 2020		\$ 813,240	\$ 1,082,702	\$ 517,734	\$ 4,080	\$ 2,403,928	(\$ 5,438)	\$ 4,816,246
<u>2021</u>								
Balance at January 1, 2021		\$ 813,240	\$ 1,082,702	\$ 517,734	\$ 4,080	\$ 2,403,928	(\$ 5,438)	\$ 4,816,246
Profit for the year		-	-	-	-	1,560,888	-	1,560,888
Other comprehensive profit and loss for the year		-	-	-	-	-	(7,709)	(7,709)
Total comprehensive income for the year		-	-	-	-	1,560,888	(7,709)	1,553,179
Appropriations and of 2020 earnings	6 (17)							
Legal reserve		-	-	93,009	-	(93,009)	-	-
Special reserve		-	-	-	1,358	(1,358)	-	-
Cash dividends		-	-	-	-	(553,003)	-	(553,003)
Share-based payment	6 (13)	-	19,973	-	-	-	-	19,973
Exercise of employee share options		13,440	111,055	-	-	-	-	124,495
Share-based remuneration for employees of subsidiaries		-	99	-	-	-	-	99
Balance at December 31, 2021		\$ 826,680	\$ 1,213,829	\$ 610,743	\$ 5,438	\$ 3,317,446	(\$ 13,147)	\$ 5,960,989

The accompanying notes are an integral part of the parent company only financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Parent Company Only Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 1,920,094	\$ 1,143,501
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (23)	60,532	63,405
Depreciation charges on right-of-use assets	6 (23)	9,315	6,784
Amortization charges on the intangible assets and deferred assets.	6 (23)	21,499	18,748
Depreciation charges on investment property	6 (21)	2,028	2,028
Expected loss on credit impairment		493	6,226
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (4)	124,783	3,624
Loss on scrapping inventory	6 (4)	3,353	9,193
Share of (profit)/loss of associates accounted for using equity method	6 (5)	(110,802)	(27,023)
Gains on revaluation of investments accounted for using equity method	6 (21)	(2,780)	-
Loss (gain) on disposal of property, plant and equipment	6 (21)	(388)	3
Gain on disposal of intangible assets	6 (21)	-	(2,842)
Interest expense	6 (22)	2,304	1,715
Interest income	6 (19)	(4,844)	(5,667)
Compensation cost of employee stock options	6 (13)	19,973	22,864
Unrealized profit from sales		14,316	12,625
Realized profit on from sales		(12,625)	(13,602)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,728)	1,108
Accounts receivable, net		(596,197)	33,223
Accounts receivable -- related parties		(75,003)	81,925
Other receivables		(251)	(1,266)
Other receivables - related parties		549	188
Inventories		(923,334)	(51,686)
Prepayments		(42,899)	(5,752)
Changes in operating liabilities			
Current contract liabilities		(18,821)	20,937
Accounts payable		386,924	134,126
Accounts payable -- related parties		13,970	908
Other payables		137,751	10,202
Other payables -- related parties		3,898	(1,798)
Provisions for liabilities-current		(1,593)	2,423
Other current liabilities		1,530	(1,342)
Cash inflow generated from operations		932,047	1,464,778
Interest received		4,843	5,667
Income tax paid		(208,728)	(245,093)
Net cash flows from operating activities		728,162	1,225,352

(Continued)

Innodisk Corporation
Parent Company Only Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

	<u>Note</u>	<u>January 1 to December 31, 2021</u>	<u>January 1 to December 31, 2020</u>
<u>Cash Flow from Investing Activities</u>			
Increase in financial assets at amortized cost -			
current		(\$ 200,000)	(\$ 250,000)
Acquisition of investments accounted for using	6 (5)		
equity method		(19,889)	(20,494)
Proceeds from disposal of investments accounted	6 (5)		
for using equity method		-	3,493
Acquisition of property, plant and equipment	6 (28)	(129,362)	(32,158)
Disposal of property, plant and equipment		450	-
Acquisition of intangible assets		(22,885)	(13,242)
Disposal of intangible assets		-	26,653
Increase in prepayments for equipment		(68,802)	(2,656)
Increase in refundable deposits		(207)	(355)
Decrease in refundable deposits		207	945
Increase in pledged time deposits		(3,000)	-
Increase in the other non-current assets		(<u>13,229</u>)	(<u>16,528</u>)
Net cash used in investing activities		(<u>456,717</u>)	(<u>304,342</u>)
<u>Cash Flow from Financing Activities</u>			
Increase in guarantee deposits received	6 (29)	524	601
Decrease in guarantee deposits received	6 (29)	(332)	(708)
Cash dividends paid	6 (29)	(553,003)	(597,971)
Exercise of employee share options	6 (15)	124,495	-
Interest paid		(2,304)	(1,715)
Payment of lease liabilities	6 (29)	(<u>8,343</u>)	(<u>6,040</u>)
Net cash used in financing activities		(<u>438,963</u>)	(<u>605,833</u>)
Increase (decrease) in cash and cash equivalents		(167,518)	315,177
Cash and cash equivalents at beginning of year		<u>1,992,270</u>	<u>1,677,093</u>
Cash and cash equivalents at end of year		<u>\$ 1,824,752</u>	<u>\$ 1,992,270</u>

The accompanying notes are an integral part of the parent company only financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Independent Auditor's Report

To the Board of Directors and Stockholders of Innodisk Corporation:

Opinion

We have audited the accompanying consolidated balance sheets of Innodisk Corporation and subsidiaries (the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies were also audited.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 in 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 that, in our professional judgment, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming

our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Key audit matter –Inventory Evaluation

Description

With respect to the accounting policy for inventory valuation, please refer to Note 4 (12) of the consolidated financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (4).

Innodisk Group mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to consolidated financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained the Group's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.
2. Obtained net realizable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales data and relevant supporting estimation documents. Second, recalculated net realizable value item by item, then applied the lower of cost or net realizable value method for valuation and whether reasonable allowance was recognized.
3. Obtain an inventory aging report to conduct inventory aging test. Random sampling of inventory and compare inventory transaction records to confirm the classification of aging intervals.
4. Compared current and previous year's allowance for valuation of inventory loss and reviewed the reasonableness of allowance recognized.

Key audit matter –Existence of Sales Revenue

Description

For the accounting policy of income recognition, please refer to Note 4 (29) of the consolidated financial statements. For the description of accounting entries of sales income, please refer to Note 6 (19).

Innodisk Group is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Because product diversification and innovation affect changes to the top ten customers' sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained an understanding of the process and basis of sales revenue recognition and collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control on shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Selected samples of details of sales for the top ten customers to verify the related vouchers and status of subsequent payment collection.
5. Obtain details of sales returns in the subsequent period of the top ten customers and examine the status of sales returns.

Other Matters -- Individual Financial Report

We have audited and expressed a modified opinion on the individual financial statements of the Innodisk Corporation for the years ended December 31, 2021 and 2020.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.

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

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

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

From the matters communicated with the governance unit, we determined the key audit matters for the audit of the Group's consolidated financial statements of 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not

be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Tsui Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2022

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Expressed in Thousands of NTD

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,137,891	26	\$ 2,260,204	36
1136	Current financial assets at amortised cost	6 (2)	600,000	8	400,000	7
1150	Notes receivable	6 (3)	1,986	-	258	-
1170	Accounts receivable, net	6 (3)	1,554,637	19	879,782	14
1180	Accounts receivable -- related parties	6 (3) and 7 (2)	2	-	72	-
1200	Other receivables		6,139	-	3,736	-
1210	Other receivables -- related parties	7 (2)	42	-	273	-
1220	Current income tax assets		494	-	777	-
130X	Inventories	6 (4)	1,664,349	20	791,673	13
1410	Prepayments		102,658	1	56,228	1
11XX	Current Assets		<u>6,068,198</u>	<u>74</u>	<u>4,393,003</u>	<u>71</u>
Non-current assets						
1535	Non-current financial assets at amortized cost	6(2) and 8	10,706	-	7,706	-
1550	Investments accounted for using equity method	6 (5)	18,738	-	33,123	1
1600	Property, plant and equipment	6 (6)	1,616,786	20	1,374,994	22
1755	Right-of-use assets	6 (7)	206,101	2	213,356	3
1760	Investment property, net	6 (9)	99,351	1	102,216	2
1780	Intangible assets	6 (10)	47,137	1	28,927	-
1840	Deferred income tax assets	6 (26)	76,339	1	43,707	1
1900	Other non-current assets	6 (6)	88,082	1	20,838	-
15XX	Non-current assets		<u>2,163,240</u>	<u>26</u>	<u>1,824,867</u>	<u>29</u>
1XXX	Total Assets		<u>\$ 8,231,438</u>	<u>100</u>	<u>\$ 6,217,870</u>	<u>100</u>

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Expressed in Thousands of NTD

Liabilities and Equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6 (19)	\$ 31,810	-	\$ 41,011	1
2170	Accounts payable		956,657	12	565,168	9
2180	Accounts payable -- related parties	7 (2)	385	-	-	-
2200	Other payables	6 (21)	489,380	6	319,597	5
2230	Current income tax liabilities		292,912	4	114,838	2
2250	Provisions for liabilities-current	6 (15)	59,851	1	61,444	1
2280	Current lease liabilities		21,312	-	22,098	-
2320	Long-term liabilities -- current portion	6 (12)	2,193	-	2,451	-
2399	Other current liabilities, others		6,021	-	14,318	-
21XX	Current Liabilities		<u>1,860,521</u>	<u>23</u>	<u>1,140,925</u>	<u>18</u>
Non-current liabilities						
2540	Long-term loans	6 (12)	140,461	2	17,860	1
2570	Deferred income tax liabilities:	6 (26)	8,279	-	-	-
2580	Non-current lease liabilities		187,265	2	192,781	3
2600	Other non-current liabilities	7 (2)	1,402	-	1,243	-
25XX	Non-current Liabilities		<u>337,407</u>	<u>4</u>	<u>211,884</u>	<u>4</u>
2XXX	Total liabilities		<u>2,197,928</u>	<u>27</u>	<u>1,352,809</u>	<u>22</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6 (16)	826,680	10	813,240	13
Capital surplus						
3200	Capital surplus	6 (17)	1,213,829	14	1,082,702	17
Retained earnings						
3310	Legal reserve	6 (18)	610,743	8	517,734	8
3320	Special reserve		5,438	-	4,080	-
3350	Unappropriated retained earnings		3,317,446	40	2,403,928	39
Other equity interests						
3400	Other equity interests		(13,147)	-	(5,438)	-
31XX	Total equity attributable to owners of parent		<u>5,960,989</u>	<u>72</u>	<u>4,816,246</u>	<u>77</u>
36XX	Non-controlling interest		<u>72,521</u>	<u>1</u>	<u>48,815</u>	<u>1</u>
3XXX	Total equity		<u>6,033,510</u>	<u>73</u>	<u>4,865,061</u>	<u>78</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total Liabilities and Equity		<u>\$ 8,231,438</u>	<u>100</u>	<u>\$ 6,217,870</u>	<u>100</u>

The accompanying consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD
(Except for earnings per share)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7 (2)	\$ 10,195,658	100	\$ 7,152,015	100
5000 Operating costs	6 (4) and 7 (2)	(7,103,440)	(70)	(5,018,288)	(70)
5950 Gross profit before unrealized gross profit on sales to subsidiaries		<u>3,092,218</u>	<u>30</u>	<u>2,133,727</u>	<u>30</u>
Operating expenses	6 (24) and 7 (2)				
6100 Selling expenses		(463,863)	(4)	(399,802)	(6)
6200 General and administrative expenses		(483,752)	(5)	(364,070)	(5)
6300 Research and development expenses		(194,129)	(2)	(155,922)	(2)
6450 Expected loss on credit impairment	12 (2)	(1,228)	-	(6,640)	-
6000 Total operating expenses		(1,142,972)	(11)	(926,434)	(13)
6900 Operating profit		<u>1,949,246</u>	<u>19</u>	<u>1,207,293</u>	<u>17</u>
Non-operating income and expenses					
7100 Interest income	6 (20)	5,860	-	6,539	-
7010 Other income	6 (21) and 7 (2)	51,745	-	22,031	-
7020 Other gains and losses	6 (22)	(23,956)	-	(52,721)	(1)
7050 Finance cost	6 (23)	(2,987)	-	(2,293)	-
7060 Shares of losses of associates and joint ventures accounted for using equity method	6 (5)	(7,854)	-	(13,253)	-
7000 Total non-operating income and expenses		<u>22,808</u>	<u>-</u>	<u>(39,697)</u>	<u>(1)</u>
7900 Profit before income tax		<u>1,972,054</u>	<u>19</u>	<u>1,167,596</u>	<u>16</u>
7950 Income tax expense	6 (26)	(390,173)	(4)	(227,063)	(3)
8200 Profit for the year		<u>\$ 1,581,881</u>	<u>15</u>	<u>\$ 940,533</u>	<u>13</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss:					
8361 Financial statements translation differences of foreign operations		(\$ 7,729)	-	(\$ 1,358)	-
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(7,729)	-	(1,358)	-
8300 Other comprehensive loss for the period, net of tax		(\$ 7,729)	-	(\$ 1,358)	-
8500 Total comprehensive income for the year		<u>\$ 1,574,152</u>	<u>15</u>	<u>\$ 939,175</u>	<u>13</u>
Profit attributable to:					
8610 Owners of the parent		\$ 1,560,888	15	\$ 931,663	13
8620 Non-controlling interest		20,993	-	8,870	-
Profit for the year		<u>\$ 1,581,881</u>	<u>15</u>	<u>\$ 940,533</u>	<u>13</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 1,553,179	15	\$ 930,305	13
8720 Non-controlling interest		20,973	-	8,870	-
Total comprehensive income for the year		<u>\$ 1,574,152</u>	<u>15</u>	<u>\$ 939,175</u>	<u>13</u>
Basic earnings per share	6 (27)				
9750 Profit for the year		<u>\$ 18.94</u>		<u>\$ 11.46</u>	
Diluted earnings per share	6 (27)				
9850 Profit for the year		<u>\$ 18.61</u>		<u>\$ 11.21</u>	

The accompanying consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

	Note	Equity attributable to owners of parent						Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Retained earnings		Unappropriated retained earnings	Other equity interests			
				Legal reserve	Special reserve		Financial statements translation differences of foreign operations			
2020										
Balance at January 1, 2020		\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471	\$ 33,549	\$ 4,495,020
Profit for the year		-	-	-	-	931,663	-	931,663	8,870	940,533
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,358)	(1,358)	-	(1,358)
Total comprehensive profit and loss for the year		-	-	-	-	931,663	(1,358)	930,305	8,870	939,175
Appropriations and of 2019 earnings	6 (18)									
Legal reserve		-	-	101,426	-	(101,426)	-	-	-	-
Special reserve		-	-	-	4,080	(4,080)	-	-	-	-
Stock dividends		15,946	-	-	-	(15,946)	-	-	-	-
Cash dividends		-	-	-	-	(597,971)	-	(597,971)	-	(597,971)
Share-based payment	6 (14)	-	22,864	-	-	-	-	22,864	-	22,864
Changes in net assets of the associates and joint ventures accounted for using equity method		-	-	-	-	(1,580)	-	(1,580)	-	(1,580)
Share-based remuneration for employees of subsidiaries		-	1,157	-	-	-	-	1,157	2,903	4,060
Transactions with non-controlling interests	6 (29)	-	-	-	-	-	-	-	3,493	3,493
Balance at December 31, 2020		<u>\$ 813,240</u>	<u>\$ 1,082,702</u>	<u>\$ 517,734</u>	<u>\$ 4,080</u>	<u>\$ 2,403,928</u>	<u>(\$ 5,438)</u>	<u>\$ 4,816,246</u>	<u>\$ 48,815</u>	<u>\$ 4,865,061</u>
2021										
Balance as of January 1, 2021		\$ 813,240	\$ 1,082,702	\$ 517,734	\$ 4,080	\$ 2,403,928	(\$ 5,438)	\$ 4,816,246	\$ 48,815	\$ 4,865,061
Profit for the year		-	-	-	-	1,560,888	-	1,560,888	20,993	1,581,881
Other comprehensive profit and loss for the year		-	-	-	-	-	(7,709)	(7,709)	(20)	(7,729)
Total comprehensive profit and loss for the year		-	-	-	-	1,560,888	(7,709)	1,553,179	20,973	1,574,152
Appropriations and of 2020 earnings	6 (18)									
Legal reserve		-	-	93,009	-	(93,009)	-	-	-	-
Special reserve		-	-	-	1,358	(1,358)	-	-	-	-
Cash dividends		-	-	-	-	(553,003)	-	(553,003)	-	(553,003)
Share-based payment	6 (14)	-	19,973	-	-	-	-	19,973	-	19,973
Exercise of employee share options	6 (16)	13,440	111,055	-	-	-	-	124,495	-	124,495
Share-based remuneration for employees of subsidiaries		-	99	-	-	-	-	99	2,733	2,832
Balance as of December 31, 2021		<u>\$ 826,680</u>	<u>\$ 1,213,829</u>	<u>\$ 610,743</u>	<u>\$ 5,438</u>	<u>\$ 3,317,446</u>	<u>(\$ 13,147)</u>	<u>\$ 5,960,989</u>	<u>\$ 72,521</u>	<u>\$ 6,033,510</u>

The accompanying consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 1,972,054	\$ 1,167,596
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (24)	67,274	69,865
Depreciation charges on right-of-use assets	6 (24)	28,566	24,302
Amortization charges on the intangible assets and deferred assets.	6 (24)	24,851	20,294
Depreciation charges on investment property	6 (22)	1,383	1,449
Expected loss (gain) on credit impairment	12 (2)	1,228	6,640
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (4)	132,392	8,999
Loss on scrapping inventory	6 (4)	5,195	10,707
Gain on lease modification	6 (7)	(3)	(3)
Interest income	6 (20)	(5,860)	(6,539)
Interest expense	6 (23)	2,987	2,293
Compensation cost of employee stock options	6 (14)	19,973	22,864
Shares of losses of associates and joint ventures accounted for using equity method	6 (5)	7,854	13,253
Gains on revaluation of investments accounted for using equity method	6 (22)	(2,780)	-
Loss (gain) on disposal of property, plant and equipment	6 (22)	(372)	57
Gain on disposal of intangible assets	6 (22)	- (	2,842)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,728)	1,108
Accounts receivable, net		(674,500)	77,616
Accounts receivable -- related parties		70	4
Other receivables		(2,271)	811
Other receivables -- related parties		231 (	111)
Inventories		(1,005,066)	(38,313)
Prepayments		(45,432)	(4,667)
Changes in operating liabilities			
Current contract liabilities		(10,625)	23,025
Accounts payable		390,660	135,719
Accounts payable -- related parties		138	-
Other payables		151,432	7,962
Provisions for liabilities-current		(1,593)	2,350
Other current liabilities, others		(8,343)	9,550
Cash inflow generated from operations		1,047,715	1,553,989
Interest received		5,862	6,587
Income taxes paid		(226,750)	(280,864)
Net cash flows from operating activities		<u>826,827</u>	<u>1,279,712</u>

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2021 and 2020

Expressed in Thousands of NTD

Cash Flow from Investing Activities

Increase in financial assets at amortized cost - current		(\$	200,000)	(\$	250,000)
Acquisition of investments accounted for using equity method	6 (5)		-	(	19,000)
Proceeds from disposal of investments accounted for using equity method	6 (29)		-		3,493
Acquisition of property, plant and equipment	6 (30)	(	292,133 )	(	33,258)
Disposal of property, plant and equipment			460		-
Increase in refundable deposits		(	732 )	(	7,584)
Decrease in refundable deposits			250		1,108
Acquisition of intangible assets	6 (10)	(	24,564 )	(	13,342)
Proceeds from disposal of intangible assets			-		26,652
Increase in pledged time deposits		(	3,000)		-
Net cash flow from acquisition of subsidiaries	6 (28)	(	12,882)		-
Increase in prepayments for equipment		(	68,802 )	(	2,656)
Increase in the other non-current assets		(	13,223 )	(	12,839)
Net cash used in investing activities		(	614,626 )	(	307,426)

Cash Flow from Financing Activities

Proceeds from long-term debt	6 (31)		126,680		-
Repayment of long-term debt	6 (31)	(	2,321 )	(	2,360)
Increase in guarantee deposits received	6 (31)		524		601
Decrease in guarantee deposits received	6 (31)	(	332 )	(	709)
Cash dividends paid	6 (31)	(	553,003 )	(	597,971)
Exercise of employee share options			124,495		-
Interest paid		(	2,968 )	(	2,269)
Payment of lease liabilities	6 (31)	(	28,110 )	(	23,390)
Net cash used in financing activities		(	335,035 )	(	626,098)
Effects of changes in foreign exchange rates			521		9,388
Increase (decrease) in cash and cash equivalents		(	122,313)		355,576
Cash and cash equivalents at beginning of year			2,260,204		1,904,628
Cash and cash equivalents at end of year		\$	2,137,891	\$	2,260,204

The accompanying consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

[Attachment IV]

Innodisk Corporation

Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets

Articles after amendments	Original articles	Description
<p>Article 6: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:</p> <p>I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of execution or expiration of probation or after a pardon.</p> <p>II. Not a related party of or having a substantial relationship with the transaction counterparty.</p> <p>III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall <u>comply with the self-discipline norms of their trade associations</u> and the following matters:</p> <p>I. Carefully evaluate its own</p>	<p>Article 6: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:</p> <p>I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of execution or expiration of probation or after a pardon.</p> <p>II. Not a related party of or having a substantial relationship with the transaction counterparty.</p> <p>III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following matters:</p> <p>I. Carefully evaluate its own</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p>

<p>professional ability, practical experience and independence before undertaking a case.</p> <p>II. When <u>executing</u> cases, appropriate operating procedures should be properly planned and implemented to form conclusions and issue a report or opinion; the procedures, information collected and conclusions shall be detailed in the working paper of the case.</p> <p>III. The <u>appropriateness</u> and rationality of the data sources, parameters and information used shall be evaluated item by item as the basis for issuing the appraisal report or opinion.</p> <p>IV. The statement shall include the professional and independent nature of the relevant personnel, and that the information used in the evaluation is <u>appropriate and reasonable</u> and in compliance with relevant laws and regulations.</p>	<p>professional ability, practical experience and independence before undertaking a case.</p> <p>II. When executing cases, appropriate operating procedures should be properly planned and implemented to form conclusions and issue a report or opinion; the procedures, information collected and conclusions shall be detailed in the working paper of the case.</p> <p>III. The completeness, correctness and rationality of the data sources, parameters and information used shall be evaluated item by item as the basis for issuing the appraisal report or opinion.</p> <p>IV. The statement shall include the professional and independent nature of the relevant personnel, and that the information used in the evaluation is reasonable and correct and in compliance with relevant laws and regulations.</p>	
<p>Article 10: For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence and comply with the following:</p> <p>I. If a limited price, specific price or special price is used as the reference basis for the transaction price due to special reasons, the transaction shall be submitted to the board meeting for resolution first; the same procedure shall be followed if</p>	<p>Article 10: For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence and comply with the following:</p> <p>I. If a limited price, specific price or special price is used as the reference basis for the transaction price due to special reasons, the transaction shall be submitted to the board meeting for resolution first; the same procedure shall be followed if</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p>

<p>the transaction conditions are changed later.</p> <p>II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be invited to evaluate the transaction.</p> <p>III. In case of any of the following circumstances, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to express a concrete opinion about the reasons for the difference and the fairness of the transaction price:</p> <p>(I) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(II) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>IV. The interval between the date of the professional appraiser's report and the establishment date of the contract shall not exceed three months. However, if the announced current value of the same period is applicable and the announcement date was less than six months ago, the original professional appraiser may issue a written opinion.</p>	<p>the transaction conditions are changed later.</p> <p>II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be invited to evaluate the transaction.</p> <p>III. In case of any of the following circumstances, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the Accounting Research and Development Foundation), and express a concrete opinion about the reasons for the difference and the fairness of the transaction price:</p> <p>(I) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.</p> <p>(II) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>IV. The interval between the date of the professional appraiser's report and the establishment date of the contract shall not exceed three months. However, if the announced current value of the same period is applicable and the announcement date was less than six months ago, the original professional appraiser may issue a written opinion.</p>	<p>In</p>
<p>Article 11: Procedures for acquiring or</p>	<p>Article 11: Procedures for acquiring or</p>	<p>In</p>

<p>disposing of securities investment</p> <p>I. The Company shall acquire or dispose of securities in accordance with the relevant operating regulations of the Company's internal control system and these procedures.</p> <p>II. When acquiring or disposing of securities, the latest audited and certified or checked financial statements of the target company shall be taken as the reference for evaluating the trading price before the date of occurrence. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence. However, this restriction does not apply if the securities are publicly quoted in an active market or there are other applicable requirements by the Financial Supervisory Commission.</p> <p>III. The Company shall not give up the rights issues of Innodisk USA Corporation, Innodisk Japan Corporation and Innodisk Global-M Corporation, and Innodisk Global-M Corporation shall not give up the rights issue of Innodisk (Shenzhen) Corporation in future years. In the future, if the Company is required to abandon the rights issues or disposal of the above-mentioned companies due to strategic alliance considerations or other reasons approved by the Taipei Exchange, it shall be approved by a special resolution</p>	<p>disposing of securities investment</p> <p>I. The Company shall acquire or dispose of securities in accordance with the relevant operating regulations of the Company's internal control system and these procedures.</p> <p>II. When acquiring or disposing of securities, the latest audited and certified or checked financial statements of the target company shall be taken as the reference for evaluating the trading price before the date of occurrence. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence. If the accountant needs to use an expert report, he should follow the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, this restriction does not apply if the securities are publicly quoted in an active market or there are other applicable requirements by the Financial Supervisory Commission.</p> <p>III. The Company shall not give up the rights issues of Innodisk USA Corporation, Innodisk Japan Corporation and Innodisk Global-M Corporation, and Innodisk Global-M Corporation shall not give up the rights issue of Innodisk (Shenzhen) Corporation in future years. In the future, if the Company is required to abandon the rights issues or disposal of the above-mentioned companies due to strategic alliance considerations or other reasons approved by the Taipei Exchange, it shall be approved by a special resolution</p>	<p>accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p>
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<p>of the Company's board meeting.</p> <p>If there is any amendment to these procedures, it should be entered in the significant information disclosure of the MOPS, and a letter shall be submitted to the Taipei Exchange for recordation.</p>	<p>of the Company's board meeting.</p> <p>If there is any amendment to these procedures, it should be entered in the significant information disclosure of the MOPS, and a letter shall be submitted to the Taipei Exchange for recordation.</p>	
<p>Article 12: Procedures for handling related party transactions</p> <p>I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Articles 10, 11 and 13, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements. The calculation of the transaction amount in the preceding two articles shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated retroactively for one year. The part for which an appraisal report of a professional appraiser or a CPA opinion is already obtained is exempted from being included in. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the substantive relationship.</p> <p>II. (I) When acquiring real estate or its right-of-use assets from a related party, the company</p>	<p>Article 12: Procedures for handling related party transactions</p> <p>I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Articles 10, 11 and 13, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements. The calculation of the transaction amount in the preceding two articles shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated retroactively for one year. The part for which an appraisal report of a professional appraiser or a CPA opinion is already obtained is exempted from being included in. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the substantive relationship.</p> <p>II. (I) When acquiring real estate or its right-of-use assets from a related party, the company</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p>

<p>shall assess the fairness of transaction costs according to the following methods:</p> <ol style="list-style-type: none"> 1. The transaction price of the related party plus the necessary capital interest and the cost that the buyer should bear according to law. The interest cost of necessary funds referred to shall be calculated on the basis of the weighted average interest rate of the loan in the year the company purchases the assets, provided that it shall not be higher than the maximum interest rate of non-financial institutions as announced by the Ministry of Finance. 2. The total appraised value of the subject matter by the financial institution if the related party has set up a mortgage loan with the subject matter from a financial institution, provided that the financial institution's actual accumulated loan value for the subject matter shall be more than 70% of the total appraised value, and the loan period shall be more than one year. However, the above is not applicable if the financial institution and one of the parties to the transaction are related parties to each other. <p>(II) In the case of joint purchase or joint lease of the land</p>	<p>shall assess the fairness of transaction costs according to the following methods:</p> <ol style="list-style-type: none"> 1. The transaction price of the related party plus the necessary capital interest and the cost that the buyer should bear according to law. The interest cost of necessary funds referred to shall be calculated on the basis of the weighted average interest rate of the loan in the year the company purchases the assets, provided that it shall not be higher than the maximum interest rate of non-financial institutions as announced by the Ministry of Finance. 2. The total appraised value of the subject matter by the financial institution if the related party has set up a mortgage loan with the subject matter from a financial institution, provided that the financial institution's actual accumulated loan value for the subject matter shall be more than 70% of the total appraised value, and the loan period shall be more than one year. However, the above is not applicable if the financial institution and one of the parties to the transaction are related parties to each other. <p>(II) In the case of joint purchase or joint lease of the land</p>	
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<p>and housing of the same subject matter, the transaction costs may be assessed by either of the methods listed in subparagraph 1 above.</p> <p>(III) When the Company acquires real estate or its right-of-use assets from a related party, it shall evaluate the cost of the real estate or its right-of-use assets in accordance with the provisions of subparagraphs 1 and 2 above, and shall consult an accountant for review and a specific opinion.</p> <p>(IV) When the Company acquires real estate or its right-of-use assets from a related party, in any of the following circumstances, the provisions of paragraph 3 of this Article shall be followed, and the provisions of subparagraphs 1, 2 and 3 of the paragraph above shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired real estate or its right-of-use assets by inheritance or gift. 2. The time when the related party acquired the real estate or its right-of-use assets was more than five years ago. 3. The real estate is acquired by signing a joint construction contract with the related party, or inviting the related party to build the real estate with local or leased land. 4. The right-of-use assets for business purpose is acquired between the 	<p>and housing of the same subject matter, the transaction costs may be assessed by either of the methods listed in subparagraph 1 above.</p> <p>(III) When the Company acquires real estate or its right-of-use assets from a related party, it shall evaluate the cost of the real estate or its right-of-use assets in accordance with the provisions of subparagraphs 1 and 2 above, and shall consult an accountant for review and a specific opinion.</p> <p>(IV) When the Company acquires real estate or its right-of-use assets from a related party, in any of the following circumstances, the provisions of paragraph 3 of this Article shall be followed, and the provisions of subparagraphs 1, 2 and 3 of the paragraph above shall not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired real estate or its right-of-use assets by inheritance or gift. 2. The time when the related party acquired the real estate or its right-of-use assets was more than five years ago. 3. The real estate is acquired by signing a joint construction contract with the related party, or inviting the related party to build the real estate with local or leased land. 4. The right-of-use assets for business purpose is acquired between the 	
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<p>Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.</p> <p>(V) When the Company acquires real estate from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of subparagraphs 1 and 2 of the paragraph, it shall be handled in accordance with paragraph 4 of this article. This restriction does not apply if objective evidence is provided and a specific fair opinion of a professional real estate appraiser or an accountant is obtained due to the following circumstances:</p> <ol style="list-style-type: none"> 1. If the related party acquires plain land or leased land for redevelopment, relevant evidence may be provided to prove that it meets any of the following conditions: <ol style="list-style-type: none"> (1) The plain land is evaluated according to the methods specified in subparagraphs 1 to 4, the building price is calculated at the construction cost of the related party plus a reasonable construction profit, and the sum exceeds the actual transaction 	<p>Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.</p> <p>(V) When the Company acquires real estate from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of subparagraphs 1 and 2 of the paragraph, it shall be handled in accordance with paragraph 4 of this article. This restriction does not apply if objective evidence is provided and a specific fair opinion of a professional real estate appraiser or an accountant is obtained due to the following circumstances:</p> <ol style="list-style-type: none"> 1. If the related party acquires plain land or leased land for redevelopment, relevant evidence may be provided to prove that it meets any of the following conditions: <ol style="list-style-type: none"> (1) The plain land is evaluated according to the methods specified in subparagraphs 1 to 4, the building price is calculated at the construction cost of the related party plus a reasonable construction profit, and the sum exceeds the actual transaction 	
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<p>price. The reasonable construction profit shall be the lower of the average gross operating profit rate of the construction department of the related party in the last three years, or the most recent gross profit rate of the construction industry announced by the Ministry of Finance.</p> <p>(2) The transaction cases of other floors of the same subject property or of other non-related parties in the adjacent area within one year have similar areas, and the transaction conditions after evaluation are equivalent according to the reasonable floor or area price difference based on real estate sales or leasing practices.</p> <p>2. The Company provides evidence that the transaction conditions of the real estate purchased from the related party or the real estate right-of-use assets acquired by leasing are similar to those of other non-related party</p>	<p>price. The reasonable construction profit shall be the lower of the average gross operating profit rate of the construction department of the related party in the last three years, or the most recent gross profit rate of the construction industry announced by the Ministry of Finance.</p> <p>(2) The transaction cases of other floors of the same subject property or of other non-related parties in the adjacent area within one year have similar areas, and the transaction conditions after evaluation are equivalent according to the reasonable floor or area price difference based on real estate sales or leasing practices.</p> <p>2. The Company provides evidence that the transaction conditions of the real estate purchased from the related party or the real estate right-of-use assets acquired by leasing are similar to those of other non-related party</p>	
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<p>transactions in the adjacent area within one year.</p> <p>The transaction cases in neighboring areas mentioned in 1. and 2. above shall be based on the principle that the transaction objects are on the same street or adjacent streets less than 500 meters away from the subject matter of the transaction, or the announced present values are similar; the above-mentioned similar areas shall be based on the principle that the areas of other non-related parties' transaction cases are not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period shall be based on the date of occurrence of the acquisition of the real estate or its right-of-use assets, and retrospectively calculated for one year in the past.</p> <p>III. Evaluation and Operation Procedures</p> <p>When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or</p>	<p>transactions in the adjacent area within one year.</p> <p>The transaction cases in neighboring areas mentioned in 1. and 2. above shall be based on the principle that the transaction objects are on the same street or adjacent streets less than 500 meters away from the subject matter of the transaction, or the announced present values are similar; the above-mentioned similar areas shall be based on the principle that the areas of other non-related parties' transaction cases are not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period shall be based on the date of occurrence of the acquisition of the real estate or its right-of-use assets, and retrospectively calculated for one year in the past.</p> <p>III. Evaluation and Operation Procedures</p> <p>When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or</p>	
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<p>redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee for approval and then submitted to the board meeting for approval before the Company signs off the transaction contract and makes the payment.</p> <p>(I) The purpose, necessity and expected benefits of acquisition or disposal of the assets.</p> <p>(II) Reasons for selecting the related party as the trading counterparty.</p> <p>(III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of paragraph 2 of the article.</p> <p>(IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.</p> <p>(V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of funds.</p> <p>(VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.</p> <p>(VII) Restrictions and other important agreements of this transaction.</p>	<p>redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee for approval and then submitted to the board meeting for approval before the Company signs off the transaction contract and makes the payment.</p> <p>(I) The purpose, necessity and expected benefits of acquisition or disposal of the assets.</p> <p>(II) Reasons for selecting the related party as the trading counterparty.</p> <p>(III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of paragraph 2 of the article.</p> <p>(IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.</p> <p>(V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of funds.</p> <p>(VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.</p> <p>(VII) Restrictions and other important agreements of this transaction.</p>	
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<p><u>Where the Company or its subsidiary that is not a domestic public company has a transaction referred to above and the transaction amount reaches 10% or more of the total assets of the Company, the Company shall submit the information listed above to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, this restriction does not apply to transactions between the Company and its subsidiaries.</u></p> <p>The calculation of the transaction amount in the preceding two articles shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated retroactively for one year. The part which has been submitted to and approved by the <u>shareholders' meeting</u> or the Audit Committee and then approved by the board meeting is exempted from being included.</p> <p>If the Company engages in the following transactions with its subsidiary or a company of which its subsidiary directly or indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within a certain amount in accordance with Article 9, and then submit it to the latest board meeting for ratification:</p> <ul style="list-style-type: none"> (I) Acquisition or disposal of equipment or its right-of-use assets for business use. (II) Acquisition or disposal of real estate or its right-of- 	<p>The calculation of the transaction amount above shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated retroactively for one year. The part that has been submitted to and approved by the Audit Committee and then the board meeting in accordance with these standards is exempted from being included.</p> <p>If the Company engages in the following transactions with its subsidiary or a company of which its subsidiary directly or indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within a certain amount in accordance with Article 9, and then submit it to the latest board meeting for ratification:</p> <ul style="list-style-type: none"> (I) Acquisition or disposal of equipment or its right-of-use assets for business use. (II) Acquisition or disposal of real estate or its right-of- 	
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<p style="text-align: center;">use assets for business use.</p> <p>IV. Assessment of the Fairness of Transaction Costs</p> <p>When the Company acquires real estate or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of paragraph 2 of this article, then the following shall be handled:</p> <p>(I) The Company shall, in accordance with the provisions of paragraph 1, Article 41 of the Securities and Exchange Act, set aside a special reserve for the difference between the transaction price of the real estate or its right-of-use assets and the appraised cost. The special reserve shall not be distributed or converted into rights offering. If the investor who adopts the equity method to evaluate its investment in the Company is a public company, it shall also set aside a special reserve for the allocated amount based on the shareholding ratio in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act.</p> <p>(II) The Audit Committee shall handle the case in accordance with Article 218 of the Company Act.</p> <p>(III) The handling situation in subparagraphs 1 and 2 of the paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the Company has set aside a</p>	<p style="text-align: center;">use assets for business use.</p> <p>IV. Assessment of the Fairness of Transaction Costs</p> <p>When the Company acquires real estate or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of paragraph 2 of this article, then the following shall be handled:</p> <p>(I) The Company shall, in accordance with the provisions of paragraph 1, Article 41 of the Securities and Exchange Act, set aside a special reserve for the difference between the transaction price of the real estate or its right-of-use assets and the appraised cost. The special reserve shall not be distributed or converted into rights offering. If the investor who adopts the equity method to evaluate its investment in the Company is a public company, it shall also set aside a special reserve for the allocated amount based on the shareholding ratio in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act.</p> <p>(II) The Audit Committee shall handle the case in accordance with Article 218 of the Company Act.</p> <p>(III) The handling situation in subparagraphs 1 and 2 of the paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>If the Company has set aside a</p>	
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<p>special reserve in accordance with the aforementioned provisions, the special reserve may be used with the consent of the FSC only after a falling price loss has been recognized for the assets purchased or leased at a high price, or such assets have been disposed of, or the lease has been terminated, or appropriate compensation is made, or such assets have been restored to the original state, or there are other evidence confirming that the price is no unreasonable.</p> <p>If the Company acquires real estate or its right-of-use assets from a related party, and there is other evidence showing that the transaction is not in accordance with regular business practices, it shall also be handled in accordance with the two paragraphs above.</p>	<p>special reserve in accordance with the aforementioned provisions, the special reserve may be used with the consent of the FSC only after a falling price loss has been recognized for the assets purchased or leased at a high price, or such assets have been disposed of, or the lease has been terminated, or appropriate compensation is made, or such assets have been restored to the original state, or there are other evidence confirming that the price is no unreasonable.</p> <p>If the Company acquires real estate or its right-of-use assets from a related party, and there is other evidence showing that the transaction is not in accordance with regular business practices, it shall also be handled in accordance with the two paragraphs above.</p>	
<p>Article 13: Procedures for acquisition or disposing of membership cards or intangible assets</p> <p>Other than dealing with domestic government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the company reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price.</p>	<p>Article 13: Procedures for acquisition or disposing of membership cards or intangible assets</p> <p>Other than dealing with domestic government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the company reaches 20% of the company's paid-in capital or NT\$300 million or more, the company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price, and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022.</p>
<p>Article 19: Information disclosure procedures</p> <p>I. Items to be declared and declaration standards</p> <p>(I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or</p>	<p>Article 19: Information disclosure procedures</p> <p>I. Items to be declared and declaration standards</p> <p>(I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated</p>

<p>disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, division, acquisition or share transfer.</p> <p>(III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.</p> <p>(IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount is more than NT\$500 million.</p> <p>(V) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company expects to invest more than NT\$500 million in the transaction.</p> <p>(VI) Any assets transaction, disposal of creditor's rights</p>	<p>disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, division, acquisition or share transfer.</p> <p>(III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.</p> <p>(IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount is more than NT\$500 million.</p> <p>(V) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company expects to invest more than NT\$500 million in the transaction.</p> <p>(VI) Any assets transaction, disposal of creditor's rights</p>	<p>January 28, 2022.</p>
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<p>by a financial institution or investment in mainland China other than those mentioned in the preceding five paragraphs, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of our country.</u> 2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing to <u>foreign government bonds or common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in the primary market, or subscribing to or resell securities investment trust funds or futures trust funds, or subscribing to or reselling index investment securities;</u> securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending 	<p>by a financial institution or investment in mainland China other than those mentioned in the preceding five paragraphs, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 	<ol style="list-style-type: none"> 2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing to common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in the primary market, or subscribing to or repurchasing securities investment trust funds or futures trust funds, or subscribing to or resell index investment securities; securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending securities firms for
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<p>securities firms for emerging stock companies.</p> <p>3. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>4. Acquisition or disposal of equipment for business use, where the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>5. The Company obtains real estate by means of entrusted construction of its own land, entrusted the construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the Company expects to invest less than NT\$500 million in the transaction.</p> <p>(VII) The calculation method of the transaction amount in the first six subparagraphs of this paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is</p>	<p>emerging stock companies.</p> <p>3. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>4. Acquisition or disposal of equipment for business use, where the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>5. The Company obtains real estate by means of entrusted construction of its own land, entrusted the construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the Company expects to invest less than NT\$500 million in the transaction.</p> <p>(VII) The calculation method of the transaction amount in the first six subparagraphs of this paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is</p>	
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<p>exempt from inclusion.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year. 3. The cumulative amount of acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year. 4. The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year. <p>II. Time Limit for Announcement and Declaration</p> <p>If the Company acquires or disposes of assets that contain items to be announced as in the previous paragraph of this article, and the transaction amount reaches any of the announcement and declaration standards in this article, it shall file an announcement and declaration within two days from the day of the occurrence.</p> <p>III. Announcement and Declaration Procedure</p> <ol style="list-style-type: none"> (I) The Company shall submit relevant information to the website designated by the FSC for announcement and declaration. (II) The Company shall enter the derivative transactions as of the end of the previous month of its own and its subsidiaries which are not 	<p>exempt from inclusion.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year. 3. The cumulative amount of acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year. 4. The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year. <p>II. Time Limit for Announcement and Declaration</p> <p>If the Company acquires or disposes of assets that contain items to be announced as in the previous paragraph of this article, and the transaction amount reaches any of the announcement and declaration standards in this article, it shall file an announcement and declaration within two days from the day of the occurrence.</p> <p>III. Announcement and Declaration Procedure</p> <ol style="list-style-type: none"> (I) The Company shall submit relevant information to the website designated by the FSC for announcement and declaration. (II) The Company shall enter the derivative transactions as of the end of the previous month of its own and its subsidiaries which are not 	
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<p>domestic public companies, into the information reporting website designated by the FSC before the 10th day of each month in accordance with the prescribed format.</p> <p>(III) If there are errors or omissions in the Company's declared items that should be amended in accordance with the regulations, all items should be declared again within two days from the date of awareness.</p> <p>(IV) When the Company acquires or disposes of assets, unless otherwise provided by law, it shall keep relevant contracts, minutes, reference books, appraisal reports, and opinions of accountants, lawyers or securities underwriters in the Company for at least five years.</p> <p>(V) After the Company announces and declares its transactions in accordance with the regulations in this article, it shall file an announcement and declaration of the relevant information of any of the following circumstances on the FSC's designated website within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The relevant contract originally signed for the transaction is changed, terminated or rescinded. 2. The merger, division, acquisition or share transfer is not completed according to the schedule of the 	<p>domestic public companies, into the information reporting website designated by the FSC before the 10th day of each month in accordance with the prescribed format.</p> <p>(III) If there are errors or omissions in the Company's declared items that should be amended in accordance with the regulations, all items should be declared again within two days from the date of awareness.</p> <p>(IV) When the Company acquires or disposes of assets, unless otherwise provided by law, it shall keep relevant contracts, minutes, reference books, appraisal reports, and opinions of accountants, lawyers or securities underwriters in the Company for at least five years.</p> <p>(V) After the Company announces and declares its transactions in accordance with the regulations in this article, it shall file an announcement and declaration of the relevant information of any of the following circumstances on the FSC's designated website within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The relevant contract originally signed for the transaction is changed, terminated or rescinded. 2. The merger, division, acquisition or share transfer is not completed according to the schedule of the 	
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<p>contract. 3. The contents of the original declaration have been changed.</p>	<p>contract. 3. The contents of the original declaration have been changed.</p>	
<p>Article 22: The Procedures were established on September 1, 2010. 1st revision was made on May 25, 2012. 2nd revision was made on December 17, 2012. 3rd revision was made on June 21, 2013. 4th revision was made on June 20, 2014. 5th revision was made on June 7, 2017. 6th revision was made on June 6, 2019. <u>7th revision was made on May 31, 2022.</u></p>	<p>Article 22: The Procedures were established on September 1, 2010. 1st revision was made on May 25, 2012. 2nd revision was made on December 17, 2012. 3rd revision was made on June 21, 2013. 4th revision was made on June 20, 2014. 5th revision was made on June 7, 2017. 6th revision was made on June 6, 2019.</p>	<p>Added revision dates.</p>

【Appendix I】

Innodisk Corporation Procedures for Acquisition or Disposal of Assets (before revision)

Article 1: Purpose

The Procedures are formulated to protect assets and implement information disclosure.

Article 2: Legal Basis

These Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act and the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission (hereinafter referred to as the FSC) of the Executive Yuan. However, where other laws and regulations provide otherwise, such provisions shall prevail.

Article 3: Scope of Assets

- I. Marketable securities: stocks, bonds, corporate bonds, financial bonds, securities representing funds, depository receipts, call (put) warrants, beneficiary securities and asset-based securities.
- II. Real estate (including land, housing and construction, investment real estate, and inventory of construction) and equipment.
- III. Membership cards.
- IV. Intangible assets: patents, copyrights, trademarks, franchises and other intangible assets.
- V. Right-of-use assets.
- VI. Creditor’s rights of financial institutions (including receivables, foreign exchange discounts, loans and receivables on demand).
- VII. Derivatives.
- VIII. Assets acquired or disposed of by merger, division, acquisition or share transfer in accordance with the law.
- IX. Other important assets.

Article 4: Definitions

- I. Derivative product: It refers to a trading contract (such as a forward contract, option contract, futures contract, leveraged margin contract, exchange contract, portfolio of the contracts above, portfolio contract with embedded derivatives or structured product) whose value is derived from a specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating or credit number, or other variables. The forward contracts referred to in this Procedures do not include insurance contracts, performance contracts,

- after-sales service contracts, long-term lease contracts and long-term purchase (sale) contracts.
- II. Assets acquired or disposed of by merger, division, acquisition or share transfer according to law: assets acquired or disposed of in accordance with the Business Mergers And Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws, or issuance of new shares in exchange for the shares of other companies in accordance with Article 156-3 of the Company Act (hereinafter referred to as share transfer).
 - III. Related party and subsidiary: refers to the party recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - IV. Professional appraiser: refers to a real estate appraiser or a person who may be engaged in the appraisal business of real estate or equipment in compliance with the law.
 - V. Date of occurrence: refers to the date of signing, payment, entrusted transaction, ownership transfer, resolution of a board meeting or a date on which the trading counterparty and transaction amount may be determined, whichever is earlier. For investors who need to be approved by the competent authority, the earlier of the dates above or the date of receipt of approval by the competent authority shall prevail.
 - VI. Investment in mainland China: refers to investment conducted in mainland China in accordance with the Licensing Measures for Investment or Technical Cooperation in Mainland China by the Investment Commission of the Ministry of Economic Affairs.
 - VII. The term “most recent financial statements” refers to the financial statements that are legally disclosed and audited or reviewed by a CPA before the Company acquires or disposes of assets.
 - VIII. Stock exchange: For a domestic stock exchange, it refers to the Taiwan Stock Exchange Corporation; for a foreign stock exchange, it refers to any organized securities exchange managed by the competent securities authority of the country.
 - IX. Business premises of a securities firm: The business premises of a domestic securities firm refer to the place where the securities firm sets up special counters for trading in accordance with the law governing the trading of securities on the business premises of securities firms; the business premises of a foreign securities firm refer to the business premises of a financial institution that is supervised by the competent foreign securities authority and operates securities business.

Article 5: The limits of the Company's investment in real estate not for business purposes and its right-of-use assets or securities investment

- I. The total amount of real estate the Company purchases for non-business purposes shall not be higher than 30% of the net value of the Company; the total amount of real estate purchased by each subsidiary of the Company for non-business use shall not exceed 30% of the net value of the Company.
- II. The total amount of the Company's securities investment shall not be higher than 20% of the net value of the Company; the total amount of securities investment of the Company's subsidiaries shall not be higher than 20% of the net value of the Company.
- III. The investment individual securities investment of the Company shall not be higher than 10% of the net value of the Company, and the total investment amount of the Company and its subsidiaries shall not be higher than 20% of the net value of the Company; the individual securities investment of each of the Company's subsidiaries shall not be higher than 10% of its net value.

Article 6: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:

- I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of execution or expiration of probation or after a pardon.
- II. Not a related party of or having a substantial relationship with the transaction counterparty.
- III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following matters:

- I. Carefully evaluate its own professional ability, practical experience and independence before undertaking a case.

- II. When executing cases, appropriate operating procedures should be properly planned and implemented to form conclusions and issue a report or opinion; the procedures, information collected and conclusions shall be detailed in the working paper of the case.
- III. The completeness, correctness and rationality of the data sources, parameters and information used shall be evaluated item by item as the basis for issuing the appraisal report or opinion.
- IV. The statement shall include the professional and independent nature of the relevant personnel, and that the information used in the evaluation is reasonable and correct and in compliance with relevant laws and regulations.

Article 7: Evaluation procedure

- I. Acquisition or disposal of securities that are not traded in a centralized trading market or a securities firm's business premises shall be negotiated in consideration of their net value per share, profitability, future development potential, market interest rates, bond coupon rates, debtors' credit and current transaction prices.
- II. The price for acquisition or disposal of securities that have been traded in the centralized trading market or the business premises of securities firms shall be determined based on the prevailing equity or bond prices.
- III. To acquire or dispose of the other assets mentioned in the preceding two paragraphs, a method shall be selected from inquiry, price comparison, price negotiation and public bidding, with reference to the current value of the publicly announced current value, current assessed value, the actual transaction price of neighboring real estate and equipment, etc. For those which meet the announcement and declaration requirements of the procedures, the valuation report of a professional appraiser shall be referred to.

Article 8: Asset acquisition or disposal procedures

- I. All asset acquisition or disposal shall be handled only after being approved in accordance with the "Authorization Level for Requisition and Purchase." Real estate or other fixed assets shall be handled in accordance with the fixed asset circulation procedure of the internal control system of the Company.
- II. To acquire or dispose of assets, the undertaking unit shall assess the reasons for the proposed acquisition or disposal, the subject matter, the counterparty of the transaction, the transfer price, the conditions of receipt and payment, and the price reference

basis, etc., and then a decision shall be sought from the responsible unit, and the execution is carried out by the Management Department. Relevant matters are handled in accordance with the relevant operating regulations of the Company's internal control system and these Procedures.

- III. The execution unit of the Company's long- and short-term securities investment is the Finance Department, and the execution unit of real estate and fixed asset is the user department and related responsible units. Other assets that are not securities investment, real estate or fixed assets can only be acquired after evaluation by the relevant unit.
- IV. The related insurance shall be purchased upon acquisition of any real estate.
- V. The acquisition or disposal of assets shall be handled in accordance with the relevant regulations of the Company's internal control system. If any major violation is found, the relevant personnel shall be punished according to the violation situation.

Article 9: Authority of approval

For the acquisition or disposal of real estate, the Company shall refer to the announced present value, the appraised value, the actual transaction price of the adjacent real estate, final transaction conditions and transaction price, and file an analysis report to the President and Chairman. If the amount is less than NT\$30 million, it shall be submitted to the Chairman for approval and reported afterwards to the next board meeting for recordation; if the amount exceeds NT\$30 million, it shall be submitted to the board meeting for approval before implementation.

The acquisition or disposal of other fixed assets shall be made by inquiry, price comparison, price negotiation or bidding. If the amount is less than NT\$1 million (exclusive), it shall be approved by the President; if between NT\$1 million and NT\$5 million (inclusive), it shall be approved by the Vice Chairman; if more than NT\$5 million, it shall be approved by the Chairman; if more than NT\$20 million, it shall be submitted to the board meeting for approval before implementation.

For investment or disposal of long-term and short-term securities, if the amount is less than NT\$10 million, it may be approved by the Vice Chairman; if more than NT\$10 million, it shall be approved by the Chairman; if more than NT\$30 million, it shall be submitted to the board meeting for approval before implementation.

Article 10: For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic

government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence and comply with the following:

- I. If a limited price, specific price or special price is used as the reference basis for the transaction price due to special reasons, the transaction shall be submitted to the board meeting for resolution first; the same procedure shall be followed if the transaction conditions are changed later.
- II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be invited to evaluate the transaction.
- III. In case of any of the following circumstances for the professional appraiser's appraisal report, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to comply with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the Accounting Research and Development Foundation), and express a concrete opinion about the reasons for the difference and the fairness of the transaction price.
 - (I) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
 - (II) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.
- IV. The interval between the date of the professional appraiser's report and the establishment date of the contract shall not exceed three months. However, if the announced current value of the same period is applicable and the announcement date was less than six months ago, the original professional appraiser may issue a written opinion.

Article 11: Procedures for acquiring or disposing of securities investment

- I. The Company shall acquire or dispose of securities in accordance with the relevant operating regulations of the Company's internal control system and these procedures.

II. When the Company acquires or disposes of securities, the latest audited and certified or checked financial statements of the target company shall be taken as the reference for evaluating the trading price before the date of occurrence. In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence. If the accountant needs to refer to a professional report, he shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling. However, this restriction does not apply if the securities are publicly quoted in an active market or there are other applicable requirements by the Financial Supervisory Commission.

III. The Company shall not give up the rights issues of Innodisk USA Corporation, Innodisk Japan Corporation and Innodisk Global-M Corporation, and Innodisk Global-M Corporation shall not give up the rights issue of Innodisk (Shenzhen) Corporation in future years. In the future, if the Company is required to abandon the rights issues or disposal of the above-mentioned companies due to strategic alliance considerations or other reasons approved by the Taipei Exchange, it shall be approved by a special resolution of the Company's board meeting.

If there is any amendment to these procedures, it should be entered in the significant information disclosure of the MOPS, and a letter shall be submitted to the Taipei Exchange for recordation.

Article 12: Procedures for handling related party transactions

I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Articles 10, 11 and 13, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements. The calculation of the transaction amount in the preceding two articles shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated

retroactively for one year. The part for which an appraisal report of a professional appraiser or a CPA opinion is already obtained is exempted from being included in. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the substantive relationship.

- II. (I) When acquiring real estate or its right-of-use assets from a related party, the company shall assess the fairness of transaction costs according to the following methods:
 1. The transaction price of the related party plus the necessary capital interest and the cost that the buyer should bear according to law. The interest cost of necessary funds referred to shall be calculated on the basis of the weighted average interest rate of the loan in the year the company purchases the assets, provided that it shall not be higher than the maximum interest rate of non-financial institutions as announced by the Ministry of Finance.
 2. The total appraised value of the subject matter by the financial institution if the related party has set up a mortgage loan with the subject matter from a financial institution, provided that the financial institution's actual accumulated loan value for the subject matter shall be more than 70% of the total appraised value, and the loan period shall be more than one year. However, the above is not applicable if the financial institution and one of the parties to the transaction are related parties to each other.
- (II) In the case of joint purchase or joint lease of the land and housing of the same subject matter, the transaction costs may be assessed by either of the methods listed in subparagraph 1 above.
- (III) When the Company acquires real estate or its right-of-use assets from a related party, it shall evaluate the cost of the real estate or its right-of-use assets in accordance with the provisions of subparagraphs 1 and 2 above, and shall consult an accountant for review and a specific opinion.
- (IV) When the Company acquires real estate or its right-of-use assets from a related party, in any of the following circumstances, the provisions of paragraph 3 of this Article shall be followed, and the provisions of

subparagraphs 1, 2 and 3 of the paragraph above shall not apply:

1. The related party acquired real estate or its right-of-use assets by inheritance or gift.
2. The time when the related party acquired the real estate or its right-of-use assets was more than five years ago.
3. The real estate is acquired by signing a joint construction contract with the related party, or inviting the related party to build the real estate with local or leased land.
4. The right-of-use assets for business purpose is acquired between the Company and its subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.

(V) When the Company acquires real estate from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of subparagraphs 1 and 2 of the paragraph, it shall be handled in accordance with paragraph 4 of this article. This restriction does not apply if objective evidence is provided and a specific fair opinion of a professional real estate appraiser or an accountant is obtained due to the following circumstances:

1. If the related party acquires plain land or leased land for redevelopment, relevant evidence may be provided to prove that it meets any of the following conditions:
 - (1) The plain land is evaluated according to the methods specified in subparagraphs 1 to 4, the building price is calculated at the construction cost of the related party plus a reasonable construction profit, and the sum exceeds the actual transaction price. The reasonable construction profit shall be the lower of the average gross operating profit rate of the construction department of the related party in the last three years, or the most recent gross profit rate of the construction industry announced by the Ministry of Finance.
 - (2) The transaction cases of other floors of the same subject property or of other non-related parties in

the adjacent area within one year have similar areas, and the transaction conditions after evaluation are equivalent according to the reasonable floor or area price difference based on real estate sales or leasing practices.

2. The Company provides evidence that the transaction conditions of the real estate purchased from the related party or the real estate right-of-use assets acquired by leasing are similar to those of other non-related party transactions in the adjacent area within one year.

The transaction cases in neighboring areas mentioned in 1. and 2. above shall be based on the principle that the transaction objects are on the same street or adjacent streets less than 500 meters away from the subject matter of the transaction, or the announced present values are similar; the above-mentioned similar areas shall be based on the principle that the areas of other non-related parties' transaction cases are not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period shall be based on the date of occurrence of the acquisition of the real estate or its right-of-use assets, and retrospectively calculated for one year in the past.

III. Evaluation and Operation Procedures

When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the Audit Committee for approval and then submitted to the board meeting for approval before the Company signs off the transaction contract and makes the payment.

- (I) The purpose, necessity and expected benefits of acquisition or disposal of the assets.
- (II) Reasons for selecting the related party as the trading counterparty.

- (III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of paragraph 2 of the article.
- (IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.
- (V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of funds.
- (VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.
- (VII) Restrictions and other important agreements of this transaction.

The calculation of the transaction amount above shall be handled in accordance with the provisions of subparagraph 5, paragraph 1 of Article 19. The said one-year period is based on the date of the occurrence of the transaction, and is calculated retroactively for one year. The part that has been submitted to and approved by the Audit Committee and then the board meeting in accordance with these standards is exempted from being included.

If the Company engages in the following transactions with its subsidiary or a company of which its subsidiary directly or indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within a certain amount in accordance with Article 9, and then submit it to the latest board meeting for ratification:

- (I) Acquisition or disposal of equipment or its right-of-use assets for business use.
- (II) Acquisition or disposal of real estate or its right-of-use assets for business use.

IV. Assessment of the Fairness of Transaction Costs

When the Company acquires real estate or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of paragraph 2 of this article, then the following shall be handled:

- (I) The Company shall, in accordance with the provisions of paragraph 1, Article 41 of the Securities and Exchange

Act, set aside a special reserve for the difference between the transaction price of the real estate or its right-of-use assets and the appraised cost. The special reserve shall not be distributed or converted into rights offering. If the investor who adopts the equity method to evaluate its investment in the Company is a public company, it shall also set aside a special reserve for the allocated amount based on the shareholding ratio in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act.

(II) The Audit Committee shall handle the case in accordance with Article 218 of the Company Act.

(III) The handling situation in subparagraphs 1 and 2 of the paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

If the Company has set aside a special reserve in accordance with the aforementioned provisions, the special reserve may be used with the consent of the FSC only after a falling price loss has been recognized for the assets purchased or leased at a high price, or such assets have been disposed of, or the lease has been terminated, or appropriate compensation is made, or such assets have been restored to the original state, or there are other evidence confirming that the price is no unreasonable.

If the Company acquires real estate or its right-of-use assets from a related party, and there is other evidence showing that the transaction is not in accordance with regular business practices, it shall also be handled in accordance with the two paragraphs above.

Article 13: Procedures for acquisition or disposing of membership cards or intangible assets

Other than dealing with domestic government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price, and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling.

Article 14: Where the Company acquires or disposes of assets through court

auction procedures, the supporting documents issued by the court may substitute the appraisal report or CPA's opinion.

Article 15: Procedures for acquiring or disposing of derivatives

I. Transaction types

When the Company is engaged in derivatives trading, the types of transaction are limited to forward foreign exchange of foreign currency and derivatives with options.

II. Risk Hedging Strategy

The foreign exchange operations carried out through the products mentioned in paragraph 1 are only to avoid the exchange risk in working and financing; the Company shall not engage in any speculative transactions, and the currencies held must be consistent with the foreign currency demand of the Company's actual import and export transactions.

III. Division of Powers and Responsibilities

The Finance Department is responsible for the formulation and implementation of policies related to derivative trading, as well as the regular evaluation and report of holding positions; the board meeting shall designate a senior executive responsible for the measurement, supervision and control of relevant risks.

IV. Performance Evaluation and Measurement

(I) Hedging-purpose operation: The Finance Department shall evaluate the positions held at least twice a month, and provide the evaluation report to the senior manager.

(II) Financial-purpose operation: The Company does not engage in financial operation.

V. Total Contract Amount

(I) Hedging operation: The total contract amount for the avoidance of foreign exchange risk shall not exceed the total import and export amount of the current year.

(II) Financial operation: The Company does not engage in financial operation.

VI. Maximum amount of loss for All and Individual Contracts

The maximum loss amount of all contracts for derivative trading is US\$250,000; the maximum loss amount of an individual contract is 5% of the individual contract amount and shall not exceed US\$250,000.

VII. Authorized Amount, Level and Executing Unit

The Finance Department shall select the financial institution offering better conditions, sign a credit line contract with it after submitting it to the President and the Chairman for

approval, and engage in derivative trading within the credit limit according to the nature of derivatives trading. If the nature of the transaction does not require the use of the credit line, it shall be handled in accordance with paragraph 5 of this article. If the transaction amount is less than NT\$10 million, it shall be approved by the Vice Chairman; if more than NT\$10 million, it shall be approved by the Chairman; if more than NT\$30 million, it shall be submitted to the board meeting for approval before implementation.

VIII. Operating Procedures

- (I) The authorized trading personnel shall place orders with the bank by telephone, fill in the "Application Form for Forward Exchange Pre-sale" indicating the transaction name, transaction amount, period, fee and trading counterparty and submit it to the senior executive designated by the board meeting for signature and approval.
- (II) After receiving the confirmation email from the bank, the confirmation personnel shall immediately confirm the transaction content with the trading counterparty by telephone or email. If any defects are found, immediately clarify with the trading personnel.
- (III) After confirmation by the confirmation personnel, the settlement personnel shall handle settlement matters according to the "Application Form for Forward Exchange Pre-sale."
- (IV) Accounting personnel shall produce accounting entries and vouchers according to relevant transaction vouchers, and complete accounting records.
- (V) When engaging in derivatives trading, the Company shall establish a reference book, which shall record in detail the type and amount of derivatives trading, the date of approval by the board meeting and the matters that should be carefully evaluated in accordance with the regulations.

IX. Accounting Treatment

- (I) The Finance Department shall immediately hand over the cash receipts and payments arising from foreign exchange operations to the Accounting Department for entry.
- (II) Except as provided in these Procedures, the accounting treatment of derivative transactions of the Company

shall be handled in accordance with the relevant provisions of the accounting system.

X. Internal Control

(I) Personnel engaged in derivative trading, confirmation and settlement shall not concurrently serve each other's function.

(II) Scope of risk management:

1. Credit risk: The trading counterparty shall be an internationally renowned bank with good debt and credit ratings.

2. Market risk: The Company shall focus on financial products generally traded internationally, and reduce the use of specially designed products.

3. Liquidity risk: select banks with large trading volume and strong quotation ability.

4. Operational risk: Operate in accordance with the transaction procedures to avoid operational risk.

5. Legal risk: The documents signed with the trading counterparty shall be general contracts in the market, and any unique contract must be inspected by the Legal Department or lawyer.

6. Cash flow risk: In order to ensure the stability of the Company's working capital turnover, the source of funds is limited to its own funds, with the capital demand predicted by future cash receipts and payments as the basis.

(III) The risk measurement, supervision and control personnel shall belong to different departments from the personnel in subparagraph 1 of this paragraph, and shall report to the board meeting or senior executives who are not responsible for trading or position decision-making.

(IV) The derivative position held shall be evaluated at least once a week, but if it is a hedging transaction for business needs, it shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior executive authorized by the board meeting.

(V) The senior executive authorized by the board meeting shall pay attention to the supervision and control of derivative trading risks at any time, and regularly evaluate whether the performance of derivative trading is in line with the established business policies and whether the risks undertaken are within the allowable range of the

Company. In addition, he shall regularly evaluate whether the currently used risk management procedures are appropriate, and strictly follow relevant provisions of these Procedures.

- (VI) The senior executive authorized by the board meeting shall supervise the trading and profit and loss situation. If any abnormality is found, he shall take necessary countermeasures and immediately report to the board meeting. If independent directors have been established, the board meeting shall have independent directors present and express their opinions.
- (VII) Where relevant personnel are authorized to handle various derivative transactions in accordance with these Procedures, it shall be reported to the next board meeting afterwards.

XI. Internal Control

Internal auditors shall regularly understand the appropriateness of the internal control of derivative trading, and monthly audit the compliance of the financial planning team with the procedures for dealing with derivative trading, analyze the trading cycle and prepare an audit report accordingly. If any major violation is found, they shall notify the Audit Committee in writing and punish the relevant personnel according to the violation.

XII. Announcement and Declaration

After the derivative transaction is completed and confirmed by the transaction confirmation personnel, it shall be handled in accordance with relevant regulations. In addition, the Company shall enter the derivative transactions of its own and its subsidiaries which are not domestic public companies as of the end of the previous month, into the information reporting website designated by the FSC before the 10th day of each month in accordance with the prescribed format.

Article 16: Procedures for Merger, Division, Acquisition or Share Transfer

I. Evaluation and Operation Procedures

- (I) Before carrying out a merger, division, acquisition or share transfer, the Company shall, prior to the resolution of the board meeting, appoint accountants, lawyers or securities underwriters to express their opinions on the reasonableness of the share exchange ratio, the purchase price or the distribution of cash or other

property to shareholders, and submit them to the board meeting for discussion and approval. However, the Company may be exempted from obtaining reasonableness opinions issued by the previous experts in the case of a merger of its subsidiary in which the Company directly or indirectly holds 100% of the issued shares or total capital, or a merger between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.

- (II) The Company shall prepare a public document to the shareholders prior to the shareholders' meeting on the important contents and relevant matters of the merger, division or acquisition, and deliver the expert opinion in subparagraph 1, paragraph 1 of this article together with the notice of the shareholders' meeting to the shareholders as a reference for whether to agree to the merger, division or acquisition. However, this restriction does not apply where the convening of a shareholders' meeting to resolve matters of a merger, division or acquisition may be waived in accordance with other laws and regulations. In addition, for the companies participating in the merger, division or acquisition, if the shareholders' meeting of either party cannot be held, a resolution cannot be made, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, voting rights or other legal restrictions, the company participating in the merger, division or acquisition shall immediately publicly explain the reasons for the occurrence, subsequent handling procedures and the expected date of the shareholders' meeting.
- (III) All personnel who participate in or are aware of the Company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment. Before the information is made public, they shall not disclose the contents of the plan, nor shall they buy or sell the shares and other equity securities of all companies related to the merger, division, acquisition or share transfer either in their own names or in the name of others.

II. Other Matters to Be Noted

Unless otherwise provided by laws or there are special factors that are reported to and approved by the FSC in advance, the

Company shall convene the board meeting and shareholders' meeting on the same day to resolve matters related to a merger, division or acquisition. Unless otherwise provided by laws or there are special factors which are reported to and approved by the FSC in advance, the other companies participating in the transfer of shares shall convene a board meeting on the same day.

When the Company participates in a merger, division, acquisition or share transfer, it shall make a complete written record of the following information and keep it for five years for reference.

- (I) Basic information of personnel: including the title, name and ID card number (passport number in case of foreigners) of all persons involved in the merger, division, acquisition or share transfer plan or the implementation of the plan before the disclosure of the information.
- (II) Date of important matters: including the date of signing the letter of intent or memorandum, entrusting financial or legal counsel, signing the contract and the board meeting.
- (III) Important documents and minutes: including the merger, division, acquisition or share transfer plan, letter of intent or memorandum, important contracts and minutes of the board meeting.
- (IV) When the Company participates in a merger, division, acquisition or share transfer, it shall, within two days from the date when the resolution of the board meeting is made, report the information in subparagraphs 1 and 2 of this paragraph to the FSC via the Internet information system in the prescribed format for recordation.
- (V) Where a company participating in a merger, division, acquisition or share transfer of the Company is not listed or its shares are traded on the premises of a securities firm, the Company shall enter into an agreement with it and handle the case in accordance with the provisions of the first four subparagraphs of this paragraph.

Article 17: I. For the Company's participation in a merger, division, acquisition or share transfer, except for the following circumstances, the share conversion ratio or purchase price shall not be changed arbitrarily, and any changes shall be stipulated in the merger, division, acquisition or share transfer contract:

- (I) Issuing rights shares, convertible corporate bonds, free

share allotment, issuing corporate bonds with stock options, special shares with stock options, stock options and other securities with an equity nature.

- (II) Acts that affect the Company's finances and businesses, such as disposing of major assets of the Company.
- (III) Occurrence of major disasters, major technological changes, etc. which affect the Company's shareholders' rights or securities price.
- (IV) Any party participating in the merger, division, acquisition or share transfer buys back treasury shares in accordance with the law.
- (V) Change in the number of entities or companies participating in the merger, division, acquisition, or share transfer.
- (VI) Other conditions which can be changed as stipulated in the contract and have been publicly disclosed.

The Company's merger, division, acquisition or share transfer contract shall specify relevant matters in accordance with the regulations to protect the rights and interests of participating companies.

- II. For the merger, division, acquisition or share transfer in which the Company participates, the contract shall specify the rights and obligations of the companies participating in the merger, division, acquisition or share transfer, as well as the following:
 - (I) Treatment of breach of contract.
 - (II) Principles for dealing with securities with an equity nature issued by the company that has been eliminated or divided due to merger or repurchased treasury shares.
 - (III) The number of treasury shares that the participating companies may buy back according to law and the principle for handling them after the base date of calculating the share conversion ratio.
 - (IV) Treatment of changes in the number of participating entities or companies.
 - (V) Expected plan execution progress and expected completion date.
 - (VI) When the plan is not completed before the deadline, relevant processing procedures such as the scheduled date for the shareholders' meeting are to be held according to law.
- III. If any of the companies participating in the merger, division, acquisition or share transfer plans to merge, divide, acquire or

transfer shares with other companies after the information is made public, except that the number of participants has decreased and the shareholders' meeting has a resolution and authorized the board meeting to change the authority, this participating company may be exempted from convening the shareholders' meeting for a new resolution. In addition, the procedures or legal acts that have been completed in the original merger, division, acquisition or share transfer case shall be redone by all the participating companies.

- IV. Where a company participating in the merger, division, acquisition or share transfer is not a public company, the Company shall enter into an agreement with it and handle the case in accordance with subparagraph 3, paragraph 1 of Article 16, paragraph 2 of Article 16 and paragraph 3 of this article.

Article 18: Subsidiaries of the Company shall comply with the following provisions:

- I. The acquisition or disposal of assets by subsidiaries shall also be handled in accordance with the provisions of the parent company.
- II. Where a subsidiary is not a public company and the acquisition or disposal of assets meets the public announcement and declaration standards set out in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the parent company shall handle the public announcement and declaration on its behalf.
- III. In the announcement and declaration standards for subsidiaries, the paid-in capital or total assets of the parent company shall prevail.

Article 19: Information disclosure procedures

- I. Items to be declared and declaration standards
 - (I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities

investment trust enterprises.

- (II) Merger, division, acquisition or share transfer.
- (III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.
- (IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount is more than NT\$500 million.
- (V) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company expects to invest more than NT\$500 million in the transaction.
- (VI) Any assets transaction, disposal of creditor's rights by a financial institution or investment in mainland China other than those mentioned in the preceding five paragraphs, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:
 - 1. Trading of domestic government bonds.
 - 2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing to common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in the primary market, or subscribing to or repurchasing securities investment trust funds or futures trust funds, or subscribing to or resell index investment securities; securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending securities firms for emerging stock companies.
 - 3. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.
 - 4. Acquisition or disposal of equipment for business use, where the transaction counterparty is not a related

party, and the transaction amount is less than NT\$500 million.

5. The Company obtains real estate by means of entrusted construction of its own land, entrusted the construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the Company expects to invest less than NT\$500 million in the transaction.

(VII) The calculation method of the transaction amount in the first six subparagraphs of this paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is exempt from inclusion.

1. The amount of each transaction.
2. The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year.
3. The cumulative amount of acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year.
4. The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year.

II. Time Limit for Announcement and Declaration

If the Company acquires or disposes of assets that contain items to be announced as in the previous paragraph of this article, and the transaction amount reaches any of the announcement and declaration standards in this article, it shall file an announcement and declaration within two days from the day of the occurrence.

III. Announcement and Declaration Procedure

- (I) The Company shall submit relevant information to the website designated by the FSC for announcement and declaration.
- (II) The Company shall enter the derivative transactions as of the end of the previous month of its own and its subsidiaries which are not domestic public companies, into the information reporting website designated by the

FSC before the 10th day of each month in accordance with the prescribed format.

- (III) If there are errors or omissions in the Company's declared items that should be amended in accordance with the regulations, all items should be declared again within two days from the date of awareness.
- (IV) When the Company acquires or disposes of assets, unless otherwise provided by law, it shall keep relevant contracts, minutes, reference books, appraisal reports, and opinions of accountants, lawyers or securities underwriters in the Company for at least five years.
- (V) After the Company announces and declares its transactions in accordance with the regulations in this article, it shall file an announcement and declaration of the relevant information of any of the following circumstances on the FSC's designated website within two days from the date of occurrence:
 1. The relevant contract originally signed for the transaction is changed, terminated or rescinded.
 2. The merger, division, acquisition or share transfer is not completed according to the schedule of the contract.
 3. The contents of the original declaration have been changed.

Article 20: Penalties

If relevant personnel violate these procedures or its provisions, they shall be dealt with in accordance with the relevant provisions of the Company.

Article 21: Implementation and Revision

The Company's "Procedures for Acquisition or Disposal of Assets" shall be approved by the Audit Committee, submitted to the board meeting for approval, and then submitted to the shareholders' meeting for approval. The same shall apply to the amendment. When submitting the "Procedures for Acquisition or Disposal of Assets" to the board meeting for discussion in accordance with the provisions above, the opinions of each independent director shall be fully considered, and the opinions and reasons for independent directors' consent or objection shall be included in the minutes of the meeting.

The Company has established an Audit Committee; when formulating or amending the Procedures for Acquisition or Disposal of Assets, the consent of more than half of all members of the Audit

Committee shall be obtained, and submission to the board meeting for resolution is required.

If the matter in the preceding paragraph is not approved by more than half of the 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 meeting.

All the members of the Audit Committee referred to in paragraph 2 and all the directors referred to in the preceding paragraph shall be the actual number of incumbents.

Article 22:

The Procedures were established on September 1, 2010.

1st revision was made on May 25, 2012.

2nd revision was made on December 17, 2012.

3rd revision was made on June 21, 2013.

4th revision was made on June 20, 2014.

5th revision was made on June 7, 2017.

6th revision was made on June 6, 2019.

【Appendix II】

Innodisk Corporation's Articles of Incorporation

Chapter One General Principles

Article 1: The Company is organized in accordance with the provisions of the Company Act and is named Innodisk Corporation.

Article 2: The business scope of the Company is as follows:

- I. F113050 Wholesale of computing and business machinery equipment
- II. F113070 Wholesale of telecom instruments
- III. F119010 Electronic materials wholesale.
- IV. F213030 Retail sale of computing and business machinery equipment
- V. F213060 Retail sale of telecom instruments
- VI. F219010 Retail sale of electronic materials.
- VII. F401010 International trade
- VIII. I301010 Software design services.
- IX. I501010 Product designing.
- X. CC01080 Electronic parts and components manufacturing.
- XI. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has a head office in New Taipei City, and may set up branches at home and abroad by resolution of the board meeting when necessary.

Article 4: The Company may provide external guarantees and reinvest in other enterprises due to business needs, and the total amount of reinvestment may exceed 40% of the paid-in share capital of the Company.

Chapter Two Ownership

Article 5: The total rated capital of the Company is NT \$1 billion, divided into 100 million shares with a par value of NT\$10 per share. The shares include ten million shares of employee stock options for a total of NT\$100 million. The board is authorized to issue shares on an installment basis in accordance with the Company Act and the relevant regulations.

Article 6: All shares of the Company shall be registered, numbered, signed or sealed by the director representing the Company, and then issued after being certified by the share certifying bank according to law.

Shares of the Company is exempted from actual printing but shall be registered with the Taiwan Depository and Clearing Corporation.

Article 6-1: When the Company intends to cancel the public offering of shares after it goes public, it shall submit a proposal to the shareholders' meeting for resolution, and then handle it in accordance with Article 156 of the Company Act. This provision shall remain unchanged during the period when the Company is listed on the emerging market or TPEX.

Article 7 The renaming and transfer of shares shall be suspended within 60 days before the general shareholders' meeting, 30 days before the extraordinary shareholders' meeting, or five days before the book-close date of the Company's distribution of dividends, bonuses or other benefits.

Article 7-1: Unless otherwise specified by law or securities regulation, all share administration-related affairs shall proceed according to Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter Three. Shareholder Meetings

Article 8: The shareholders' meeting is divided into the general shareholders' meeting and the extraordinary shareholders' meeting. The general shareholders' meeting is held once a year and shall be convened by the board of directors within six months after the end of each fiscal year. Extraordinary general meetings, when necessary, are held in accordance with the provisions of the Company Act.

Article 8-1: For meetings which are convened by the board of directors, the chairperson is appointed in accordance with Paragraph 3, Article 208 of the Company Act. For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by the convening authority. One person should be selected to chair the meeting if there are more than two present.

Article 8-2: The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting. The production and the distribution of the resolution record can be made electronically or by public notice.

Article 9: If a shareholder is unable to attend a shareholders' meeting for any reason, he/she may issue a power of attorney in the format issued by the Company specifying the scope of authorization, sign or seal

it and entrust a proxy to attend. Shareholders who commission their proxy to attend meetings shall comply with the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.

Article 10: Shareholders of the Company have one voting right per share; however, no voting rights are available if any of the circumstances specified in Article 179 of the Company Act occurs to the Company or the shares held by directors meet the provisions of Article 197-1.

Article 11: Except as otherwise regulated by the Company Act or relevant laws, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 12: (Deleted)

Chapter Four Board of Directors

Article 13: The Company shall have seven to eleven directors, who are elected using the nomination of candidates approach in accordance with Article 192-1 of the Company Act. They are elected during general shareholder meetings from the candidate list to serve a term of three years. The term of service may be renewed if they are re-elected in the next election. In the election of the Company's directors held during the shareholders' meeting, every share shall have the same voting power as the elected directors. Votes may be pooled to elect one person or distributed to vote multiple person. Those who obtain more votes are elected as directors. Among the abovementioned directors, there should be at least three independent directors, accounting no less than 1/5 of the board seats. The professional qualifications, shareholding, part-time restrictions, nominations and other rules to be followed shall be handled in accordance with laws and regulations of the securities authority.

The Company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act to be responsible for performing the functions of supervisors specified in the Company Act, the Securities and Exchange Act and other regulations. The audit committee shall consist of all independent directors, and the organizational procedures shall be determined by the board of directors.

Article 14: A chairman representing the Company is elected in the board meeting where more than two-thirds of directors are in attendance and more than half of the attending directors agree to the vote. A vice chairman is also appointed to assist the chairman.

Every director shall be notified at least seven days before the convening of board meetings. Meetings can be called at any time in case of emergency. The notice of the convening of board meeting can be made in writing, e-mail or fax.

Directors shall attend the board meeting in person. If a director is unable to attend the meeting, he/she may issue a proxy form detailing the scope of delegated authority and appoint another director to attend the meeting. One director may accept only one proxy form.

Article 15: If the chairman asks for leave or fails to exercise rights and responsibilities for any reason, a representative shall be assigned in accordance with the provisions of Article 208 of the Company Act.

Article 16: The remuneration of chairman and directors is authorized at board meetings based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers both at home and abroad.

Article 16-1: The Company may purchase liability insurance for its directors during the term of their services in accordance with the law.

Chapter Five Managers

Article 17: The Company shall establish positions of managers, and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act.

Chapter Six Accounting

Article 18: The Company's board of directors is responsible for preparing the following statements and reports at the end of each financial year; these statements and reports must be submitted to the audit committee for review at least 30 days before the annual general meeting and presented during the annual general meeting for ratification.

(I) Business report.

(II) Financial statements.

(III) Proposal for the distribution of surplus or make-up for the loss.

Article 19: The Company shall allocate the following amounts as employee

bonuses and director remunerations if the income before taxes after the deduction to make up for losses still has a balance:

(I) More than 3% as employee bonuses.

(II) Less than 2% as remunerations for directors.

Employee compensation mentioned in the preceding paragraph shall be in the form of stocks or cash and shall be determined by the board resolution and reported to the shareholders' meeting. The recipients include the employees of subsidiaries in which the Company holds more than half of the shares with voting power or the total capital of the subsidiaries.

Article 19-1: The surplus income of the Company after the final accounts is distributed to the following accounts in their respective order:

(I) Withholding taxes.

(II) Make up for past losses.

(III) The profits from annual final accounts shall have 10% allocated for legal reserve, but if the legal reserve has reached the total share capital, no further allocations will be conducted. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority.

(IV) With respect to the balance and the accumulated undistributed surplus of the previous year, the board proposes a surplus distribution to the shareholders' meeting for resolution.

The Company considers future needs for business operation, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total cash and stock dividends. The Company's surplus distribution and shareholders' equity shall not be less than 30% of the current year's surplus.

Chapter Seven. Supplementary Provisions

Article 20: (Deleted)

Article 21: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the relevant regulations.

Article 22: The Articles of Incorporation were established on February 16, 2005. 1st revision was made on March 28, 2006.

2nd revision was made on May 29, 2008.
3rd revision was made on June 8, 2010.
4th revision was made on April 19, 2011.
5th revision was made on June 15, 2011.
6th revision was made on May 25, 2012.
7th revision was made on June 21, 2013.
8th revision was made on June 9, 2015.
9th revision was made on June 8, 2016.
10th revision was made on June 7, 2017.
11th revision was made on May 29, 2020.

【Appendix III】

Innodisk Corporation

Shareholders Meeting Rules of Procedures

- Article 1 These Rules have been established in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies in order to build a strong board governance system for shareholders' meetings and robust supervisory capabilities and reinforce management capabilities for the Company.
- Article 2 Unless otherwise specified by law or the Articles of Incorporation, shareholders' meetings of the Company shall proceed according to the terms of these Rules.
- Article 3 Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms and the origins of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation or the election or dismissal of directors or supervisors and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of an annual general meeting or 15 days before the date of an extraordinary shareholders' meeting. At least 21 days before an annual general meeting or 15 days before an extraordinary shareholders' meeting, an electronic copy of the shareholders' meeting handbook and supplementary information shall be prepared and posted onto the MOPS. Physical copies of the shareholders' meeting handbook and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also be placed within the Company's premises and at the stock transfer agent, and distributed on-site during the shareholder meeting.
- 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, changes to the articles of association, capital reduction, application for suspension of public offerings, directors' competition approval, capital increase from earnings, capital increase from legal reserve, company dissolution, merger, division, or any circumstance in paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations

Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and explained in the reason for the convening, and shall not be proposed via an extraordinary motion; the main content may be placed on the website designated by the securities authority or the company, and its URL shall be stated in the notice. The notification for the convening of shareholder meeting has announced the re-election of directors and inauguration date. After the re-election at the shareholder meeting, the inauguration date shall not be changed by extraordinary motion or other means in the same meeting.

Shareholders who hold over 1% of the total issued shares may propose issues in the Company's shareholders' general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal. A shareholder may make a proposal to promote the public interest or social responsibility of the Company. Still, the proposal shall be limited to one proposal only in accordance with Article 172-1 of the Company Act, and any proposal exceeding one shall not be included in the motion.

Before the book closure date for the annual general meeting, the Company shall announce the acceptance of shareholders' proposals, the procedures in accepting proposals either in writing or electronic version and the place and time of acceptance. The period of acceptance shall not be less than 10 days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

Prior to the date for issuance of notice of a shareholders' meeting, this Corporation 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. During the shareholders' meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.

Article 4 Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.

Each shareholder may issue one proxy form and delegate one proxy

only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.

Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Article 5 Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9 am or later than 3 pm. Independent directors' opinions on the meeting place and time shall also be fully considered.

Article 6 The Company shall specify in the notice of meeting the time and place for acceptance of shareholders' registration and other matters to be noted.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

The Company shall provide an attendance ledger for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, motion ballots and any information relevant to the meeting. Prepare additional ballots if director elections are also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders' meeting. Corporate entities that have been designated as proxy attendants

can only appoint one representative to attend a shareholders' meeting.

Article 7 The chairman should chair the meeting convened by the chairman. Vice chairman is to chair the meeting on behalf of the chairman if the chairman takes the day off or for any reason cannot exercise the power. The chairman is to appoint a managing director on behalf of the vice chairman if the vice chairman cannot attend the meeting due to the aforementioned reasons. A director is assigned if there is no managing director. In the event that the chairman does not appoint anyone, the managing director or the directors are to recommend one person.

The chairperson position mentioned above shall be assumed by a managing director or director, who has been on the board for more than six months and possesses adequate understanding of the Company's financial and business performance. The same applies if the chairperson is a representative of a corporate director.

The shareholders' meeting convened by the board of directors shall be personally hosted by the chairman of the board. More than half of the directors and at least one representing member of various functional committees shall attend the meeting, and the attendance shall be recorded in the meeting minutes.

For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two present.

The Company may summon its lawyers, certified public accountants or any relevant personnel to be present at shareholder meetings.

Article 8 The Company shall make an uninterrupted audio and video recording of the entire meeting.

These recordings must be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 9 Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance is counted based on the attendance book or the submitted attendance card, together with the shares with the written or electronic voting rights.

The chair is to call the meeting to order at the designated meeting time, but is to announce a postponement if the attending

shareholders represent less than half of the total issued shares. The number of postponement is limited to two times, totaling no more than 1 hour. The chair is to announce the meeting adjourned if still less than 1/3 of the total issued shares presented at the meeting after the postponement twice.

If the quorum is not met after two postponements 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.

If the attending shareholders represent more than half of the total issued shares before the end of the meeting, the chair is to make a tentative resolution and re-submit it for a shareholder's vote in accordance with Article 174 of the Company Act.

Article 10 The board should set the agenda for the meetings that it convenes. Relevant motions (including extraordinary motions and amendments to the original motions) shall be decided on a case-by-case basis. The meeting should be carried out based on the agenda and should not be changed without the resolution of the shareholders.

For the meeting that is convened by the ones with the convening authority outside of the board, the aforementioned rule still applies. 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 chairman shall give proposals and shareholder proposed revisions or extraordinary motions sufficient time for clarification and discussion. Once the chairman perceives that voting can proceed, the chairman shall stop the discussion and initiate the voting.

Article 11 Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the

attendance pass number) or account name and allow the chair to determine the order to give the speech.

The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement.

When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder. Violators shall be halted by the chairman.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person give speech for a motion.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

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

The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting. A shareholder who has a personal interest with the agenda of the meeting which may result in a conflict of interest with the Company shall not participate in the voting, nor shall he/she act on behalf of other shareholders to exercise the voting rights of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from total voting rights represented in the meeting.

Other than the trusts or securities agencies approved by the authorities, a person representing more than two shareholders as a proxy cannot have the shares exceeding three percent of the total voting shares. The exceeded voting rights will not be counted.

Article 13 Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

Shareholders may exercise their voting power by electronic transmission or in correspondence in shareholder meetings, and the exercise method shall be specified in the notice of shareholders'

meetings. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.

Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders' meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, 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 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If 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.

Unless 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 the voting process, the chair or the designated personnel announce the total number of the eligible voting rights of the attending shareholders case by case and then carry out the voting. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.

For the motion that the chair consults every attending shareholder without any objection, it is considered passed with the same effectiveness as the voting. In case of any objection, voting should be taken in accordance with the paragraph above.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are

viewed as denied and no more voting will be conducted.

The monitoring and counting personnel for the voting should be assigned by the chair, and the monitoring personnel should have a shareholder status.

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 made into record.

Article 14 Shareholders' meetings that involve election of directors shall proceed according to the Company's election policy. Results of the elections, including the list of elected directors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 15 The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically.

The distribution of the aforementioned resolutions can be entered into the Market Observation Post System to be publicly announced. The resolution proceedings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors, the votes received by each nominee shall also be disclosed. These records are to be kept permanently during the Company's existence.

Article 16 The number of shares owned by the solicitors and the entrusted proxies is compiled into a chart with a prescribed format on the meeting day and is disclosed clearly at the meeting venue.

The Company must disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange).

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

The chair may direct proctors or security personnel to help maintain order at the meeting venue. The proctors or security personnel who

help maintain order at the meeting place shall wear an identification card or armband bearing the word "Proctor."

For venues that are equipped with broadcasting equipment, the chairman shall halt any shareholder that makes statements from equipment not allocated to the Company.

Shareholders in violation of the rules and disobeying correction by the chair to disrupt the meeting are asked to leave the venue and will be escorted out by the proctors or the security personnel.

Article 18 The chair may announce a break time during the meeting at his/her discretion. The chair is to rule a meeting suspension due to force majeure and announce another time to resume the meeting as appropriate.

If the agenda scheduled for the meeting (including extraordinary motion) are not finished and the venue cannot be used, the shareholders are to find resolutions in finding a place to finish the meeting.

The shareholders may decide to postpone or continue the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

Article 20 These Rules were established on April 15, 2011.

1st revision was made on May 25, 2012.

2nd revision was made on December 17, 2012.

3rd revision was made on June 21, 2013.

4th revision was made on June 9, 2015.

5th revision was made on May 29, 2020.

6th revision was made on July 8, 2021.

【Appendix IV】

Innodisk Corporation Directors' Shareholding Position

- I. The paid-in capital of the Company is NT\$ 837,225,400, and the number of issued shares is 83,722,540.
- II. The Company has three seats of independent directors among all the current directors. In accordance with the "Implementation Rules for the Equity Holding Ratio of Directors and Supervisors of Public Companies and the Audit," the shareholding of independent directors elected by public companies is not included in the total amount; moreover, the statutory shareholding ratio of all directors shall be reduced to 80% of the shareholding ratio of all directors after excluding those of independent directors. The statutory minimum number of shares to be held by all directors is 6,697,803 shares.
- III. As of the book-close date of the shareholders' meeting (April 2, 2022), the shareholdings of individual and all directors recorded in the shareholders' register are as follows, which meet the percentage stipulated in Article 26 of the Securities and Exchange Act.

Title	Name	Book-close date (April 2, 2022) Shareholding as recorded in the shareholder roster	Ownership
Chairman	Chien, Chuan-Sheng	1,430,746	1.71%
Director	Lee, Chung-Liang	1,887,701	2.25%
Director	Hsu, Shan-Ke	0	0.00%
Director	Jhu, Cing-Jhong	1,609,827	1.92%
Director	Rui Ding Invest Co., Ltd. Representative: Wu, Xi-Xi	6,318,037	7.55%
Independent Director	Wang, Yin-Tien	0	0.00%
Independent Director	Lin, Wei-Li	0	0.00%
Independent Director	Young, Kai-Charn	0	0.00%

Independent Director	Lo, Su-Shun	0	0.00%
Overall Directors' Shareholding Position		11,246,311	13.43%

【 Appendix V 】

Impact of Stock Dividend on the Company's Operating Performance, Earnings Per Share and Return on Shareholders' Investment

Item		Year	2021 (estimated)
Opening Paid-In Capital			826,280,400
Stock and Cash Dividends for the Year	Cash dividend per share		11.7 (note 1)
	Stock dividends to issue new stock (Share)		0.03 (note 1)
	Number of shares issued due to capitalization of capital surplus (shares)		—
Changes in business performance	Operating profit		Not applicable (note 2)
	Year-on-year % increase (decrease) in operation profits		
	Net income after taxes		
	Year-on-year % increase (decrease) in net income after taxes		
	Earnings per share		
	Year-on-year % increase (decrease) in earnings per share		
	Annual average return on investment (reciprocal of annual average P/E ratio) (%)		
Pro forma earnings per share and a price-to-earnings ratio	If all of the capital increase from earnings is changed to cash dividends	Pro forma earnings per share	Not applicable (note 2)
		Pro forma annual average return on investment (%)	
	Without capitalization of capital surplus	Pro forma earnings per share	
		Pro forma annual average return on investment (%)	
	Without capitalization of capital surplus and the Stock dividends is distributed in cash dividends	Pro forma earnings per share	
		Pro forma annual average return on investment (%)	

Note 1: Pending the approval of the 2022 general shareholders' meeting.

Note 2: Not applicable as the Company has not yet released the 2022 financial forecast information.