

Stock Code: 4153



# **DIVA Laboratories, Ltd. 2023 Annual General Meeting of Shareholders Meeting Handbook**

Date and time: June 14, 2023 (Wednesday) at 9:00 am

Location: 10F, No. 351, Section 2, Zhongshan Road, Zhonghe District, New Taipei City (International Conference Hall)

Form of Shareholders' Meeting: Physical

# 2023 Annual General Meeting of Shareholders of DIVA Laboratories, Ltd.

**Form of Shareholders' Meeting: Physical**

**Date: June 14, 2023**

**Meeting Location: 10F, No. 351, Section 2, Zhongshan Road, Zhonghe District, New Taipei City  
(International Conference Hall)**

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# **I. Report Items**

## **(I) 2022 Business Report**

The Company's 2022 business report, please refer to this handbook Attachment 1 (P.4-P.7).

## **(II) Audit Committee Review Report**

The Board of Directors has prepared the 2022 Business Report, financial statements, and the earnings distribution proposal, among which the financial statements were audited by CPAs Shu-Chuan Yeh and Chih-Ming Shao of Deloitte Taiwan, and an Independent Auditors' Report was issued. We have reviewed the aforementioned Business Report, financial statements, and the earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

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2023 Annual General Meeting of Shareholders of DIVA Laboratories, Ltd.

Convener of the Audit Committee: Michael Lin

March 2, 2023

## **(III) The company's 2022 report on the distribution of remuneration to employees and directors**

The Company's Board of Directors resolved on March 2, 2023 to distribute cash remuneration to employees and directors for an amount of NT\$5,089,000 and NT\$545,000, respectively. The above resolved amount is of no difference to the 2022 recognized expenses.

## **(IV) The 2022 report on the distribution of cash dividends from earnings.**

1. According to Article 31 of the Articles of Incorporation, if the proposal for distribution of earnings is in the form of cash dividends, the Board of Directors is authorized to make a resolution.
2. The Company's Board of Directors resolved on March 2, 2023 to allocate NT\$58,668,197 in cash dividends to shareholders from the accumulated earnings for distribution of 2022, at the rate of NT\$1 per share.
3. In this cash dividend distribution, the chairman is authorized to determine the ex-dividend date, payment date, and other related matters. In case of changes in the dividend distribution ratio due to changes in the Company's outstanding shares, the chairman is authorized to have the full power to revise such changes where necessary.

## II. Election Item

Election: One independent director by-election. Please elect. (Proposed by the board of directors)

- Explanation: (I) In view of the vacancy of one independent director, the Company intends to elect a by-election independent director.
- (II) The term of office of the independent director in this by-election is the same as the term of office of the incumbent independent directors, with a term of office from June 14, 2023 to December 14, 2024. The new independent director will onboard on the same day when the by-election is completed.
- (III) In accordance with the Company's Articles of Incorporation and Article 192-1 of the Company Act, the Company adopts a candidate nomination system for independent directors.
- (IV) The candidates for the Independent Directors have been reviewed and approved by the Board of Directors on March 2, 2023. The information is as follows. Please elect.

Candidate	Name	Education	Work experience	Current employment
Independent director	TS Yang	Department of Industrial Management, National Taiwan University of Science and Technology MBA Program, National Chengchi University	President, FLEXIUM INTERCONNECT INC. President, TUBE SONIC TECHNOLOGY CO., LTD. Senior Vice President, KINSUS INTERCONNECT TECHNOLOGY CORP.	President, PEGAVISION CORPORATION

Voting Results:

## III. Recognition and Discussion Items

Proposal 1

Proposal: Ratification of the motion for 2022 Business Report and Financial Statements. (Proposed by the board of directors)

- Explanation: (I) The Company's Board of Directors has appointed Deloitte Taiwan, CPAs Shu-Chuan Yeh and Chih-Ming Shao to audit the Company's 2022 Financial Statements. The audit has been completed and it is identified that the financial statements do give a fair presentation, in all material respects, the financial position of DIVA Laboratories, Ltd. as of December 31, 2022 and the financial performance and cash flow situation for 2022. Attached please find the Business Report.
- (II) Please refer to Attachment 1 (P.4-P.7) for the business report. Please refer to Attachment 2 (P.8-P.27) for the Independent Auditors' Report and financial statements.

Resolution:

Proposal 2

Proposal: Ratification of the motion for 2022 earnings distribution. (Proposed by the board of directors)

Explanation: Please refer to Attachment 3 (P.28) for the 2022 Earnings Distribution Table of the Company.

Resolution:

Proposal 3

Proposal: Motion for amending the "Rules and Procedures of Shareholders' Meeting." (Proposed by the board of directors)

- Explanation: (I) Propose the amendments to related articles of the Company's "Rules of Procedure for Shareholders' Meetings" to accommodate the amendments to partial articles of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" announced by the Financial Supervisory Commission (FSC) in the official letter, dated March 8, 2022, Ref. Jin-Guan-Zheng-Fa-Zi No. 1110004250, and based on the actual needs of the company business.
- (II) Please refer to Attachment 4 (P.29-P.30) of this Handbook for the Comparison Table of the provisions of the "Rules of Procedure for Shareholders' Meetings" before and after amendment.

Resolution:

Proposal 4

Proposal: Motion for amending the "Procedures for Acquisition and Disposal of Assets." (Proposed by the board of directors)

Explanation: The Company plans to revise the relevant provisions of the "Procedures for Acquisition and Disposal of Assets" in line with the needs of its operations. The comparison table of the revised provisions is attached hereto as Attachment V (P.31-P.31) .

Resolution:

Proposal 5

Proposal: Motion for lifting non-compete restrictions on directors and their representatives. (Proposed by the board of directors)

Explanation: (I) According to Article 209 of the Company Act, directors who act for themselves or others within the company's business scope shall explain the important content of their actions to and obtain permission from the shareholders meeting.  
(II) Directors who invest or are involved in similar or identical line of business to that of the Company shall seek consent in a shareholder meeting as required by law.  
(III) The contents of lifting the non-compete restrictions on the directors proposed to the Shareholders' Annual General Meeting in 2023 are as follows.

Title	Name	Non-compete restrictions items	
Chairman	Data Image Corporation Representative: Han-Chou (Joe) Huang	Qisda Corporation  Topview Optronics Corporation Data Image Corporation SIMULA TECHNOLOGY INC. ACTION STAR TECHNOLOGY CO., LTD. QISDA OPTRONICS CORP. Alpha Networks Inc. AUO Corporation BenQ Foundation	Director-cum-President Director Chairman Chairman Chairman  Chairman Director Director Director
Independent director	Hank Liu	FORE SHOT INDUSTRIAL CORPORATION	Chief executive officer
Independent director	TS Yang	PEGAVISION CORPORATION	President

Resolution:

## IV. Extraordinary Motions

## V. Meeting Adjourn

**[Attachment I]**DIVA Laboratories, Ltd.  
2022 Business Report**I. 2022 business results****(I) Business plans and results**

In 2022, the Company's consolidated net operating revenue was NT\$949,204 thousand, an increase of 33% from 2021, with a sales gross profit margin of 28% and consolidated earnings per share after tax in 2022 were NT\$0.85.

While the global supply chain was still unstable in 2022, the Company continued to work closely with suppliers to track down materials and integrate Group resources to achieve the goal of stable shipment. As the pandemic has subsided, customers from all over the world have begun the development of new projects. We strive for new orders and accelerate the projects in development, including medical ultrasonic monitors, large medical testing equipment monitors, and large 4K high-end displays for operating rooms. These projects are expected to contribute to the Company's operating revenue within the next two years.

With the continuous advancement of technology and the increasing demand for medical care, the demand for high-quality, high-reliability and high-resolution medical displays increases at the same time. Looking ahead, the medical display industry will continue to maintain an optimistic growth trend.

**(II) Budget implementation**

According to the current laws and regulations, the Company was not required to disclose its financial budget for 2022.

**(III) Revenues, expenses and profitability analysis****1. Financial revenues and expenses**

Unit: NT\$ Thousands

Item\ Year	2022	2021
Net cash flow from operating activities	73,187	(11,390)
Net cash flow from investing activities	(5,046)	2,619
Net cash flow from financing activities	(22,036)	(15,490)

**2. Profitability analysis**

Unit: %

Item\ Year	2022	2021
Return on total assets	4.09	1.91
Return on equity	4.96	2.21
Operating Income to paid-in capital ratio	13.74	3.66
Profit margin	5.23	3.07
Earnings per share (NT\$)	0.85	0.37

(IV) Research and development status

The products that the Company has developed are as follows:

Name of R&D project
C-arm special equipment advanced diagnostic display
New-type display for endoscope and surgery
All-in-one display
Large-size, high-resolution integrated medical displays
Automatic Gamma display

II. Summary of the 2023 business plans

(I) Business policy

Looking ahead to the business strategy in 2023, in addition to continuing the market strategy for 2022 we will continue to develop niche products and provide customers with total solutions, while also strengthening the promotion of standard products in an effort to accelerate market development. In addition to the existing surgical monitors, large consultation monitors, diagnostic radiology monitors, and full-flat touch monitors, and full flat touch monitors, the Company is also actively cooperating with the Group's industrial companies to develop new designs and higher resolutions in order to meet the market demand for appearance. At the same time, we design and provide peripheral products to provide customers with one-stop service, and the total solution can also align with the existing product lines to achieve a wider and more comprehensive customer service. In addition, we will strengthen the development of new technologies and enhance the depth of our products, such as the development of new panel technologies and fully laminated products, moving towards higher-end products. By quickly promoting the standard products owned by the Company to customers, we are able to shorten the development time of customers' products, making it easier for customers. In terms of production process, the Company will transfer the excellent production technology of the Group to improve the quality level and enhance customer satisfaction. Lastly, the Company will continue to expand its ODM and OEM businesses and strive for a broader source of customers in order to achieve the goal of boosting the Company's overall competitiveness and profitability.

(II) Expected sales volume and basis

As the Company did not prepare the financial forecast for 2023, there is no information on the expected sales volume for 2023.

(III) Important production and sales policies

The Company's main production and marketing strategies are as follows:

1. Increase operating revenue: Actively expand product lines. In addition to promoting low-level industrial specifications touch monitors to increase revenue, the Company will also explore customized high-margin application markets to provide customers with diversified products that match the market appearance preferences and trends. , and increase the ratio of purchases from the Company to increase sales.
2. Increase customer sources: In addition to attracting more customers of the medical field through total solutions, the Company will continue to expand product breadth and focus on the industrial control field.
3. Increase of business items: Expand OEM projects and sell monitor peripheral products to increase business items and enhance the Company's market competitiveness.
4. Improve operational efficiency: We adopt a lean organizational structure from the beginning of the year in an effort to more effectively manage and stimulate business development efficiency. Meanwhile, we will continue to stabilize the development process through the customer relationship management (CRM) system and product development management system.
5. Optimize cost structure: With respect to design, modular design and material convergence are used to achieve centralized procurement; with respect to production, we grasp our customers' subsequent demand planning through production and sales meetings prior to adopting the best economic volume for procurement; with respect to final procurement, we obtain the lowest material cost of key components through consultation, comparison, bargaining process and consolidation of group resources for joint procurement.
6. Adjust production scale: in order to quickly respond to the market demand for end customers and high-end products, we continue to adjust the production scale in a planned and step-by-step manner or integrate supply chain production outsourcing items to ensure material quality and achieve the best economic production. At the same time, through the Group's resources, we are able to obtain manufacturing production lines in third places, to gain more competitive total production cost in the local market, improve operational efficiency, and avoid repetitive capital expenditure investments.
7. Strengthen supply chain management: Through strategic alliances with key component suppliers, and forecast or policy material allocation for materials with high sharing and long lead time, the Company seeks to respond quickly to customer needs, thereby enhance competitiveness, expand business market share. After joining the Qisda Group, we are able to improve the overall cost competition, supply and quality capabilities by acquiring the

group's supply chain resources.

8. Product quality is also an indispensable part of the Company's operating performance and sustainable development. The Company has been committed to the continuous improvement of the quality management system for many years, as well as the improvement of green product management capabilities, the reliability of material verification, and the precision of process management. The Company has been certified by major international manufacturers as a strategic supplier to enter their global supply chain.

The Company obtained the QMS certification for the first-class medical image transmission device from the Ministry of Health and Welfare in May 2022. In October 2022, the Company passed the renewal of the SGS medical quality management system ISO 13485:2016 certificate. The scope of certification has been expanded from medical and industrial monitors to computer systems, peripheral devices and their solutions.

At the same time, the Company is also committed to sustainability by actively participating in relevant conferences and seminars to learn from the excellent practices of the Group and to continuously improve its ESG capabilities and standards. In December 2022, the Company conducted its first GHG inventory for 2021 and will perform GHG inventory for 2022 in 2023 in line with the Group's schedule.

### III. Future development strategies of the Company

#### (I) Short-term development plan

##### 1. Marketing strategy:

- A. Aim for customized orders with high gross profit and high adhesion. Apply new technologies and upgrade the technical level of products in order to continue to maintain competitiveness in niche markets.
- B. Expand the Company's horizontal product breadth by integrating the Group's resources. A broader product line that meets the potential needs of customers not only to provide them with more choices and increase revenue from single customers, but also to deepen customer adhesion.
- C. Enhance customer service experience. Through the organization and division of labor, overseas customers are able to obtain closer services. We also work with regional customers through strategic alliances to actively develop special-purpose markets, and seize the international market share in niche markets.
- D. Continue to develop existing system integrators. Explore other potential customers from existing customers, explore new customer sources, and increase product penetration. Enhance the development of new cases for existing customers. Explore the needs for new cases through regular contact with customers, and spark customers' interest in existing products through technical exchanges.
- E. Promote standard products to quickly accumulate new customers. Utilize the rapid sample delivery of the existing samples to achieve the goal of quickly developing new customers and entering new markets. Given that the new model after the COVID-19 pandemic has resulted in more applications of telemedicine, the Company's existing standard products can be quickly integrated into customers' equipment and applications.
- F. Strengthen marketing capabilities. Use a brand-new website structure to present key product information, and use an efficient information management process to provide potential customers with complete product information, as well as smooth product consulting services to accelerate the chance of order establishment. In addition, when it is impossible to travel abroad freely, we can increase our exposure and contacts with potential customers by participating in exhibitions in Taiwan.

##### 2. Production and procurement strategies:

- A. Continue to improve the PDCA process to enhance the production line operating process and reduce production costs.
- B. Diversify product portfolio through modular design to satisfy the small-scale and diverse needs of customers.
- C. Strengthen supply chain management and form strategic alliances with key component suppliers to ensure the supply of key components and material quality.
- D. The Company adopts the "Optical Bonding" process for the high-end touch panels designed and manufactured by the Company, and forms a strategic alliance with the suppliers specializing in "Optical Bonding" process to provide better quality and semi-finished products.
- E. With the slowdown of the pandemic and possible economic recession in the future, the Company will hold a conservative attitude towards material preparation with the review of inventory levels being its first consideration.
- F. Make good use of the Group's excellent manufacturing and procurement capabilities in Taiwan and mainland China to provide more competitive advantages to serve the domestic market in mainland China and the needs of customers in different regions.

##### 3. Research and development strategies:

- A. Raise the level and application of existing products.
- B. Cooperate with the existing 1st tier customers to understand the market demand in the next 3-5 years, establish a product sharing platform in time, and provide customers with solutions for their applications.
- C. Develop corresponding peripheral equipment and provide customers with complete solutions.
- D. Combine the Group's resources to reduce the cost of new product development.



- E. Use next-generation display technology to develop next-generation medical displays.

(II) Long-term development plan

1. Marketing strategy:

- A. Establish a world-class brand strategy. By developing close relationship with the existing first-tier international medical OEM customers, the Company will get hold of the latest application requirements and specifications, further strengthening technological innovation, and becoming a unique professional brand beyond the technical capabilities in the industry to occupy a place in the global high-end display market.
- B. Strengthen the information network system, establish a global distribution mechanism, improve the pre-sales technical support and after-sales service capabilities, while strengthening the development of markets in developing countries. Achieve rapid service through the network system, in order to establish international competitive advantages, and explore potential customers in China and the Middle East.

2. Production and procurement strategies:

- A. Control the supply quality of raw materials and prioritize technology development through strategic alliances with key component suppliers.
- B. In response to the globalized economy, after-sales service centers have been set up in the United States, Japan, and the Netherlands to quickly meet customer maintenance needs. A 24-hour online customer service system has been established to help customers track maintenance and understand the progress of problem resolution .
- C. In response to the changes in orders, the production scale of the Taiwan factory is adjusted and the production lines of the Qisda Group are used in third regions to meet the need for growth momentum in the future.
- D. The "Optical Bonding" process must be used for the high-end touch panel products designed and produced by the Company. If the medium and long-term demand has reached the economic scale production, the establishment of self-production capacity can be assessed.

3. Research and development strategies:

The R&D team of DIVA Laboratories is highly innovative. In the future, we will continue to invest in R&D funds to recruit and cultivate professional R&D personnel, and to develop new technologies in products by working with well-known domestic universities in Taiwan. In addition to differentiating our products from the market, we will also seek strategic alliances with manufacturers that complement each other in the industry. Through technical cooperation, we will build a stronger R&D team and deeply cultivate R&D technology to develop towards a wide range of applications and diversified products, while enhancing the added value of products toward high-end medical displays. We will introduce the Group's resources in an effort to reduce development costs and actively introduce the next generation of display technology.

4. Coordination of operation and finance:

Strive for scale development of long-term operations to move toward internationalization and diversification, and reduce financial costs to support operational goals through using various financial market instruments.

IV. Impact of the external competition, legal, and overall business environments

Continue to improve the capabilities of the Company's R&D team, maintain technology leadership, and keep abreast of industry trends, regulatory changes, and market information of peers, and adopt prudent financial management strategies to maintain market competitiveness.

The Company's sales revenue is mainly denominated in U.S. dollars. In addition to the natural hedge effect of major purchases in U.S. dollars, the Company also keeps track of exchange rate trends and takes necessary hedging measures to reduce exchange risks.

DIVA Laboratories, Ltd.

Chairman: Han-Chou (Joe) Huang

President: Tony Chao

Chief Accounting Officer: Susan Lin

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Diva Laboratories, Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Diva Laboratories, Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Occurrence and Existence of Operating Revenue

In 2022, the Group's consolidated operating revenue increased by 33% compared with the previous year. In 2022, operating revenue growth rates from some customers exceeded the average growth rate. The revenue recognition has higher inherent risk. Therefore, we identified the reality of operating revenue of the above customers in this year as the key audit matter.

We performed the following audit procedures in respect of the above key audit matters:

1. We obtained an understanding of the internal controls design and operating procedures regarding the sales transaction cycle, and we performed the effectiveness of the internal control operations.
2. We selected appropriate samples from sales and inspected the transactions of operating revenue to confirm its existence.

#### **Other Matter**

We have also audited the parent company only financial statements of Diva Laboratories, Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 2, 2023

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 346,366	28	\$ 299,275	25
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7	-	243	-
Financial assets at amortized cost (Notes 4 and 9)	-	-	703	-
Notes receivable, net (Notes 4, 10 and 24)	410	-	-	-
Accounts receivable, net (Notes 4, 10 and 24)	242,529	19	135,296	11
Accounts receivables from related parties (Notes 24 and 30)	38,954	3	55,075	5
Other receivables (Note 10)	12,465	1	10,398	1
Other receivables from related parties (Note 30)	4,668	-	2,154	-
Current tax assets (Notes 4 and 26)	2,413	-	754	-
Inventories (Notes 4 and 11)	319,300	26	352,315	30
Prepayments (Note 30)	8,421	1	11,500	1
Other current assets (Note 18)	853	-	6,856	1
Total current assets	976,386	78	874,569	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,020	-	4,296	-
Investments accounted for using equity method (Notes 4 and 13)	3,303	-	26,647	2
Property, plant and equipment (Notes 4, 14 and 31)	225,291	18	227,149	19
Right-of-use assets (Notes 4 and 15)	278	-	407	-
Goodwill (Notes 4 and 16)	-	-	5,183	1
Intangible assets (Notes 4 and 17)	1,312	-	4,411	1
Deferred tax assets (Notes 4 and 26)	38,272	3	36,083	3
Other non-current assets (Note 18)	3,936	1	2,944	-
Total non-current assets	275,412	22	307,120	26
TOTAL	\$ 1,251,798	100	\$ 1,181,689	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 748	-	\$ 131	-
Contract liabilities (Notes 4 and 24)	8,813	1	6,204	1
Accounts payables (Note 19)	84,919	7	101,527	9
Accounts payables to related parties (Note 30)	234	-	2,348	-
Other payables (Note 20)	88,259	7	60,752	5
Other payables to related parties (Note 30)	8,485	1	1,307	-
Current tax liabilities (Notes 4 and 26)	24,348	2	5,746	-
Provisions - current (Notes 4 and 21)	6,912	-	6,428	1
Lease liabilities - current (Notes 4 and 15)	130	-	128	-
Other current liabilities (Note 20)	11,743	1	7,699	1
Total current liabilities	234,591	19	192,270	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	-	-	22	-
Lease liabilities - non-current (Notes 4 and 15)	153	-	283	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	872	-	2,692	-
Total non-current liabilities	1,025	-	2,997	-
Total liabilities	235,616	19	195,267	17
EQUITY (Note 23)				
Share capital—common stock	617,591	49	617,591	52
Capital surplus	399,999	32	399,999	34
Retained earnings				
Legal reserve	12,853	1	10,848	1
Special reserve	10,000	1	2,737	-
Unappropriated earnings	84,909	7	65,160	6
Total retained earnings	107,762	9	78,745	7
Other equity	(9,257)	(1)	(10,000)	(1)
Treasury shares	(99,913)	(8)	(99,913)	(9)
Total equity	1,016,182	81	986,422	83
TOTAL	\$ 1,251,798	100	\$ 1,181,689	100

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

# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 30 and 35)	\$ 949,204	100	\$ 712,232	100
OPERATING COSTS (Notes 11, 17, 25, and 30)	<u>683,073</u>	<u>72</u>	<u>530,636</u>	<u>75</u>
GROSS PROFIT	266,131	28	181,596	25
UNREALIZED GAIN ON TRANSACTIONS	(459)	-	-	-
REALIZED GAIN ON TRANSACTIONS	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>265,672</u>	<u>28</u>	<u>181,771</u>	<u>25</u>
OPERATING EXPENSES (Notes 10, 15, 17, 22 and 25)				
Selling expenses	48,785	5	39,585	5
General and administrative expenses	48,913	5	48,594	7
Research and development expenses	82,619	9	69,515	10
Expected credit loss	<u>525</u>	<u>-</u>	<u>1,474</u>	<u>-</u>
Total operating expenses	<u>180,842</u>	<u>19</u>	<u>159,168</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>84,830</u>	<u>9</u>	<u>22,603</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	761	-	533	-
Other income (Notes 25 and 30)	8,389	1	11,176	2
Finance cost (Notes 15 and 25)	(201)	-	(110)	-
Share of profit or loss of associates	(1,025)	-	2,164	-
Gain on sale of property, plant and equipment	928	-	2,850	1
Net gain on financial assets at fair value through profit or loss, net (Notes 4 and 7)	5,371	-	443	-
Other expense	-	-	(26)	-
Foreign exchange gain (loss), net (Notes 4, 25 and 33)	28,702	3	(13,057)	(2)
Net gain (loss) on financial liability at fair value through profit or loss, net (Notes 4 and 7)	(30,837)	(3)	1,893	-
Impairment loss (Notes 13, 16, 17 and 25)	<u>(29,275)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(17,187)</u>	<u>(2)</u>	<u>5,866</u>	<u>1</u>
INCOME BEFORE INCOME TAX	67,643	7	28,469	4
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(17,982)</u>	<u>(2)</u>	<u>(6,614)</u>	<u>(1)</u>

(Continued)

# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET INCOME	<u>49,661</u>	<u>5</u>	<u>21,855</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME( LOSS)				
(Notes 8, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,063	-	(1,806)	-
Unrealized loss on equity instruments at fair value through other comprehensive income	(1,276)	-	(6,660)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>2,019</u>	<u>-</u>	<u>(603)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,806</u>	<u>-</u>	<u>(9,069)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 51,467</u>	<u>5</u>	<u>\$ 12,786</u>	<u>2</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 49,661</u>	<u>5</u>	<u>\$ 21,855</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 51,467</u>	<u>5</u>	<u>\$ 12,786</u>	<u>2</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS: Note 27)				
Basic	<u>\$ 0.85</u>		<u>\$ 0.37</u>	
Diluted	<u>\$ 0.84</u>		<u>\$ 0.37</u>	

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

(Concluded)



# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Other Equity (Notes 8 and 23)			Total Equity
	Common Stock (Note 23)		Capital Surplus (Note 23)				Retained Earnings (Notes 23 and 26)			Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares (Note 23)		
	Number of Shares (In Thousand)	Amounts	Insurance of Shares	Employee Share Options	Share Options	Other	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	61,759	\$ 617,591	\$ 371,852	\$ 6,767	\$ 9,654	\$ 11,726	\$ 9,622	\$ 1,470	\$ 62,858	\$ (1,693)	\$ (1,044)	\$ (99,913)	\$ 988,890	
Appropriation of 2020 earnings														
Legal reserve	-	-	-	-	-	-	1,226	-	(1,226)	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	1,267	(1,267)	-	-	-	-	
Cash dividends - NT\$0.26 per share	-	-	-	-	-	-	-	-	(15,254)	-	-	-	(15,254)	
Total	-	-	-	-	-	-	1,226	1,267	(17,747)	-	-	-	(15,254)	
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	21,855	-	-	-	21,855	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(1,806)	(603)	(6,660)	-	(9,069)	
BALANCE AT DECEMBER 31, 2021	61,759	617,591	371,852	6,767	9,654	11,726	10,848	2,737	65,160	(2,296)	(7,704)	(99,913)	986,422	
Appropriation of 2021 earnings														
Legal reserve	-	-	-	-	-	-	2,005	-	(2,005)	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	7,263	(7,263)	-	-	-	-	
Cash dividends - NT\$0.37 per share	-	-	-	-	-	-	-	-	(21,707)	-	-	-	(21,707)	
Total	-	-	-	-	-	-	2,005	7,263	(30,975)	-	-	-	(21,707)	
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	49,661	-	-	-	49,661	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	1,063	2,019	(1,276)	-	1,806	
BALANCE AT DECEMBER 31, 2022	61,759	\$ 617,591	\$ 371,852	\$ 6,767	\$ 9,654	\$ 11,726	\$ 12,853	\$ 10,000	\$ 84,909	\$ (277)	\$ (8,980)	\$ (99,913)	\$ 1,016,182	

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

# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 67,643	\$ 28,469
Adjustments for:		
Depreciation expense	7,300	10,508
Amortization expense	2,795	3,204
Expected credit loss recognized	525	1,474
Loss (gain) on financial assets at fair value through profit or loss, net	25,466	(2,336)
Finance cost	201	110
Interest income	(761)	(533)
Share of profit or loss of associates	1,025	(2,164)
Gain on disposal of property, plant and equipment, net	(928)	(2,850)
Impairment loss	29,275	-
Write-down of inventories	5,006	1,161
Realized gain on transactions with associates	459	(175)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,607	1,707
Notes receivable	(410)	-
Accounts receivable	(107,692)	(15,097)
Account receivable from related parties	16,121	11,390
Other receivables	(2,013)	(2,316)
Other receivables from related parties	(2,514)	(2,060)
Inventories	28,012	(103,464)
Prepayments	3,144	257
Other current assets	6,065	(2,820)
Financial liabilities at fair value through profit or loss	(30,220)	2,024
Contract liabilities	2,609	605
Accounts payable	(16,608)	55,117
Accounts payable to related parties	(2,114)	2,348
Other payables	27,495	17,579
Other payables to related parties	7,178	726
Provisions	484	(10)
Other current liabilities	4,044	(3,733)
Net defined benefit liabilities	(492)	(475)
Cash generated from (used in) operations	76,702	(1,354)
Income tax paid	(3,515)	(10,036)
Net cash generated from (used in) operating activities	73,187	(11,390)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(7,052)	(7,129)
Proceeds from sale of financial assets at amortized cost	7,770	6,435
Proceeds from sale of financial assets at fair value through profit or loss	-	3,901
Payments for property, plant and equipment	(10,344)	(12,143)

(Continued)

# DIVA LABORATORIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of property, plant and equipment	5,410	11,953
Increase in refundable deposits	(464)	(252)
Payments for intangible assets	(1,073)	(707)
Interest received	<u>707</u>	<u>561</u>
Net cash generated from (used in ) investing activities	<u>(5,046)</u>	<u>2,619</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	175,000	95,000
Repayments of short-term borrowings	(175,000)	(95,000)
Repayment of the principal portion of lease liabilities	(128)	(126)
Dividends paid	(21,707)	(15,254)
Interest paid	<u>(201)</u>	<u>(110)</u>
Net cash used in financing activities	<u>(22,036)</u>	<u>(15,490)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>986</u>	<u>(219)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	47,091	(24,480)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>299,275</u>	<u>323,755</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 346,366</u>	<u>\$ 299,275</u>

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
DIVA Laboratories, Ltd.

### **Opinion**

We have audited the accompanying financial statements of DIVA Laboratories, Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Corporation's financial statements for the year ended December 31, 2022 is stated as follows:

#### Occurrence and Existence of Operating Revenue

In 2022, the Corporation's operating revenue increased by 33% compared with the previous year. In 2022, operating revenue growth rates from some customers exceeded the average growth rate. The revenue recognition has higher inherent risk. Therefore, we identified the reality of operating revenue of the above customers in this year as the key audit matter.

We performed the following audit procedures in respect of the above key audit matters:

1. We obtained an understanding of the internal controls design and operating procedures regarding the sales transaction cycle, and we performed the effectiveness of the internal control operations.
2. We selected appropriate samples from sales and inspected the transactions of operating revenue to confirm its existence.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of 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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 2, 2023

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# DIVA LABORATORIES, LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 307,884	24	\$ 266,802	23
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7	-	243	-
Notes receivable, net (Notes 4, 9 and 21)	410	-	-	-
Accounts receivable, net (Notes 4, 9 and 21)	234,588	19	128,618	11
Accounts receivables from related parties (Notes 21 and 27)	39,577	3	58,226	5
Other receivables (Notes 9)	12,377	1	9,650	1
Other receivables from related parties (Note 27)	7,381	1	4,440	-
Current tax assets (Notes 4 and 23)	2,413	-	754	-
Inventories (Notes 4 and 10)	319,409	25	345,399	29
Prepayments (Note 27)	8,238	1	8,410	1
Other current assets (Note 15)	844	-	5,703	-
Total current assets	933,128	74	828,245	70
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,020	-	4,296	1
Investments accounted for using equity method (Notes 4 and 11)	52,571	4	84,913	7
Right-of-use assets (Notes 4 and 13)	278	-	407	-
Property, plant and equipment (Notes 4 and 12)	225,278	18	227,127	19
Intangible assets (Notes 4 and 14)	1,312	-	1,972	-
Deferred tax assets (Notes 4 and 23)	38,186	3	35,978	3
Other non-current assets (Note 15)	3,759	1	2,737	-
Total non-current assets	324,404	26	357,430	30
<b>TOTAL</b>	<u>\$ 1,257,532</u>	<u>100</u>	<u>\$ 1,185,675</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 748	-	\$ 131	-
Contract liabilities - current (Notes 4 and 21)	8,813	1	6,204	-
Accounts payables (Note 16)	84,919	7	101,527	9
Accounts payables to related parties (Note 27)	234	-	-	-
Other payables (Note 17)	84,019	7	60,286	5
Other payables to related parties (Note 27)	18,587	1	8,410	1
Current tax liabilities (Notes 4 and 23)	24,220	2	5,443	-
Provisions - current (Notes 4 and 18)	6,912	-	6,428	1
Lease liabilities - current (Notes 4 and 13)	130	-	128	-
Other current liabilities (Note 17)	11,743	1	7,699	1
Total current liabilities	240,325	19	196,256	17
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	-	-	22	-
Lease liabilities - non-current (Notes 4 and 13)	153	-	283	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	872	-	2,692	-
Total non-current liabilities	1,025	-	2,997	-
Total liabilities	241,350	19	199,253	17
<b>EQUITY (Note 20)</b>				
Share capital—common stock	617,591	49	617,591	52
Capital surplus	399,999	32	399,999	34
Retained earnings				
Legal reserve	12,853	1	10,848	1
Special reserve	10,000	1	2,737	-
Unappropriated earnings	84,909	7	65,160	6
Total retained earnings	107,762	9	78,745	7
Other equity	(9,257)	(1)	(10,000)	(1)
Treasury shares	(99,913)	(8)	(99,913)	(9)
Total equity	1,016,182	81	986,422	83
<b>TOTAL</b>	<u>\$ 1,257,532</u>	<u>100</u>	<u>\$ 1,185,675</u>	<u>100</u>

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



# DIVA LABORATORIES, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 933,802	100	\$ 703,098	100
OPERATING COSTS (Notes 10, 14, 22 and 27)	<u>670,126</u>	<u>72</u>	<u>526,724</u>	<u>75</u>
GROSS PROFIT	263,676	28	176,374	25
UNREALIZED GAIN ON TRANSACTIONS	(31,346)	(3)	(27,791)	(4)
REALIZED GAIN ON TRANSACTIONS	<u>31,612</u>	<u>4</u>	<u>28,455</u>	<u>4</u>
REALIZED GROSS PROFIT	<u>263,942</u>	<u>29</u>	<u>177,038</u>	<u>25</u>
OPERATING EXPENSES (Notes 9, 13, 14, 19, 22 and 27)				
Selling expenses	49,818	5	42,550	6
General and administrative expenses	44,891	5	43,036	6
Research and development expenses	82,619	9	69,515	10
Expected credit (gain) loss	<u>632</u>	<u>-</u>	<u>(266)</u>	<u>-</u>
Total operating expenses	<u>177,960</u>	<u>19</u>	<u>154,835</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>85,982</u>	<u>10</u>	<u>22,203</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	671	-	491	-
Other income (Notes 22 and 27)	8,343	1	11,203	2
Finance cost (Notes 13 and 22)	(201)	-	(110)	-
Share of profit or loss of associates	(2,914)	-	1,612	-
Gain on sale of property, plant and equipment	928	-	2,865	1
Net gain on financial assets at fair value through profit or loss, net (Notes 4 and 7)	5,371	-	443	-
Foreign exchange gain (loss), net (Notes 4, 22 and 30)	28,994	3	(12,903)	(2)
Net gain (loss) on financial liability at fair value through profit or loss, net (Notes 4 and 7)	(30,837)	(3)	1,893	-
Impairment loss (Notes 11 and 22)	<u>(29,275)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(18,920)</u>	<u>(2)</u>	<u>5,494</u>	<u>1</u>
INCOME BEFORE INCOME TAX	67,062	8	27,697	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(17,401)</u>	<u>(2)</u>	<u>(5,842)</u>	<u>(1)</u>

(Continued)

# DIVA LABORATORIES, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET INCOME	<u>49,661</u>	<u>6</u>	<u>21,855</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 8, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,063	-	(1,806)	-
Unrealized loss on equity instruments at fair value through other comprehensive income	(1,276)	-	(6,660)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>2,019</u>	<u>-</u>	<u>(603)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,806</u>	<u>-</u>	<u>(9,069)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 51,467</u>	<u>6</u>	<u>\$ 12,786</u>	<u>2</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS: Note 24)				
Diluted	<u>\$ 0.85</u>		<u>\$ 0.37</u>	
Basic	<u>\$ 0.84</u>		<u>\$ 0.37</u>	

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

(Concluded)

**DIVA LABORATORIES, LTD.**
**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	<u>Common Stock (Note 20)</u>		<u>Insurance of Shares</u>	<u>Capital Surplus (Note 20)</u>			<u>Retained Earnings (Notes 20 and 23)</u>			<u>Other Equity (Notes 8 and 20)</u>		<u>Treasury Shares (Note20)</u>	<u>Total Equity</u>
	<u>Number of Shares (In Thousand)</u>	<u>Amounts</u>		<u>Employee Share Options</u>	<u>Share Options</u>	<u>Other</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Exchange Differences on Translating Foreign Operations</u>	<u>Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income</u>		
BALANCE AT JANUARY 1, 2021	61,759	\$ 617,591	\$ 371,852	\$ 6,767	\$ 9,654	\$ 11,726	\$ 9,622	\$ 1,470	\$ 62,858	\$ (1,693)	\$ (1,044)	\$ (99,913)	\$ 988,890
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	-	-	1,226	-	(1,226)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	1,267	(1,267)	-	-	-	-
Cash dividends - NT\$0.26 per share	-	-	-	-	-	-	-	-	(15,254)	-	-	-	(15,254)
Total	-	-	-	-	-	-	1,226	1,267	(17,747)	-	-	-	(15,254)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	21,855	-	-	-	21,855
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(1,806)	(603)	(6,660)	-	(9,069)
BALANCE AT DECEMBER 31, 2021	61,759	617,591	371,852	6,767	9,654	11,726	10,848	2,737	65,160	(2,296)	(7,704)	(99,913)	986,422
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	-	-	2,005	-	(2,005)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	7,263	(7,263)	-	-	-	-
Cash dividends - NT\$0.37 per share	-	-	-	-	-	-	-	-	(21,707)	-	-	-	(21,707)
Total	-	-	-	-	-	-	2,005	7,263	(30,975)	-	-	-	(21,707)
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	49,661	-	-	-	49,661
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	1,063	2,019	(1,276)	-	1,806
BALANCE AT DECEMBER 31, 2022	<u>61,759</u>	<u>\$ 617,591</u>	<u>\$ 371,852</u>	<u>\$ 6,767</u>	<u>\$ 9,654</u>	<u>\$ 11,726</u>	<u>\$ 12,853</u>	<u>\$ 10,000</u>	<u>\$ 84,909</u>	<u>\$ (277)</u>	<u>\$ (8,980)</u>	<u>\$ (99,913)</u>	<u>\$ 1,016,182</u>

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

# DIVA LABORATORIES, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 67,062	\$ 27,697
Adjustments for:		
Depreciation expense	7,289	10,372
Amortization expense	1,733	2,142
Expected credit loss (reversed) recognized	632	(266)
Loss (gain) on financial assets at fair value through profit or loss, net	25,466	(2,336)
Finance costs	201	110
Interest income	(671)	(491)
Share of profit of subsidiaries and associates	2,914	(1,612)
Gain on sale of property, plant and equipment	(928)	(2,865)
Impairment loss	29,275	-
Write-down of inventories	10,998	980
Realized gain on transactions with associates	(266)	(655)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,607	1,707
Notes receivable	(410)	-
Accounts receivable	(106,602)	(8,109)
Account receivable from related parties	18,649	10,960
Other receivables	(2,673)	(2,890)
Other receivables from related parties	(2,941)	(2,825)
Inventories	14,992	(104,767)
Prepayments	172	517
Other current assets	4,859	(2,484)
Financial liabilities at fair value through profit or loss	(30,220)	2,024
Contract liabilities	2,609	605
Accounts payable	(16,608)	55,117
Accounts payable to related parties	234	-
Other payables	23,762	17,714
Other payables to related parties	10,177	5,116
Provisions	484	(10)
Other current liabilities	4,044	(3,733)
Net defined benefit liabilities	(492)	(475)
Cash generated from operations	69,348	1,543
Income tax paid	(2,778)	(8,727)
Net cash generated from (used in) operating activities	66,570	(7,184)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(7,000)	-
Proceeds from sale of financial assets at amortized cost	7,000	-
Proceeds from sale of financial assets at fair value through profit or loss	-	3,901
Acquisition of subsidarie	-	(6,993)

(Continued)

## **DIVA LABORATORIES, LTD.**

### **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)**

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	<b>2022</b>	<b>2021</b>
Payments for property, plant and equipment	(10,344)	(12,143)
Proceeds from disposal of property, plant and equipment	5,410	11,946
Increase in refundable deposits	(500)	(230)
Payments for intangible assets	(1,073)	(707)
Interest received	617	519
Dividends received from subsidiaries	<u>2,438</u>	<u>2,623</u>
Net cash used in investing activities	<u>(3,452)</u>	<u>(1,084)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	175,000	95,000
Repayments of short-term borrowings	(175,000)	(95,000)
Repayment of the principal portion of lease liabilities	(128)	(126)
Dividends paid	(21,707)	(15,254)
Interest paid	<u>(201)</u>	<u>(110)</u>
Net cash used in financing activities	<u>(22,036)</u>	<u>(15,490)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	41,082	(23,758)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>266,802</u>	<u>290,560</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 307,884</u>	<u>\$ 266,802</u>

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

(Concluded)

**DIVA Laboratories, Ltd.**  
**2022 Earnings Distribution Table**

	Unit: NT\$
<b>Net income</b>	<b>49,661,322</b>
Add: Re-measurement of defined benefit plans recognized as retained earnings	1,062,795
Less: Provision of legal reserve (10%)	(5,072,412)
Add: Special reserve reversed	743,195
<b>Distributable earnings for FY2022</b>	<b>46,394,900</b>
Add: Undistributed earnings at beginning of period	34,184,914
<b>As of 2022, the accumulated distributable earnings</b>	<b>80,579,814</b>
Distribution items:	
Shareholders' cash dividend (NT\$1,000 per 1,000 shares)	(58,668,197)
<b>Undistributed earnings at the end of the period</b>	<b>21,911,617</b>

**Note:** The current shareholders' cash dividend is calculated according to the distribution ratio and rounded down to a dollar. The total amount of the odd share less than NT\$1 is adjusted, from the higher to lower decimal point and from top down of the account number sequentially, till it is equal to the total cash dividend distributed.

[Attachment IV]

DIVA Laboratories, Ltd.

Comparison Table for Amendment of the "Rules of Procedure for Shareholders' Meeting"

Article number	Amended article	Current article	Reasons for amendments
Article 5	<p>(Principles for the venue and time of a shareholders' meeting)</p> <p>The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to independent directors' opinions with respect to the place and time of the meeting.</p> <p><b><u>When the Company convenes a shareholders' meeting by video conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.</u></b></p>	<p>(Principles for the venue and time of a shareholders' meeting)</p> <p>The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to independent directors' opinions with respect to the place and time of the meeting.</p>	To accommodate the laws and actual needs
Article 5-1	<p><b><u>(Convening of the shareholders' meeting by video conference and the matters to be included in the meeting notice)</u></b></p> <p><b><u>When the Company convenes the shareholders' meeting by video conference, the information below shall be stated in the meeting notice:</u></b></p> <p><b><u>I. Methods for participating in the video conference and exercising their rights.</u></b></p> <p><b><u>II. The response to the obstacles to the video conference platform or to the participation in the video conference due to natural disasters, incidents, or other force majeure events shall include at least the following:</u></b></p> <p><b><u>(I) The time and the date of the next meeting when the meeting needs to be postponed or resumed as such obstacles cannot be resolved.</u></b></p> <p><b><u>(II) Shareholders who did not register to participate in the original shareholders' meeting by video conference shall not participate in the meeting to be postponed or resumed.</u></b></p> <p><b><u>(III) When a physical shareholders' meeting is convened, along with a video conference, if the video conference cannot continue, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. For shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance, and they shall be deemed to abstain for all motions resolved at the shareholders' meeting.</u></b></p> <p><b><u>(IV) The handling method in the event that the resolution results of all motions have been announced, while extraordinary motions have not been resolved.</u></b></p> <p><b><u>III. When a shareholders' meeting is to be convened by video conference, appropriate alternatives to shareholders who have difficulty participating in the meeting by video means shall be specified.</u></b></p>	(Newly added)	To accommodate the laws and actual needs
Article 8	<p>(Evidence of the audio or video recordings of the shareholders' meeting)</p> <p>The Company shall make an uninterrupted audio or video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting.</p> <p><b><u>The audio and video recording in the preceding paragraph shall be kept for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of the Company Act, the records shall be retained until the conclusion of the litigation. When convening a video shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The materials and audio and video recordings shall be properly kept by the Company during the entirety of its existence, and copies of the audio and</u></b></p>	<p>(Evidence of the audio or video recordings of the shareholders' meeting)</p> <p>The Company shall make an uninterrupted audio or video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting. <b><u>The files shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u></b></p>	To accommodate the laws and actual needs

Article number	Amended article	Current article	Reasons for amendments
	<b><u>video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></b>		
Article 11	<p>(Speech of Shareholder)  <b>(Omitted)</b>            Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.  <b><u>Shareholders who participate by video conference may ask questions in text on the video conference platform after the chair calls the meeting to order and before the chair declares the meeting adjourned. The number of questions raised by each shareholder for each motion shall not exceed two, each question shall be limited to 200 words.</u></b>  <b>(Omitted)</b></p>	<p>(Speech of Shareholder)  <b>(Omitted)</b>            Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.    <b>(Omitted)</b></p>	To accommodate the laws and actual needs
Article 13	<p><b>(Omitted)</b>            Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.  <b><u>When a shareholders' meeting is convened by video conference, shareholders participating by video conference shall vote on various motions and election(s) on the video conference platform after the chair calls the meeting to order. They shall complete the voting before the chair declares the voting closed, otherwise they shall be deemed to have waived their voting rights.</u></b>  <b><u>When a shareholders' meeting is convened by video conference, after the chair declares the voting closed, the votes shall be counted at one go, and the voting and election results shall be announced.</u></b>  <b>(Omitted)</b></p>	<p><b>(Omitted)</b>            Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.  <b>(Newly added)</b>    <b>(Omitted)</b></p>	To accommodate the laws and actual needs



[Attachment V]

**DIVA Laboratories, Ltd.**  
**Comparison Table for Amendment of the "Procedures for Acquisition and Disposal of Assets"**

Article number	Amended article	Current article	Reasons for amendments
Article 9	Expert opinions shall be obtained on the acquisition or disposal of intangible assets, the right-of-use assets or membership cards <b>(Omitted)</b> (II) The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Article 12, <b>paragraph 2</b> herein, and "within the one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	Expert opinions shall be obtained on the acquisition or disposal of intangible assets, the right-of-use assets or membership cards <b>(Omitted)</b> (II) The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Article 12, <b>paragraph 1, sub-paragraph 6</b> herein, and "within the one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	Amendment item
Article 10	The Procedures for the Acquisition or Disposal of Derivatives <b>(Omitted)</b> IV. The Board of Directors principles for the supervision of engaging in derivatives transactions (I) The <b>top decision-making officer of a financial unit</b> shall pay attention to the supervision and control of derivatives trading risks at all times. The management principles are as follows: 1. Regularly evaluate whether the current risk management measures are appropriate and are actually handled in accordance with the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the Financial Supervisory Commission and the Company's Procedures for Engaging in Derivatives Trading. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has already appointed the independent directors, an independent director shall be present at the meeting and express an opinion. <b>(Omitted)</b>	The Procedures for the Acquisition or Disposal of Derivatives <b>(Omitted)</b> IV. The Board of Directors principles for the supervision of engaging in derivatives transactions (I) <b>The Board of Directors shall designate a top decision-making officer</b> to pay attention to the supervision and control of derivatives trading risks at all times. The management principles are as follows: 1. Regularly evaluate whether the current risk management measures are appropriate and are actually handled in accordance with the " Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the Financial Supervisory Commission and the Company's Procedures for Engaging in Derivatives Trading. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has already appointed the independent directors, an independent director shall be present at the meeting and express an opinion. <b>(Omitted)</b>	Amendments to accommodate actual needs
Article 11	Handling procedures for processing merger, demerger, acquisition, or transfer of shares <b>(Omitted)</b> II. Other matters requiring attention <b>(Omitted)</b> (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and conduct in accordance with the provisions of Paragraph 2, Subparagraph (1) Date of Board meeting, Subparagraph (2) Prior undertaking of confidentiality, and Subparagraph (5) Changes in the number of companies participate in the merger, demerger, acquisition, or share transfer of this Article.	Handling procedures for processing merger, demerger, acquisition, or transfer of shares <b>(Omitted)</b> II. Other matters requiring attention <b>(Omitted)</b> (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and conduct in accordance with the provisions of Paragraph 2, Subparagraph (1) Date of Board meeting, Subparagraph (2) Prior undertaking of confidentiality, and Subparagraph (5) Changes in the number of companies participate in the merger, demerger, acquisition, or share transfer of this Article.	Amendments to accommodate actual needs
Article 13	The Company's subsidiaries shall comply with the following regulations: <b>(Omitted)</b> IV. For subsidiary that is not a public company but meets the requirements for public announcement and regulatory filing procedures specified in <b>Article 31</b> of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, its parent company shall proceed with the public announcement and regulatory filing matters on behalf of the subsidiary. <b>(Omitted)</b>	The Company's subsidiaries shall comply with the following regulations: <b>(Omitted)</b> IV. For subsidiary that is not a public company but meets the requirements for public announcement and regulatory filing procedures specified in <b>Article 33</b> of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, its parent company shall proceed with the public announcement and regulatory filing matters on behalf of the subsidiary. <b>(Omitted)</b>	Amended article number

[Appendix 1]

**DIVA Laboratories, Ltd.**  
**Rules of Procedure for Shareholders' Meetings (Before amendment)**

- Article 1 To establish an excellent governance system for the Company's shareholders' meeting, improve the supervisory function, and strengthen the management function, these Rules are formulated in accordance with the provisions of Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
- Article 2 Unless otherwise stipulated by laws or regulations, the rules of procedure for the Company's shareholders' meeting shall be governed by these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.
- Thirty days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting notice, proxy form, information on proposals for ratification, matters for discussion, election or dismissal of directors, and other matters on the shareholders' meeting agenda and upload them to the Market Observation Post System (MOPS). Meanwhile, 21 days before the Company convenes an annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplementary materials and upload them to the MOPS. 15 days before the Company convenes a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplementary materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its professional shareholder service agency, and it shall be distributed at the shareholders' meeting venue.
- The reasons for convening a shareholders' meeting shall be specified in the meeting notice and the public announcement. With the consent of the addressee, the meeting notice may be given in an electronic form. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of the removal of the non-compete clause for the directors, capitalization of earnings, capitalization of legal reserve, dissolution, merger, or demerger of the Company, or every sub-paragraphs under Article 185, paragraph 1 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 set out and the essential contents explained in the notice of the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.
- Where an election of all directors and their inauguration date shall be stated in the notice of the shareholders' meeting, after the completion of the election in said meeting, such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- A shareholder holding one percent or more of the total number of the issued shares may submit in writing to the Company a proposal for discussion at a general shareholders' meeting. The number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board of Directors. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
- Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholders' proposals and the location and time period for their submission; the period for acceptance of shareholders' proposals may not be fewer than 10 days.
- Each of such proposals is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting of shareholders and take part in the discussion of the proposal.
- Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.
- Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy

form issued by the Company and stating the scope of the proxy's authorization.

Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.

Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 (Principles for the venue and time of a shareholders' meeting)

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

Article 6 (Preparation of a sign-in book and other documents)

The company shall specify in the meeting notice the time and place for the sign-in of the shareholders and other related matters.

The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

The Company shall provide an attendance ledger for attending shareholders or their entrusted proxy to sign in at the shareholder meeting, or have attending shareholders turn in an attendance card as a means for signing in.

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

Shareholders themselves or the proxy appointed by the shareholder (hereinafter referred to as "shareholders") shall attend the shareholders' meetings with their attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attendance presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

Article 7 (Chair of the shareholders' meeting and attendees in a non-voting capacity)

When the shareholders meeting is convened by the Board of Directors, the chairman is to preside over the meeting. The chairman is to appoint a director on behalf of himself/herself if he/she cannot attend the meetings. In the event where the chairman does not appoint anyone, the directors are to recommend one person from the board.

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

Where a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Evidence of the audio or video recordings of the shareholders' meeting)

The Company shall make an uninterrupted audio or video recording of the entire process of the shareholders' meeting from shareholders' sign-in, the proceedings of the meeting, as well as the process of voting and vote counting. The files shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders' meetings shall be counted based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated on the sign-in log book or the sign-in cards

handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the scheduled meeting time. Also, the information of the shares with voting rights and without rights should be announced at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting is adjourned.

If there are not enough shareholders representing at least one third of issued shares attending the meeting after two postponements, tentative resolutions may be passed in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.

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

#### Article 10 (Proposal discussion)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on the proposals on the agenda one by one (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene other than the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution by 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 to continue the meeting.

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

#### Article 11 (Speeches by shareholders)

Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chair may have the shareholder stop the speech.

Attending shareholders may not interfere with the speaking shareholders without the Chairman's consent and the speaking shareholders. The Chairman will have the violating shareholders stopped.

When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### Article 12 (Counting of voting shares and a recusal policy)

Votes cast at shareholders' meetings shall be calculated based on numbers of shares.

With respect to resolutions by a shareholders' meeting, the number of shares held by a shareholder without voting rights shall not be calculated as part of the total number of outstanding shares.

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

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

With the exception of a trust enterprise or a stock affairs agency approved by the competent securities

authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of the issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.

Article 13 Each shareholder shall have one vote per share except for the restricted shares or non-voting shares specified in Article 179, paragraph 2 of the Company Act.

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

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

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. If the shareholder exercises the voting right in writing or by electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy at the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered on the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chair, provided all scrutineers be shareholders of the Company. Vote counting for proposals or elections at a shareholders' meeting 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 recorded.

Article 14 (Elections)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and those who lost the election and the numbers of votes each candidate received.

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

Article 15 Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

Said distribution may be announced through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full

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

Article 16 (Public announcement)

During the shareholders' meeting, the Company shall disclose information on the number of shares acquired by proxy form acquirers and the number of shares represented by proxies using the prescribed format. If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations or Taipei Exchange, the Company shall upload the content to the MOPS prior to a deadline.

Article 17 (Maintenance of the order of the venue)

Staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or an armband.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification badge or an armband, reading "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders' meeting)

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

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules and all amendments thereto shall be enforced upon approval by a shareholders' meeting.

## **[Appendix 2]**

### **DIVA Laboratories, Ltd.**

#### **Procedures for Election of Directors**

##### **Article 1**

To ensure a just, fair, and open election of Directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

##### **Article 2**

Except otherwise provided by laws and regulations or by the Company's articles of incorporation, elections of Directors shall be conducted in accordance with these Procedures.

##### **Article 3**

The overall composition of the Board of Directors shall be considered in the election of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Members of the Board of Directors shall generally possess the knowledge, skills, and qualities necessary to perform their duties. The overall abilities that shall be possessed by them are as follows:

I. Operational judgment.

II. Accounting and financial analysis.

III. Operation and management.

IV. Crisis management.

V. Knowledge of the industry.

VI. International market perspectives.

VII. Leadership.

VIII. Strategic decisions.

A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

The board of directors of the Company shall consider adjusting the composition of the members of the board of directors according to the results of the performance evaluation.

##### **Article 4**

The qualifications of independent directors of the Company shall meet the requirements set forth in Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The election of Independent Directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

##### **Article 5**

The election of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, the company shall hold a director by-election at the next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.

When the number of Independent Directors falls below to that required under the provision of Paragraph 1, Article 14-2, of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy; when the Independent Directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

##### **Article 6**

The election of the Company's directors shall adopt the cumulative voting method. Each share is entitled to vote in numbers equal to the directors to be elected, and may be consolidated for election of one candidate or may be split for election of two or more candidates.

#### Article 7

The Board of Directors shall prepare separate ballots for Directors in numbers corresponding to the Directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, then distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

#### Article 8

The number of Directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for Independent and Non-Independent Director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

#### Article 9

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

#### Article 10

An election ballot is invalid under any of the circumstances as shown on the left-hand side:

- I. The ballot is not prepared by a party with the right to convene.
- II. A blank ballot is placed in the ballot box.
- III. The handwriting is illegible or altered.
- IV. The candidate indicated on the roster does not conform to the director candidate roster.
- V. Ballots with other texts embedded in addition to the number of voting rights allocated.

#### Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the list of persons elected as Directors and the numbers of votes with which they are elected shall be announced by the chair on site.

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

#### Article 12

The Board of Directors of the Company shall issue a notice to the elected Directors.

#### Article 13

The Procedures and all amendments thereto shall be enforced upon approval by a shareholders' meeting.



[Appendix 3]

**DIVA Laboratories, Ltd.  
Articles of Incorporation**

Chapter 1 General Provisions

- Article 1 The Company was incorporated as a company limited by shares under the Company Act of the Republic of China (Taiwan) and named 鈺緯科技開發股份有限公司 in the Mandarin language and DIVA Laboratories, Ltd. in the English language.
- Article 2 The Company's business scope is as follows:
- I. CC01110 Computer and Peripheral Equipment Manufacturing
  - II. F118010 Wholesale of Computer Software
  - III. F218010 Retail Sale of Computer Software
  - IV. F401010 International Trade
  - V. I301010 Information Software Services
  - VI. CF01011 Medical Devices Manufacturing
  - VII. F108031 Wholesale of Medical Devices
  - VIII. F208031 Retail Sale of Medical Apparatus
  - IX. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may provide endorsements or guarantees to external entities as it deemed necessary for business purposes.
- Article 3 The Company is headquartered in New Taipei City and may establish or dissolve branches at home and abroad when necessary as approved by the resolution of the Board of Directors.
- Article 4 The Company's announcement method shall be handled in accordance with the provisions of Article 28 of the Company Act.

Chapter 2 Shares

- Article 5 The Company has an authorized capital of One Billion New Taiwan Dollars in One Hundred Million shares. Each share has a value of Ten New Taiwan Dollars. The shares are issued by installments. For unissued shares, the board of directors is authorized to make multiple issues of the share capital depending on the needs of the company business. Of the capital, an amount of Five Hundred Million shares is reserved for the issuance of employee stock warrants, preferred shares with warrants or corporate bonds with warrants for exercising share options, which may be issued in installments by the resolution of the Board of Directors. .
- Article 5-1 The treasury stock acquired by the Company according to the Company Act may be transferred to the employees of the subordinate company who meet certain criteria.  
The recipients of the Company's employee stock warrants may include the employees of subordinate companies who meet certain criteria.  
When the Company issues new shares, the employees who purchase the shares may include employees of subordinate companies who meet certain criteria.  
When the Company issues Restricted Stock Awards (RSA), the recipients may include employees of subordinate companies who meet certain criteria.
- Article 6 The total amount of the Company's reinvestment is not be subject to the restriction as provided in Article 13 of the Company Act stating that reinvestment is limited to 40% of the Company's paid-in capital.
- Article 7 The Company's shares shall all be name-bearing share certificates with reference numbers and signed by directors representing the Company or affixed with seals thereof, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof. The Company is not required to print share certificates for shares issued, but shall contact the centralized securities depository enterprise to register the shares issued by the Company in accordance with the regulations of such institutions.
- Article 8 The Company's stock services are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless otherwise specified by the laws and regulations.
- Article 9 The entries in the Company's shareholders roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders' Meeting

- Article 10 There are the general and extraordinary shareholders' meetings. The Board of Directors shall convene the general meeting once a year within six months after the end of each fiscal year according to the laws.

Extraordinary meetings may be convened at any time as needed.

The Board of Directors shall convene shareholders' meetings, unless otherwise specified in the Company Act or other applicable laws and regulations.

Shareholders' meetings of the Company may be convened by video conference or in other methods announced by the central competent authority.

Article 11 When the shareholders meeting is convened by the Board of Directors, it shall be chaired by the Chairman. When the Chairman is on leave or is unable to exercise his/her power for any reason, the Vice Chairman shall act on his/her behalf. When the Vice Chairman is also on leave or is unable to exercise his/her power and authority for any reason, the Chairman may appoint a director to act in place of the representative. If the Chairman does not appoint anyone as the proxy, the directors shall elect among themselves.

Article 12 All shareholders shall be informed of the date, venue, and motions of the shareholders' meeting in writing or by electronic means at least 30 days in advance for regular meetings and 15 days for extraordinary meetings.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission after obtaining a prior consent from the recipient(s) thereof.

For the shareholders with less than 1,000 registered shares of the Company, the aforementioned notice of convening the meeting may be made by public announcement.

Article 13 In the event a shareholder cannot attend the shareholders' meeting for any cause, and in addition to complying with Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the matter shall be proceeded with according to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies by the competent authority.

The Company may adopt the method for exercising shareholders' voting rights by correspondence or electronic means when convening the shareholders meeting which shall be handled in accordance with the Company Act and regulations of the competent authorities.

Article 14 Shareholders are entitled to one vote per share unless otherwise specified by law.

Article 15 Resolutions at a shareholders' meeting shall, unless otherwise provided for by the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes.

The meeting minutes shall be signed or sealed by the chair of the shareholders meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission and its distribution may be done through public announcement.

Article 16 If the Company wishes to revoke the public offering, unless approved by the Board of Directors, it may only revoke the public offering after the resolution is approved by the shareholders' meeting.

#### Chapter 4 Directors, Audit Committee, and Managerial Officers

Article 17 The Company shall have 7 to 11 Directors with a term of office of 3 years. The Company adopts the candidate nomination system. The Directors shall be elected by the Shareholders' Meeting from the candidate list and may be reelected for a second term of office.

During the election of directors at the shareholders meeting, each share is entitled to one voting right. The total number of votes of the shares may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a larger number of votes shall be deemed a director elect.

The Company may, upon resolution of the board of directors, purchase liability insurances for all Directors to protect the rights and interests of all shareholders and reduce operational risks of the Company.

Article 18 Among the directors of the Company, there must be at least three independent directors, who shall be elected by the shareholders' meeting from the candidate list of independent directors. The requirements for professional qualifications, shareholdings, concurrent job position restrictions, determination of independence, the nomination and election of independent directors, and other binding matters shall be handled in accordance with the relevant regulations of the competent authority of securities.

Article 19 The Board of Directors is to be formed by the Directors with the following functions and powers:

- I. Preparation of business plans.
- II. Proposal for the distribution of earnings or appropriation for making up losses.
- III. Proposal for capital increase or decrease.
- IV. Establishment of important charters and organizational rules of the company.
- V. Appointment and discharge of the Company's managerial officers.
- VI. The establishment and dissolution of branch offices.
- VII. Budgeting and settlement of accounts.

VIII. Other powers assigned in accordance with the Company Act or the resolutions of the Shareholders' Meeting.

- Article 20 The Chairman and Vice Chairman shall be elected among the directors with the attendance of more than two-thirds of the directors and the majority vote of the directors present at the board meeting. The Chairman represents the Company externally.
- Article 21 Board of Directors' meetings shall be convened by the Chairman, unless otherwise provided in the Company Act. Reasons for convening the Board of Directors' meeting shall be disclosed to all Directors 7 days in advance. In case of emergency, meetings may be convened at any time. The notice of convening the Board of Directors' meeting may be delivered in writing, email or facsimile method. Unless otherwise provided for by the laws, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.
- Article 22 Unless otherwise provided by regulations, the Chairman shall preside over the board meeting. When the Chairman is on leave or is unable to exercise his/her power for any reason, the Vice Chairman shall act on his/her behalf. When the Vice Chairman is also on leave or is unable to exercise his/her power and authority for any reason, the Chairman may appoint a director to act in place of the representative. If the Chairman does not appoint anyone as the proxy, the directors shall elect among themselves. Each director shall attend the board meeting in person. If a director is unable to attend the meeting for any reason, they may entrust another director to attend by proxy; however, each director shall act as a proxy for only one director. A board meeting may be held by video conference, and directors who participate in the meeting by video conference shall be deemed to have attended the meeting in person.
- Article 23 The power and authority of the Audit Committee are as follows:  
I. Auditing the financial position of the Company.  
II. Auditing the Company's accounts and documents.  
III. Other functions and powers conferred by laws and regulations.
- Article 24 When the number of vacancies in the board of directors equals one-third of the total number of directors, the board of directors shall call, within 60 days, a special shareholders meeting to elect succeeding directors to fill the vacancies for the remaining service time of the dismissed directors.
- Article 25 The Company's Board of Directors is authorized to determine the remuneration to directors with reference to the common standards in the industry at home and abroad.
- Article 26 The Company may appoint managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be governed by the Company Act.
- Article 27 The President shall preside over the business of the Company in accordance with the resolutions of the Board of Directors.

Chapter 5 Accounting

- Article 28 The Company's fiscal year is from January 1 to December 31. The financial statements shall be processed at the end of each fiscal year.
- Article 29 According to Article 228 of the Company Act, at the end of each fiscal year, the board of directors shall prepare the following reports and report and submit them to the ordinary shareholders' meeting for ratification.  
I. Business Report  
II. The financial statements.  
III. Proposal for distribution of earnings or covering losses.
- Article 30 The distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. A company shall not pay dividends or bonuses, if there is no surplus earnings.
- Article 31 5% to 20% of the annual profit, if any, shall be set aside as remuneration to employees and not more than 1% as remuneration to directors. However, the Company shall reserve the amounts to compensate its accumulated deficits first, if any.  
The employee remuneration referred to above can be paid in shares or cash to employees of the affiliated company that meet certain criteria, and the criteria and method of distribution shall be determined by the Board of Directors or its authorized persons.  
10% of the Company's profit, if any, shall be set aside as legal reserve after paying tax and making up for accumulated losses in accordance with the law. Earnings may not be set aside if the legal reserve has reached the Company's paid-in capital. The remaining balance, if any, shall be combined with undistributed earnings to be approved by laws and regulations, and then submitted to the shareholders' meeting for the resolution to distribute dividends to shareholders.  
The Company's dividend policy is based on the Company's current and future development plans, the investment environment, capital needs, domestic and international competition, while also taking into account shareholders' interests. Not less than 10% of the distributable earnings is appropriated annually for distribution as dividends and bonuses to shareholders, provided that the cumulative earnings available for distribution is less than 10% of the paid-in capital, may not be distributed; dividends to shareholders

may be distributed in the form of cash or shares, of which cash dividends shall not be less than 30% of the total dividends.

If the aforementioned distribution of earnings is in the form of cash dividends, the Board of Directors is authorized to resolve and report the distribution at the shareholders' meeting.

Article 31-1 The Company may allocate new shares or cash from the legal reserve or the additional paid-in capital in accordance with Article 241 of the Company Act. If the payment is made in cash for the aforementioned distribution, the Board of Directors is authorized to resolve, and it shall be reported in the shareholders' meeting.

Article 32 Employees' remuneration may be paid in the form of shares or cash, and may include employees of subordinate companies that meet certain criteria.

Article 33 Dividends are limited to shareholders whose names are recorded in the shareholders' register on the base date for distribution of dividends and bonuses.

#### Chapter 6 Attachments

Article 34 The Company's organization charters and bylaws shall be established separately.

Article 35 All matters not specified in this Articles of Incorporation shall be handled in accordance with the Company Act, the Securities and Exchange Act and all other relevant laws and regulations.

Article 36 This Articles of Incorporation was made on March 24, 1995 with the consent of all the founders, and came into effect on the day the Articles of Incorporation was presented and approved by the competent authority for registration. The first amendment was made on April 6, 1995. The second amendment was made on February 12, 1999. The third amendment was made on June 2, 1999. The fourth amendment was made on April 10, 2002. The fifth amendment was made on June 30, 2004. The sixth amendment was made on June 13, 2005. The seventh amendment was made on June 19, 2006. The eighth amendment was made on January 11, 2007. The ninth amendment was made on February 22, 2008. The tenth amendment was made on June 11, 2010. The eleventh amendment was made on June 7, 2012. The twelfth amendment was made on June 30, 2014. The thirteenth amendment was made on May 25, 2015. The fourteenth amendment was made on June 20, 2016. The fifteenth amendment was made on June 23, 2017. The sixteenth amendment was made on August 20, 2021. The seventeenth amendment was made on December 15, 2021. The eighteenth amendment was made on June 13, 2022.

DIVA Laboratories, Ltd.

Chairman: Han-Chou (Joe) Huang

#### [Appendix 4]

##### **DIVA Laboratories, Ltd. Procedures for Acquisition and Disposal of Assets (Before amendment)**

#### Article 1 Objective

We have established these Procedures for asset protection and information disclosure.

#### Article 2 Legal basis

These Procedures are made in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Act") and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the Securities and Futures Bureau (SFB), Financial Supervisory Commission (FSC) of the Executive Yuan of the Republic of China (Taiwan).

#### Article 3 The scope of application of the term assets is as follows:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

#### Article 4 The terms used are defined as follows:

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Occurrence date: It means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments that need to be approved by the competent authority, the opening date or the date of receiving the approval from the competent authority, whichever comes first, shall prevail.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- X. For the calculation of 10 percent of total assets, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters who provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

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

When issuing appraisal reports or opinions, the personnel referred to above shall comply with the self-discipline regulations of their respective trade associations and the following matters:

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

Article 6 Valuation report is required for the acquisition or disposal of property, equipment or the right-of-use assets

- I. Assessment and operation procedures  
The Company's acquisition or disposal of property, equipment, or the right to use it is processed in accordance with the Company's internal control system of the Property, Plant and Equipment Cycle Procedures.
- II. Property or equipment appraisal report  
In the acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
  - (I) Where a transaction price must be determined at a fixed price, a specific price, or a special price for special reasons, the transaction shall be submitted to the board of directors for resolution first, and the changes in the terms and conditions of the future transactions shall be handled in the same manner.
  - (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
  - (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
    - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
    - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent

or more of the transaction amount.

- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract establishment date. However, if the report still applies to the same current value announced by the government and is no more than six months old, an opinion can be accepted from the original appraiser instead.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Article 7 Obtaining expert opinions on acquisition or disposal of securities

- I. Assessment and Procedures  
The Company's purchase and sale of securities are handled in accordance with the Company's internal control system investment cycle process.
- II. Obtaining expert opinions
  - (I) When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. Where the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, the company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
  - (II) If the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Article 8 Acquisition or disposal of properties or right-of-use assets by the Company from related parties

- I. In addition to processing the acquisition or disposal of property or the right-of-use assets from the related parties from the related party in accordance with Article 6, the Company shall go through the relevant resolution procedures and evaluate the reasonableness of the trading terms in accordance with the following provisions. In addition, when judging whether a transaction counterparty is a related party, besides the legal formalities, the substance of the relationship shall also be considered.
- II. Assessment and operating procedures  
For the acquisition and disposal of property or use-of-right assets with the related party, or the acquisition and disposal of assets other than the property or right-of-right assets for an amount exceeding 20% of the company's paid-in capital, 10% of the total assets, or NT\$300 million, except for the trade of domestic bonds, R/P and R/S bonds, subscription, or R/P of monetary fund issued by domestic securities investment trusts industry, the following information shall be submitted to the audit committee and board of directors for approval before having the trade contract signed and payment made.
  - (I) The purpose, necessity, and expected benefits for the acquisition and disposal of assets;
  - (II) The reason for having the related party selected as the counterparty;
  - (III) Information relevant to assessing the reasonableness of the intended trading terms in accordance with Subparagraphs (1) and (4) of Paragraph 4 of the Article.
  - (IV) The original acquisition date and price of the related party, the counterparty, and its relationship with the company and the related party;
  - (V) The monthly cash receipts and payments forecast in the coming year starting from the contracting month, and assessing the necessity of the transaction and the rationality of the use of funds;
  - (VI) The appraisal report issued by the professional appraiser or accountant's opinion obtained in accordance with the provisions stated in the preceding paragraph;
  - (VII) The restrictions and other important agreed matters of this transaction;The Chairman will make a decision first on the following and the matter will be reported at the latest Board of Directors meeting after that: For the acquisition or disposal of equipment or its right-of-use assets and the property right-of-use assets for operating use that are within NTD 300 million which the transaction is conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.  
For a company that has already appointed the position of independent directors, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.  
Where the Audit Committee has been appointed according to the regulations, a motion shall first obtain the approval of the Audit Committee members supported by a majority of the Audit Committee members before proposing to the Board of Directors for a resolution. If the preceding item has not obtained the consent by a

majority of the Audit Committee members, it has to be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be clearly recorded in the minutes of the Board meeting. The members of the Audit Committee mentioned in preceding paragraph and the board directors mentioned in the preceding paragraph are counted by the actual incumbent.

- III. If the Company or its subsidiary that is not a domestic public company has any transaction amounting to 10% or more of the total assets of the Company in accordance with Paragraph 2 hereof, the Company shall submit the information referred to in Paragraph 2 of this Article to the shareholders meeting for approval. The signing of contracts and payments can be initiated after the approval. However, this restriction does not apply to transactions between the Company and its parent company, subsidiaries, or among themselves. The calculation of the transaction amount stated in the Paragraph 2 of the Article and this Paragraph shall be handled in accordance with Paragraph 2 of Article 12, and the so-called "within one year" shall be retroactively calculated for one year based on the date of occurrence for the transaction. For the transactions that have been submitted and approved by the board of directors and the Audit Committee according to the provision of the Regulations are exempted from being incorporated into the retroactive calculation.
- IV. Assessment of the reasonableness of the transaction costs
- (I) When the Company acquires property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
    1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
    2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
  - (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding term.
  - (III) When the Company acquires property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.
  - (IV) When the results of an appraisal conducted in accordance with Paragraph 4, Subparagraph (1) and (2) of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 4, Subparagraph (5) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
    1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
      - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
      - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
    2. Where the Company acquires property, or obtains property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The abovementioned completed transactions involving neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to



transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; the abovementioned within one year refers to the year preceding the date of occurrence of this acquisition of the property or obtainment of the right-of-use assets thereof.

- (V) For the acquisition of properties or the right-of-use assets by the company from the related party that is lower than the transaction price after being assessed in accordance with Subparagraphs (1) and (2) of Paragraph 4 of the Article, the matters listed below shall be proceeded with:
1. For the difference between the transaction price and assessed cost of the property and its use-of-right assets, a special reserve shall be appropriated by the Company in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act, and it shall not be distributed or capitalized with stock shares distributed. If a public company has its investments in the Company valued under the equity method, a special reserve shall be appropriated proportionally to the shareholding ratio for the appropriated amount in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act.
  2. The Audit Committee shall handle the matter in accordance with Article 218 of the Company Act.
  3. The handling circumstances stated in Item (I) and Item (II) of the Paragraph shall be reported in the shareholders' meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.

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

- (VI) For the acquisition of property or the right-of-use assets by the Company from a related party that falls under any of the following circumstances, it shall be processed in accordance with the relevant evaluation and operating procedures specified in Paragraph 1 and Paragraph 2 of this Article. Paragraph 4, Sub-Paragraphs (I), (II), and (III) of this Article relating to assessing the reasonableness of transaction costs are not applicable:
1. The related party acquired the property or right-of-use assets thereof through inheritance or as a gift.
  2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
  4. The real property right-of-use assets for business use are acquired by the Company with parent or subsidiaries, or by subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (VII) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 4, sub-paragraph (V) of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 9 Expert opinions shall be obtained on the acquisition or disposal of intangible assets, the right-of-use assets or membership cards

- I. Assessment and operation procedures  
The Company's acquisition or disposal of membership cards, intangible assets or the right-of-use assets is processed in accordance with the Company's internal control system of the Property, Plant and Equipment Cycle Procedures.
- II. The expert evaluation opinion report for the membership card, intangible assets or right-of-use assets
  - (I) When the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
  - (II) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 12, paragraph 1, sub-paragraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## Article 10 The Procedures for the Acquisition or Disposal of Derivatives

### I. Trading principles and guidelines

#### (I) Types of transactions

1. Derivatives that the Company engage in: They refer to the forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Matters related to margin trading shall be handled in the same manner as these handling procedures. The regulations in these Procedures may not be applicable to the bond transactions with repurchase agreement.

#### (II) Operational (hedging) strategies

The Company shall trade derivative financial instruments for hedging purpose and shall primarily choose the use of derivatives to hedge against the risks deriving from the Company's business operations.

#### (III) Division of powers and responsibilities

1. Financial units are responsible for executing transactions in accordance with the Procedures and shall collect market information, evaluate exchange rates based on the period, future trends of interest rates, obtain foreign currencies market information, familiarize with finance products, rules and laws, and operating techniques. The transaction may be conducted only after sufficient and timely information is provided to the decision-making authority and submitted for approval in accordance with the approval authority.
2. The accounting unit is responsible for the accounting treatment of cash receipts and expenses and profits or losses arising from each hedging transaction.
3. Level of authority for derivative products

##### A. Level of authority for hedging transactions

Reviewing and approval authority	The Company	
	per transaction	Daily
Chairman	Above USD 5M	Above USD 15M
Vice Chairman	USD 5M	USD 15M
Top decision-making officer of the financial department	USD 2M	USD 5M

##### B. Other special purpose transactions may be carried out only after the reporting to the board of directors for approval.

Reviewing and approval authority	Subsidiary
Board of Directors	Regardless of the amount

#### 4. Performance evaluation

##### (1) Hedging transactions

###### A. Non-trading:

- a. Based on the type of instruments traded, the financial unit will use the net realized profit or loss as the basis for performance evaluation after market close on each trading day when the trading contract expires.
- b. Profit and loss performance is compared against the trading targets set and reviewed on a regular basis for reporting to the head of the financial unit for review.

###### B. Trading:

- a. Realized position: The financial unit uses the actual profit and loss position as the basis for performance evaluation.
- b. Unrealized positions: The daily closing price, and the total amount and profit of the outstanding positions are used as a reference for performance evaluation.
- c. The performance evaluation is based on the exchange rate cost on the Company's book and the profit or loss generated from engaging in the derivative financial

- transactions.
- d. In order to fully grasp and reflect the valuation risk of the transaction, the Company adopts a valuation method on a monthly basis to evaluate the profit and loss.
  - e. The financial unit shall provide foreign exchange position evaluation and foreign exchange market trend and market analysis to the management for reference and instruction.
- (2) Transactions under specific purpose
- The actual profit and loss is the basis for performance evaluation, and financial personnel are required to prepare financial statements periodically for the management's reference.
5. Total contract amount and upper limit of loss
- (1) Total contract amount
- A. Exchange rate transactions:
    - a. Based on the company's position generated from the business as the commitment amount for risk avoidance.
    - b. The contract amount shall not exceed the foreign currency net assets (or liabilities) plus the net positions from the revenue (or purchase) in the next 12 months, except for SWAP transactions of the nature of fund deployment.
    - c. If the forecasted future revenue (or the net position from purchase) is more than 2 months based on the addition, the operation must be approved by the chairman.
  - B. Interest rate transactions: These are limited to the Company's long-term loan balance and the repayment period.
  - C. Other hedging transactions, such as issuance of overseas equity (such as ADR) or bonds (such as ECB), or exchange rate or interest rate of other financial products for hedging assets and liabilities, firm commitment, and highly likely forecast transaction, their risks may be limited to the total outstanding amount for formulating an evaluation report after the approval by the chairman.
- (2) Upper limit of loss
- A. Upper limit of hedging transaction loss:

	All contracts	Individual contract
Upper limit of hedging transactions	15%	20%

If the total amount of contract or individual contract loss has been reached, the top decision-making in charge of the financial department shall take the necessary countermeasures and report to the board of directors immediately. If independent directors are already appointed, they shall attend the board of directors and express their opinions.

## II. Risk management measures

### (I) Prospects of risk management:

Due to the fluctuation of the market due to various factors, it is easy to cause operational risk in financial derivatives. Therefore, the market risk management is based on the following principles:

1. Transaction counterparties: Mainly domestic and foreign financial institutions.
2. Transaction instruments: Only the instruments offered by domestic and foreign financial institutions.

### (II) Market risk management:

Based on the open foreign exchange market offered by banks, the futures market will not be considered for the time being.

### (III) Liquidity risk management:

To ensure market liquidity, the Company shall select financial products with higher liquidity (i.e., the ability to liquidate financial products in the market at any time). Financial institutions that are engaged in the transactions must have sufficient information and the ability to trade in any market at any time.

### (IV) Cash flow risk management:

In order to ensure the stability of the Company's working capital turnover, the source of funds of the Company for engaging in derivatives transactions is limited to its own funds.

### (V) Operational risk management:

1. The authorized limits, operating procedures, and internal audits must be followed to avoid operational risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk assessment, supervision, and control personnel shall be from different departments from the personnel of the preceding item and shall report to the Board of Directors.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the top decision-making officer of the financial department for approval.
  5. The top decision-making officer of the finance department regularly supervises and evaluates whether derivatives transactions are conducted in accordance with the trading procedures established by the Company, and whether the risks borne are within the tolerable range. When the market price evaluation report shows abnormal situation (such as, the position held has exceeded the loss limit), the matter shall be reported to the Board of Directors immediately and for taking corrective actions. If the independent directors have been appointed, the independent directors shall attend the board meetings to express their opinions.
- (VI) Commodity risk management:  
Internal traders shall have complete and accurate professional knowledge on financial products, and banks shall be required to fully disclose risks in order to avoid misappropriation of risks of financial products.
- (VII) Legal risk management:  
The documents to be signed with the financial institution shall be reviewed by the foreign exchange and legal personnel or legal consultants before formally signing, in order to avoid legal risks.
- III. Internal audit system  
The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and analyze the trading cycle to be incorporated into the audit report. If any material violation is discovered, all of the Audit Committee members shall be notified in writing.
- IV. The Board of Directors principles for the supervision of engaging in derivatives transactions
- (I) The Board of Directors shall designate a top decision-making officer to pay attention to the supervision and control of derivatives trading risks at all times. The management principles are as follows:
    1. Regularly evaluate whether the current risk management measures are appropriate and are actually handled in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the Financial Supervisory Commission and the Company's Procedures for Engaging in Derivatives Trading.
    2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has already appointed the independent directors, an independent director shall be present at the meeting and express an opinion.
  - (II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
  - (III) If the Company authorizes the relevant personnel of the financial unit to perform the transaction of derivative instruments, the event shall be reported to the most recent board of directors meeting.
  - (IV) The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Paragraph 4, Sub-Paragraph (I) and (II) of the Article and shall be recorded in details in the log book.

#### Article 11 Handling procedures for processing merger, demerger, acquisition, or transfer of shares

##### I. Assessment and operation procedures

- (I) For the Company's processing of merger, spin-off, acquisition, or transfer of shares, it is advisable to engage lawyers, certified public accountants, underwriters, and so forth to discuss the estimated statutory timetable, and organize a special project team to execute the same in accordance with the statutory procedures. Prior to convening the board of directors meeting to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include

it along with the expert opinion referred to in paragraph 1, Sub-Paragraph (I) of the Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## II. Other matters requiring attention

- (I) Dates of the meetings for the Board and the shareholders: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent.

When the Company participates in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

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

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

- (II) Confidentiality commitment in prior: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (III) Principles for determining and altering the share exchange ratio or purchase price: The share exchange ratio or purchase price may not be changed arbitrarily except under the following circumstances, and may be changed according to the contract of merger, spin-off, acquisition, or transfer of shares:
1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  2. An action, such as a disposal of major assets, that affects the company's financial operations.
  3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

- (IV) Details to be specified in the contract: When the Company participates in merger, spin-off, acquisition,

or transfer of shares, the contract shall also contain information in accordance with the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act and the following matters are to be specified:

1. Treatment of breach of contract
  2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  4. The manner of handling changes in the number of participating entities or companies.
  5. Preliminary progress schedule for plan execution, and anticipated completion date.
  6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) Change to the number of companies participating in the merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and conduct in accordance with the provisions of Paragraph 2, Subparagraph (1) Date of Board meeting, Subparagraph (2) Prior undertaking of confidentiality, and Subparagraph (5) Changes in the number of companies participate in the merger, demerger, acquisition, or share transfer of this Article.

#### Article 12 Procedures for Information Disclosure

##### I. Items that must be made for public announcement and regulatory filing and their standards

- (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (II) Merger, demerger, acquisition, or transfer of shares.
- (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- (IV) Where assets, such as, equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- (VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, it does not apply to the following circumstances:
  1. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than Taiwan's sovereign rating.
  2. (III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- II. The calculation method of the aforementioned amount under Sub-Paragraph 6, the "Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the regulations need not be counted toward the transaction amount.
  - (I) The amount of any individual transaction.
  - (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
  - (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- III. Time limit for the public announcement and regulatory filing  
When acquiring or disposing of assets with the items in Paragraph 1 of this Article that shall be announced and the transaction amount reaches the standard that shall be announced and reported, the Company shall announce and report it within 2 days counting inclusively from the date of occurrence of the event based on the prescribed format for its nature.
- IV. Public announcement and regulatory filing procedures
  - (I) The Company shall announce and declare the relevant information on the website designated by the Securities and Futures Bureau.
  - (II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any overseas subsidiaries and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.
  - (III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
  - (IV) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
  - (V) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the competent authority within 2 days inclusively from the date of occurrence of the event:
    - 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
    - 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
    - 3. Change to the originally publicly announced and reported information.

Article 13 The Company's subsidiaries shall comply with the following regulations:

- I. The Company's subsidiaries shall comply with the Procedures. However, subsidiaries that have established the "Procedures for Acquisition and Disposal of Assets" according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" defined by the Financial Supervisory Commission with the Company's opinion as reference may acquire or dispose of assets in accordance with the Procedures it has established.
- II. If the subsidiary is not a public company in Taiwan, the said procedures shall be approved by the board of directors of the subsidiary and the same applies to the amendments of the procedures. If the subsidiary is a public company, the procedures need to be established in accordance with the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." After the procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the procedures are amended.
- III. The subsidiary's acquisition or disposal of assets shall also be handled in accordance with the regulations of the Company.
- III. For subsidiary that is not a public company but meets the requirements for public announcement and regulatory filing procedures specified in Article 33 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, its parent company shall proceed with the public announcement and regulatory filing matters on behalf of the subsidiary.
- V. Regarding the requirements for paid-in capital or total assets in the subsidiary's public announcement and regulatory filing standard, the actual amount of the paid-in capital or total assets of the parent company (the Company) shall prevail.

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

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

#### Article 14 Penalty

The acquisition and disposal of assets by employees of the Company in violation of the provisions of the Procedures shall be subject to regular assessment and punishment in accordance with the Company's personnel laws and regulations.

#### Article 15 Implementation and amendments

After the "Procedures for Acquisition and Disposal of Assets" is approved by the Audit Committee, the Procedures are submitted to the board of directors for resolution and the shareholders' meeting for ratification. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the shareholders meeting for discussion and the same applies to the amendments.

If the Company has already appointed independent directors, when the Procedures for Acquisition and Disposal of Assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the Company has already appointed an audit committee, when the Procedures for Acquisition and Disposal of Assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If the approval of one-half or more of all Audit Committee members as required is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

The board of directors is authorized to prescribe the limits for the total amount of the Company's securities investments, individual investment limits, and the total amount of non-operating property and right-of-use property.



Assets items	The Company		Subsidiary		Total amount available for investment	Individual investment limit
	Review and approval authority	Scope of authority for review and approval	Review and approval authority	Scope of authority for review and approval		
Non-operating property and right-of-use property	Board of Directors Pre-determined by the chairman, and to be reported at the board of directors	Above NT\$50,000,000 NT\$50,000,000 (inclusive) and below	Board of Directors	Regardless of the amount	30% of net worth	15% of net worth
Investment in equity	Board of Directors Pre-determined by the chairman, and to be reported at the board of directors	Above NT\$50,000,000 NT\$50,000,000 (inclusive) and below			200% of net worth	50% of net worth
Long-term secured bonds	Chairman	Above NT\$20,000,000			30% of net worth	15% of net worth
	Vice Chairman	Below NT\$20,000,000 (inclusive)				
Short-term bonds and currency market funds	Chairman	Above NT\$20,000,000			30% of net worth	15% of net worth
	Vice Chairman	Below NT\$20,000,000 (inclusive)				
Other marketable securities	Chairman	Above NT\$20,000,000			10% of net worth	5% of net worth
	Vice Chairman	Below NT\$20,000,000 (inclusive)				

\* Short-term bonds shall not be worked in a way that use the leverage principle as a multiplier through the pledge, guarantee deposits or similar means, and thereby cause the effect of expanding profits.

\* There is no restriction on the total investable amount of long-term equity for the investment and establishment of a subsidiary in which the Company holds a 100% shareholding directly or indirectly.

\*The so-called "net worth" refers to the equity attributable to parent company shareholders on the balance sheets of each company.

#### Article 16 Supplementary Provisions

Any matters that are not properly addressed in the Procedures shall be handled in accordance with the relevant laws and regulations.

**[Appendix 5]**

**Shareholding of the Directors**

- I. The Company's paid-in capital was NT\$617,590,890, and 61,759,089 shares were issued.
- II. According to Article 26 of the Securities and Exchange Act and Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," where two or more independent directors are elected, the calculation for the shareholding ratio of all directors other than the independent directors drops to 80%, i.e. the minimum numbers of shares required to be held by all of the directors: 4,940,727 shares.
- III. As of the book closure date (April 16, 2023) for this shareholders regular meeting, the number of shares held by individual directors and the directors as a whole as recorded in the shareholder register is as follows:

Title	Name	Date elected	Quantity of shares held recorded in the registrar as of the book closure date	
			Number of shares	Shareholding percentage (Note)
Chairman	Data Image Corporation Representative: Han-Chou (Joe) Huang	2021.12.15	20,856,000	33.77%
Vice Chairman	Data Image Corporation Representative: Gene Chen	2021.12.15		
Director	Data Image Corporation Representative: Daniel Hsueh	2021.12.15		
Director	Data Image Corporation Representative: Phil Yu	2021.12.15		
Director	Data Image Corporation Representative: Jeremy Lin	2021.12.15	3,639,101	5.89%
Director	Luxon Capital Corp. Representative: YI Yang	2021.12.15		
Independent director	Hank Liu	2021.12.15	0	0%
Independent director	Michael Lin	2021.12.15	41,712	0.07%
Total of all directors			24,536,813	39.73%

Note: Shareholding ratios are rounded off.