

Stock Code: 2102



Federal Corporation

2022 General Shareholders' Meeting

Meeting Handbook

Date: June 15, 2022

Place: No. 369, Huanxi Road, Guanyin District, Taoyuan
City

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Federal Corporation

2022 General Shareholders' Meeting Agenda

Form of Shareholders' Meeting: Physical

Time and Date: 9:00 a.m. on June 15, 2022 (Thursday)

Place: No. 369, Huanxi Road, Guanyin District, Taoyuan City

One. Call the Meeting to Order.

Two. Chair's Remarks

Three. Reports:

I. 2021 Business Report.

II. Audit Committees' Review Report on 2021 financial statements

III. Report on loans and endorsements/ guarantees provided to others in 2021.

Four. Proposals:

I. Financial statements and Business Report for 2021.

II. Statement of deficit compensation for 2021.

Five. Discussion:

I. Partial amendments to the Articles of Incorporation.

II. Partial amendments to the Company's Rules of Procedure for Shareholders' Meetings.

III. Partial amendments to the Procedures for Asset Acquisition and Disposal.

IV. It is proposed that the disposal of subsidiary Taixin Construction Co., Ltd.'s land or equity can be conducted through public bidding or independent development, and the Board of Directors of Federal Corporation is authorized to handle all relevant matters at its own discretion at the appropriate time based on the market conditions.

Six. Questions and Motions:

Seven. Adjournment.

Reports

(I) 2021 Business Report.

Description: Please refer to Attachment 1 on page 25 of this handbook for the Business Report.

(II) Audit Committees' Review Report on 2021 financial statements

Description: Please refer to Attachment 2 on page 27 of this handbook for the Audit Committees' Review Report.

(III) Report on loans and endorsements/ guarantees provided to others in 2021.

Description:

1. As of December 31, 2021, the Company had provided loans of US\$4,857,841 to U.S. subsidiary Federal Tire North America LLC.
2. As of December 31, 2021, the Company had not provided any endorsement/guarantee to external entities.

Proposals

Proposal 1 (proposed by the Board of Directors)

Summary: Financial statements and Business Report for 2021.

Description:

- I. The Company's 2021 consolidated and parent company-only financial statements and Business Report were approved by the Board of Directors on March 15, 2022 and reviewed by the Audit Committee.
- II. The above consolidated and parent company-only financial statements have been audited by Chou, Yin-Lai and Peng, Li-Chen, CPAs at Baker Tilly Clock & Co., by whom an unqualified opinion has been issued.
- III. Please refer to Attachment 3 from pages 28 to 50 and Attachment 1 from pages 25 to 26 of this handbook for the auditor's reports on the consolidated and parent company-only financial statements, the consolidated and parent company-only financial statements, and the Business Report.

Resolution:

Proposal 2 (proposed by the Board of Directors)

Summary: Statement of deficit compensation for 2021.

Description: The net loss after tax in 2021 was NT\$2,349,963,706, plus the retained earnings at the beginning of the period of NT\$16,578,818 and the adjustment to retained earnings for 2021 (actuarial gains or losses on pensions and gains on securities sold) of NT\$510,001,642, so the deficit to be compensated at the end of the period is in the amount of NT\$1,823,383,246. Please refer to Attachment 4 on page 51 of this manual for the statement of deficit compensation.

Resolution:

Discussion

Proposal 1 (proposed by the Board of Directors)

Summary: Partial amendments to the Articles of Incorporation.

Description:

- I. New chapters and the rule that earnings distribution or deficit compensation can be made after the end of each semi-annual fiscal year are added; the employee remuneration percentage is revised.
- II. To increase the flexibility of the Company's method of convening shareholders' meetings as per Article 172-2, paragraph 1 of the Company Act, the Company's Articles of Incorporation expressly stipulate that shareholders' meetings may be held by video conference or in other methods as announced by the central competent authority.
- III. The table of amendments is as follows:

Table of Amendments to the Articles of Incorporation.

| After Amendment | Before Amendment | Explanation |
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| <u>Chapter 1. General Provisions</u> Article 1(Omitted) (The same below) Article 2 Article 3 Article 4 Article 5 Article 6 | Article 1(Omitted) (The same below) Article 2 Article 3 Article 4 Article 5 Article 6 | A chapter is added. |
| <u>Chapter 2. Shares</u> Article 7(Omitted) (The same below) Article 7-1 Article 7-2 Article 7-3 Article 8 Article 9 | Article 7(Omitted) (The same below) Article 7-1 Article 7-2 Article 7-3 Article 8 Article 9 | A chapter is added. |
| <u>Chapter 3. Shareholders' Meeting</u> Article 10 There are general and extraordinary shareholders' meetings, which shall be convened in accordance with laws. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and may be distributed in the form of public announcement. Extraordinary meetings may be convened at any time as | Article 10 There are general and extraordinary shareholders' meetings, which shall be convened in accordance with laws. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and may be distributed in the form of public announcement. Extraordinary meetings may be convened at any time as | 1. A chapter is added. 2. The shareholders' meeting may be convened by video conference in alignment with the amendment to the |

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| <p>needed in accordance with relevant laws. <u>The Company may convene shareholders' meeting by video conference or in other methods as announced by the central competent authority.</u></p> <p>Article 11(Omitted) Article 12 A shareholders' meeting shall be chaired by the Chairman. When the Chairman is absent for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair. <u>If 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.</u></p> | <p>needed in accordance with relevant laws.</p> <p>Article 11(Omitted) Article 12 A shareholders' meeting <u>or a Board</u> meeting shall be chaired by the Chairman. When the Chairman is absent for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair.</p> | <p>Company Act, 3. "A Board meeting" is deleted.</p> |
| <p><u>Chapter 4. Board of Directors and Audit Committee</u></p> <p>Article 13(Omitted) Article 14 The Chairman shall be elected by more than half of the attending directors from among themselves at a Board meeting attended by more than two-thirds of all directors. The Chairman is in charge of all business at the Company internally and represents the Company externally. <u>A Board meeting shall be chaired by the Chairman. When the Chairman is absent for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the</u></p> | <p>Article 13(Omitted) Article 14 The Chairman shall be elected by more than half of the attending directors from among themselves at a Board meeting attended by more than two-thirds of all directors. The Chairman is in charge of all business at the Company internally and represents the Company externally.</p> <p>Article 15(Omitted) (The same below) Article 16</p> | <p>1. A chapter is added. 2. The chair of Board meetings and acting chair are added.</p> |

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| <p><u>Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair.</u></p> <p>Article 15(Omitted) (The same below) Article 16 Article 17 Article 18 Article 19</p> | <p>Article 17 Article 18 Article 19</p> | |
| <p><u>Chapter 5. Managers</u></p> <p>Article 20 (Omitted)</p> | <p>Article 20 (Omitted)</p> | <p>1. A chapter is added.</p> |
| <p><u>Chapter 6. Financial Statements and Earnings Distribution</u></p> <p>Article 21 The Company’s fiscal year starts from January 1 to December 31 each year. After annual financial statements are prepared, the Board of Directors shall, in accordance with the Company Act, prepare relevant documents and proposals and submit them to the general shareholders’ meeting for approval.</p> <p><u>The Company's earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year.</u></p> <p>Article 22 If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate <u>0.1% to 1%</u> of the balance as employee remuneration and no more than 3% as directors’ remuneration. However, profits must first be reserved to offset against the cumulative deficit (including</p> | <p>Article 21 The Company’s fiscal year starts from January 1 to December 31 each year. After annual financial statements are prepared, the Board of Directors shall, in accordance with the Company Act, prepare relevant documents and proposals and submit them to the general shareholders’ meeting for approval.</p> <p>Article 22 If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate <u>no less than 1%</u> of the balance as employee remuneration and no more than 3% as directors’ remuneration. However, profits must first be reserved to offset against the cumulative deficit (including adjusted undistributed earnings), if applicable. Said employee remuneration can be paid</p> | <p>(1)A chapter is added. (2)The employee remuneration percentage is amended. (3)The rule that earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year is added.</p> |

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| <p>adjusted undistributed earnings), if applicable. Said employee remuneration can be paid in stock or cash, and the recipients of the payment include employees of subsidiaries who met the criteria set by the Board of Directors. The director's remuneration in the preceding paragraph can only be paid in cash. Employee remuneration and directors' remuneration shall be decided by the Board of Directors and reported to the shareholders' meeting.</p> | <p>in stock or cash, and the recipients of the payment include employees of subsidiaries who met the criteria set by the Board of Directors. The director's remuneration in the preceding paragraph can only be paid in cash. Employee remuneration and directors' remuneration shall be decided by the Board of Directors and reported to the shareholders' meeting.</p> | |
| <p>Article 22-1</p> <p><u>The Company's earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year.</u></p> <p>Where the Company makes a profit in a <u>semi-annual and annual</u> fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, setting aside an amount for a special reserve in accordance with regulations, and then any remaining profit may be used to distribute dividends on preference shares for the year first; any remaining balance, together with any undistributed earnings at</p> | <p>Article 22-1</p> <p>Where the Company makes a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the <u>cumulative</u> deficit, setting aside 10% of the remaining profit as a legal reserve, setting aside an amount for a special reserve in accordance with regulations, and then any remaining profit for <u>the year</u> may be used to distribute dividends on preference shares for the year first; any remaining balance, together with any undistributed earnings at the beginning of the period (including adjusted undistributed earnings), shall be adopted by the Board of Directors as the basis for making a distribution proposal for <u>stock dividends</u>, which shall then <u>be submitted to the shareholders' meeting for</u></p> | |

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| <p>the beginning of the period (including adjusted undistributed earnings), shall be adopted by the Board of Directors as the basis for making a distribution proposal.</p> <p>If <u>it is distributed</u> in the form of cash dividends, the decision shall be resolved by attended by more than half of the directors present at a Board meeting attended by more than two-thirds of all directors on the Board and reported to the shareholders' meeting <u>If it is distributed in the form of new shares, it shall be distributed after a resolution is adopted by the shareholders' meeting.</u></p> <p>The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders' interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment</p> | <p><u>a resolution before distribution</u> of shareholders' dividends and bonuses.</p> <p>If it is <u>paid out</u> in the form of cash dividends, the decision shall be resolved by attended by more than half of the directors present at a Board meeting attended by more than two-thirds of all directors on the Board and reported to the shareholders' meeting</p> <p>The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders' interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment plans, future development, and other factors, the earnings may be retained.</p> | |
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| <p>plans, future development, and other factors, the earnings may be retained.</p> | | |
| <p><u>Chapter 7. Supplementary Provisions</u> Article 23 (Omitted) (The same below) Article 24 Article 25 The Articles of Incorporation were formulated on September 19, 1955; <u>the 48th amendment was made on June 15, 2022.</u></p> | <p>Article 23 (Omitted) (The same below) Article 24. Article 25 The Articles of Incorporation were formulated on September 19, 1955; <u>the 47th amendment was made on August 31, 2021.</u></p> | <p>(1)A chapter is added. (2)Amendment date is added.</p> |

Resolution:

Proposal 2 (proposed by the Board of Directors)

Summary: Partial amendments to the Company’s Rules of Procedure for Shareholders’ Meetings.

Description:

- I. As per Article 172-2, paragraph 1 of the Company Act and the amendments to the Regulations Governing the Administration of Shareholder Services of Public Companies, it is expressly stipulated in the Company's Articles of Incorporation that a shareholders' meetings may be held by video conference or in other methods as announced by the central competent authority and the Company’s Company’s Rules of Procedure for Shareholders’ Meetings are partially amended accordingly.
- II. The table of amendments is as follows:

Table of Amendments to the Rules of Procedure for Shareholders’ Meetings

| After Amendment | Before Amendment | Explanation |
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| <p><u>Article 1</u> <u>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 for compliance.</u></p> | | It is added. |
| <p><u>Article 2</u> <u>The rules of procedure for the Company’s shareholders' meetings shall be governed by these Rules, unless otherwise stipulated by laws and regulations or the Articles of Incorporation.</u></p> | <p><u>Article 1</u> The Company’s shareholders' meetings shall be governed by these Rules, unless otherwise stipulated by laws and regulations.</p> <p><u>Article 2</u> <u>The term “shareholders” as mentioned in these Rules refers to the shareholders and the proxies they entrust.</u></p> | <p>Eight. Text is amended.</p> <p>Nine. The article number is adjusted.</p> |
| <p><u>Article 3</u> <u>Unless otherwise stipulated by laws and regulations, the shareholders' meeting shall be convened by the Board of Directors.</u> <u>Changes to the method of convening the shareholders' meeting shall be subject to a resolution by the Board of Directors and shall be made no later than before the notice of the shareholders' meeting is sent.</u></p> | <p><u>Article 3</u> <u>Attending shareholders shall bring their attendance cards and hand in the sign-in cards in lieu of signing in. If a sign-in card is handed in to the Company, it will be deemed that the shareholder or proxy specified in the sign-in card is present in person, and the Company shall not be responsible for identification. The number of shares in attendance shall be counted according to the shares indicated in</u></p> | Amendment is made in alignment with the amended rule that a shareholders’ meeting may be convened by video conference. |

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| <p><u>30 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) in an electronic file. 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. However, a publicly listed company, with the paid-in capital amounting to NT\$10 billion or more at the end of the most recent fiscal year or the total shareholding ratio of foreign capital and capital from China reaching 30% or more as per the shareholder register for the general shareholders' meeting held in the most recent fiscal year, shall upload such an electronic file 30 days before the general shareholders' meeting. Fifteen 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 stock affairs agency.</u></p> <p><u>The Company shall provide said handbook and supplementary materials mentioned in the preceding paragraph to the shareholders on the day of the shareholders' meeting in the following methods:</u></p> <ol style="list-style-type: none"> <u>1. When a physical shareholders' meeting is convened, such materials shall be distributed on-site at the shareholders' meeting.</u> | <p><u>the sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by electronic means.</u></p> | |
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2. When a physical shareholders' meeting is convened, supplemented by a video conference, such materials shall be distributed on-site at the shareholders' meeting, and an electronic file of such materials shall be uploaded to the video conference platform.

3. When a shareholders' meeting is convened by video conference, an electronic file of such materials shall be sent to the video conference platform.

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 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 any matter 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 extempore 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 re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.

A shareholder holding 1% or more of the total number of outstanding shares may submit to the Company a proposal for discussion at an annual general meeting.

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| <p><u>of shareholders. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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.</u></p> <p><u>Prior to the book closure date before an annual shareholders’ meeting is held, the Company shall publicly announce its acceptance of shareholders’ proposals in writing or by electronic means and the location and time period for their submission; the period for acceptance of shareholders’ proposals may not be fewer than 10 days.</u></p> <p><u>Each of such proposals is limited to 300 characters, and no proposal containing more than 300 characters 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.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders’ meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for any shareholders’ proposals not included in the agenda.</u></p> | | |
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| <p><u>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.</u></p> <p><u>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.</u></p> <p><u>Once a proxy form is received by the Company, if the 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.</u></p> <p><u>Once a proxy form is received by the Company, if the shareholder wishes to attend the shareholders' meeting by video conference, 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.</u></p> | <p><u>Attendance and voting at shareholders' meetings shall be counted based on numbers of shares. The number of representatives designated by the government or institutional shareholders to attend a shareholders meeting shall not exceed the total number of the current term of directors (including independent directors). When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. 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.</u></p> | <p>made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |
| <p><u>Article 5 (Principles of the venue and time of the shareholders' meeting)</u></p> <p><u>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 location and time of the meeting.</u></p> <p><u>When the Company convenes a shareholders' meeting by video</u></p> | <p><u>Article 5</u></p> <p><u>The venue for a shareholders' meeting shall be the Company's premises or plant premise or a place that is 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.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.</u></p> | | |
| <p><u>Article 6 (Preparation of a sign-in book)</u> <u>The Company shall state, in the meeting notice, the sign-in time and place for shareholders, solicitors, and proxies (hereinafter referred to as “shareholders”), and other matters that shall be noted.</u> <u>The time at which shareholders’ sign-in begins, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.</u> <u>The sign-in location place shall be clearly marked and staffed with a sufficient number of suitable personnel. When the shareholders’ meeting is convened by video conference, the sign-in process shall begin on the video conference platform 30 minutes before the meeting commences. Shareholders who have completed the sign-in shall be deemed to have attended the shareholders’ meeting in person.</u> <u>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.</u> <u>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</u> <u>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.</u> <u>When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders meeting.</u></p> | <p><u>Article 6</u> <u>If a shareholders’ meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair. If 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.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders’ meeting may be convened by video conference.</p> |

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| <p><u>When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. If a shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference should register with the Company two days prior to the shareholders' meeting.</u></p> <p><u>If a shareholders' meeting is convened by video conference, the Company shall upload the meeting agenda handbook, annual report, and other relevant materials to the video conference platform at least 30 minutes prior to the start of the meeting and continue to disclose them till the end of the meeting.</u></p> | | |
| <p><u>Article 6-1 (Matters to be included in the meeting notice when the shareholders' meeting is convened by video conference)</u></p> <p><u>When the Company convenes the shareholders' meeting by video conference, the information below shall be stated in the meeting notice:</u></p> <ol style="list-style-type: none"> <u>1. Shareholders' methods of participating in the video conference and exercising their rights.</u> <u>2. 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> <ol style="list-style-type: none"> <u>(1) 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> <u>(2) 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> <u>(3) When a physical shareholders' meeting is convened, supplemented by a video conference, if the video conference cannot continue,</u> | | <p>V. It is added.</p> <p>VI. Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>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></p> <p>(4) <u>The handling method in the event that the resolution results of all motions have been announced, while extempore motions have not been resolved.</u></p> <p><u>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></p> | | |
| <p><u>Article 7 (Chair of the shareholders' meeting and attendees in a non-voting capacity)</u></p> <p><u>If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Vice Chairman shall chair the meeting on his behalf. Where the Vice Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall appoint one of the managing directors to act as the chair. Where there is no such a position as managing director, Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the managing directors or directors shall select from</u></p> | <p><u>Article 7</u></p> <p><u>The chair shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of outstanding 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 attending shareholders still represent less than the required total number of outstanding shares after two postponements, the chair shall declare the meeting adjourned; however, attending shareholder</u></p> | <p>The order of the Chairman and his delegates chairing the shareholders' meeting is defined.</p> |

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| <p><u>among themselves one person to serve as the chair.</u></p> <p><u>When a managing director or a director serves as the chair, as referred to in the preceding paragraph, such directors shall have held that position for six months or more with great understanding of the Company's financial position. The same shall apply if the chair is served by the representative of an institutional director. A shareholders' meeting convened by the Board of Directors may be chaired by the Chairman in person and shall be attended by more than half of the directors on the Board and at least one representative of each functional committee, and the attendance shall be recorded in the minutes of the shareholders' meeting. If 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.</u></p> <p><u>The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.</u></p> | <p><u>represent at least one third of outstanding shares, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act. 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 meeting pursuant to Article 174 of the Company Act.</u></p> | |
| <p><u>Article 8 (Audio or video recordings of the shareholders' meeting)</u></p> <p><u>The Company, from the beginning of shareholders' sign-in, shall make an uninterrupted audio and video recording of the sign-in procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. Such recordings shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.</u></p> <p><u>If a shareholders' meeting is convened by video conference, the Company shall keep records of shareholders' registration, sign-in, questions raised, and voting and the Company's vote counting results and retain the records, while making an</u></p> | <p><u>Article 8</u></p> <p><u>If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.</u></p> <p><u>V. 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.</u></p> <p><u>VI. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs. After the meeting</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>uninterrupted audio and video recording of the entire video conference.</u> <u>Such recordings shall be properly kept by the Company during the period of its existence and provided to those who are entrusted to handle the video conference affairs for storage.</u> <u>If a shareholders' meeting is convened by video conference, the Company is advised to make an audio and video recording of the back-end interface of the video conference platform.</u></p> | <p><u>is adjourned, shareholders may not nominate another chair or seek another venue for continuation of the meeting.</u></p> | |
| <p><u>Article 9</u> <u>Attendance at shareholders' meetings shall be counted based on numbers of shares. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in and the sign-in record on the video conferencing platform plus the number of shares whose voting rights are exercised in writing or by electronic means.</u> <u>The chair shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting.</u> <u>However, when the attending shareholders do not represent a majority of the total number of outstanding 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 attending shareholders still represent less than one third of the total number of outstanding shares after two postponements, the chair shall declare the meeting adjourned. If a shareholders' meeting is convened by video conference, the Company shall also declare the meeting adjourned on the video conference platform.</u> <u>If there are not enough shareholders, while representing at least one third of outstanding shares after two postponements under the preceding paragraph, tentative resolutions may be</u></p> | | <p>Ten.Article 9 is deleted. Eleven.Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>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. If a shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference shall re-register with the Company in accordance with Article 6.</u></p> <p><u>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.</u></p> | | |
| <p><u>Article 10</u></p> <p><u>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 relevant proposals on the agenda one by one (including extempore 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.</u></p> <p><u>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions). 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.</u></p> | <p><u>Article 10</u></p> <p><u>If a shareholder proposes to count the number of attendees, the chair may refuse to accept it. When a proposal is put to a vote, if the number as required by law has been reached, the resolution will still be passed.</u></p> | |

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| <p><u>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; 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.</u></p> | | |
| <p><u>Article 11 (Speech by shareholders)</u> <u>A shareholder wishing to speak at a shareholders meeting shall first fill out a slip, specifying therein the major points of their speech, shareholder account number (or attendance card number) and account name, and the chair shall determine their order of giving a speech.</u> <u>A shareholder who submits a speech slip without giving a speech shall be considered as not having given a speech. If the contents of the speech are different from those specified on the slip, the contents of their speech 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 proposal, the chair may have the shareholder stop the speech.</u> <u>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</u> <u>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.</u> <u>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</u> <u>If a shareholders' meeting is convened by video conference, shareholders who participate by video conference may ask questions in text on the video conference</u></p> | <p>Article 11 A shareholder wishing to speak at a shareholders meeting shall first fill out a slip, specifying therein the major points of their speech, attendance card number and name, and the chair shall determine their order of giving a speech.</p> <p>A shareholder who submits a speech slip without giving a speech shall be considered as not having given a speech. If the contents of the speech are different from those specified on the slip, the contents of their speech shall prevail. <u>When shareholders who limit the scope of authority of their proxies in the proxy form or in other methods, regardless of whether the Company is aware of the limited authority, the speech or voting by the proxies shall prevail.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>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 characters, and the provisions of Paragraphs 1 to 5 shall not apply. If such questions in the preceding paragraph are not in violation of the regulations or not outside the scope of the motions, it is advisable to disclose such questions on the video conference platform.</u></p> | | |
| <p><u>Article 12 (Counting of the number of voting shares and recusal system)</u> <u>Voting at shareholders’ meetings shall be counted based on numbers of shares. The non-voting shares held by shareholders shall not be counted toward the total number of outstanding shares for any resolution to be adopted at a shareholders’ meeting.</u> <u>A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the Company’s interest , shall not vote nor exercise the voting right on behalf of another shareholder.</u> <u>Shares for which voting right cannot be exercised as provided in the preceding paragraph shall not be counted toward the number of votes of shareholders present at the meeting.</u> <u>Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting rights represented by them shall not exceed 3% of the total number of the Company’s voting shares, otherwise, the portion of excessive voting rights shall not be counted.</u></p> | <p><u>Article 12</u> <u>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 proposal, the chair may have the shareholder stop the speech.</u></p> | |
| <p><u>Article 13</u> <u>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</u></p> | <p><u>Article 13</u> <u>During an attending shareholder’s speech, the chair may respond in person or direct relevant personnel to respond.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders’ meeting may be convened by video conference.</p> |

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights in writing. 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 extempore motions and amendments to original proposals of that meeting. Therefore, it is advisable for the Company to avoid putting forth extempore motions and amendments to the 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. After shareholders exercise their voting rights in writing or by electronic means, if they wish to attend the shareholders' meeting in person or by video conference, they shall serve a declaration of intent to retract the voting rights already exercised under the preceding paragraph two days before the shareholders' meeting in the same manner in which the voting rights were exercised; otherwise the voting rights exercised in writing or by electronic means 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 that 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.

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.

When a shareholders' meeting is convened by video conference, after the chair declares the voting closed, the votes

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| <p><u>shall be counted at one go, and the voting and election results shall be announced. If a shareholders' meeting is convened, supplemented by a video conference, shareholders who have registered to attend the shareholders' meeting by video conference in accordance with Article 6, intend to attend the physical shareholders' meeting in person, shall rescind the registration in the same manner as the registration two days before the shareholders' meeting, otherwise they can only attend the shareholders' meeting by video conference.</u></p> <p><u>Those who exercise their voting rights in writing or by electronic means without retracting their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise their voting rights on the same motions, propose amendment to the same motions, or exercise their voting rights for revised motions, except for extempore motions.</u></p> | | |
| <p><u>Article 14</u> <u>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 failed to be elected and the numbers of votes they won.</u> <u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept properly for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.</u></p> | <p><u>Article 14</u> <u>If it is not a proposal, it will not be discussed or voted on. When a proposal is being discussed, the chair may announce the discussion closed and put proposals to vote. Several proposals may be voted on at the same time, but the votes for each proposal shall should be counted separately.</u></p> | |
| <p><u>Article 15</u> <u>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</u></p> | <p><u>Article 15</u> <u>Except as otherwise provided in laws and regulations, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (or proxies). When a</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>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.</u></p> <p><u>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.</u></p> <p><u>When a shareholders' meeting is convened by video conference, the minutes of the shareholders' meeting shall contain the start and end time of the shareholders' meeting, the method of convening the meeting, the names of the chair and the meeting taker, as well as the response method and the response situation when any natural disasters, accidents, or other force majeure events have obstructed the video conference platform or the participation in the video conference in addition to the matters that shall be recorded in accordance with the preceding paragraph.</u></p> <p><u>When a shareholders' meeting is convened by video conference, the Company shall proceed as per the preceding paragraph and shall specify the alternative measures provided to shareholders who have difficulty participating in the video conference in the minutes of the shareholders' meeting.</u></p> | <p><u>proposal is put for a vote, if the chair puts the matter before all attending shareholders and none voices an objection, the matter is deemed approved. 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.</u></p> | |
| <p><u>Article 16 (Public announcement)</u></p> <p><u>The Company shall, on the day of the shareholders' meeting, compile a statistical statement in the prescribed format and disclose the number of shares solicited by the solicitor, the number of shares represented by the proxies, and the number of shares in attendance in writing or by electronic means clearly on site at the shareholders' meeting. When a</u></p> | <p>Article 16</p> <p>Except for restrictions in accordance with relevant laws and regulations, a shareholder shall be entitled to one vote for each share held.</p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

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| <p><u>shareholders' meeting is convened by video conference, the Company shall upload the aforementioned information to the video conference platform at least 30 minutes before the start of the meeting and continue to disclose it till the end of the meeting.</u></p> <p><u>When a shareholders' meeting is convened by video conference, when the chair calls the meeting to order, the total number of shares in attendance shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights in attendance are counted during the meeting.</u></p> <p><u>If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations or the Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall upload the content to the MOPS prior to a deadline.</u></p> | | |
| <p><u>Article 17 (Maintenance of the order at the venue)</u></p> <p><u>Those handling the business of a shareholders' meeting shall wear an ID badge or an armband.</u></p> <p><u>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 venue, they shall wear an armband, reading "Proctor", or an ID badge.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> | <p><u>Article 17</u></p> <p><u>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.</u></p> | |
| <p><u>Article 18 (Break and continuation of meeting)</u></p> | <p><u>Article 18</u></p> <p><u>Scrutineers and vote counting</u></p> | |

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| <p><u>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.</u></p> <p><u>If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.</u></p> <p><u>A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</u></p> | <p><u>personnel for the voting on proposals shall be appointed by the chair, provided that all scrutineers be shareholders of the Company. The results of the voting shall be announced on-site at the meeting and recorded.</u></p> <p><u>The election of directors at a shareholders' meeting shall be held in accordance with the Company's Rules of Election of Directors, and the voting results shall be announced on-site immediately, including the names of those elected as directors and those failed to be elected and the numbers of votes they won.</u></p> | |
| <p><u>Article 19 (Information disclosure for video conferences)</u></p> <p><u>When a shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of various proposals on the video conference platform in accordance with the regulations, and shall continue to disclose for at least 15 minutes after the chair declares the meeting adjourned.</u></p> | <p><u>Article 19</u></p> <p><u>The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity. Those handling the business of a shareholders' meeting shall wear an ID badge or an armband.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |
| <p><u>Article 20 (Location of the chair and the minute taker for the shareholders' meeting by video conference)</u></p> <p><u>When a shareholders' meeting is convened by video conference, the chair and the minute taker shall be at the same location in Taiwan, and the chair shall disclose the address of the place when calling the meeting to order.</u></p> | <p><u>Article 20</u></p> <p><u>The Company shall make an audio and video recording of the entire shareholders' meeting and retain such recordings for at least a year.</u></p> | |
| <p><u>Article 21 (Response to disconnection)</u></p> <p><u>When a shareholders' meeting is convened by video conference, the Company may allow shareholders to perform a simple test of the connection before the meeting commences and provide relevant services immediately before and during the meeting to assist with any technical communication problems.</u></p> <p><u>When a shareholders' meeting is convened by video conference the chair</u></p> | <p><u>Article 21</u></p> <p><u>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 venue, they shall wear an armband, reading "Proctor", or an ID badge.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video conference.</p> |

shall, when calling the meeting to order, announce that there is no need for postponement or resumption of the meeting as stipulated in Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies; and that the requirement on the date of the meeting postponed or resumed within 5 days due to any natural disasters, accidents, or other force majeure events that have obstructed the video conference platform or the participation in the video conference for more than 30 minutes under Article 182 of the Company Act shall not apply before the chair declares the meeting adjourned.

In the event of any incident in the preceding paragraph that caused the meeting to be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the meeting postponed or resumed.

For the meeting to be postponed or resumed under Paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with Paragraph 2, the proposals for which the voting and counting of votes have been completed and the voting results or the list of elected directors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, supplemented by

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| <p><u>a video conference, if the video conference cannot continue as under Paragraph 2, 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. There is no need to postpone or resume the meeting in accordance with Paragraph 2.</u></p> <p><u>When the meeting shall continue as in the preceding paragraph, for shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all proposals resolved at the shareholders' meeting. When the Company postpones or resumes the meeting in accordance with Paragraph 2, it shall handle the relevant matters in accordance with the provisions set forth in Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and relevant preparations shall be made as per the date of the original shareholders' meeting and the provisions of this article.</u></p> <p><u>Based on the period under Article 12, second-half paragraph and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies; Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall postpone or resume the shareholders' meeting at a date as per Paragraph 2.</u></p> | | |
| <p><u>Article 22 (Response to digital gap)</u></p> <p><u>When the Company convenes a shareholders' meeting by video conference, it shall provide appropriate alternatives to shareholders who have difficulty attending the shareholders'</u></p> | <p><u>Article 22</u></p> <p><u>When a meeting is in progress, the chair may announce a break based on time considerations.</u></p> | <p>Amendment is made in alignment with the amended rule that a shareholders' meeting may be convened by video</p> |

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| <u>meeting by video conference.</u> | | conference. |
| <p><u>Article 23</u> These Rules and any amendments thereto shall come into force after being approved by the shareholders' meeting. The 1st amendment was made on June 15, 2015. The 2nd amendment was made on August 31, 2021. <u>The 3rd amendment was made on June 15, 2022.</u></p> | <p><u>Article 23</u> <u>Matters not specified in these Rules shall be handled in accordance with the Company Act and other relevant laws and regulations.</u></p> | Amendment date |
| | <p><u>Article 24</u> These Rules and any amendments thereto shall come into force after being approved by the shareholders' meeting. The 1st amendment was made on June 15, 2015. The 2nd amendment was made on August 31, 2021.</p> | Deleted |

Resolution:

Proposal 3 (proposed by the Board of Directors)

Summary: Partial amendments to the Procedures for Asset Acquisition and Disposal.

Description:

- 一、 Amendment is made as per Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- 二、 The table of amendments is as follows:.

Table of Amendments to the Procedures for Asset Acquisition and Disposal

| After Amendment | Before Amendment | Explanation |
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| <p>Article 10</p> <p>Related party transaction</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as per the regulations, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a CPA's opinion. The transaction amount shall be calculated in accordance with Article 7, Paragraphs 2 and 3. When whether a transaction counterparty is a related party is judged, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>Where the Company or its subsidiary that is not a domestic publicly listed company acquires or disposes of assets from or to related persons and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit relevant information to the shareholders' meeting for approval before execution.</u></p> <p><u>However, the transactions between the Company and its parent or subsidiaries or between its subsidiaries are not subject to this</u></p> | <p>Article 10</p> <p>Related party transaction</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as per the regulations, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a CPA's opinion. The transaction amount shall be calculated in accordance with Article 7, Paragraphs 2 and 3. When whether a transaction counterparty is a related party is judged, in addition to legal formalities, the substance of the relationship shall also be considered.</p> | <p>IV. Amendment is made as per the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>V. It is to strengthen the management of related party transactions.</p> |

| <u>provision</u> | | |
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| Article 21 These Procedures were formulated on June 6, 2003; <u>the 10th amendment was made on June 15, 2022.</u> | Article 21 These Procedures were formulated on June 6, 2003; <u>the 9th amendment was made on June 19, 2020.</u> | Amendment date |

Resolution:

Proposal 4 (proposed by the Board of Directors)

Summary: It is proposed that the disposal of subsidiary Taixin Construction Co., Ltd.'s land or equity can be conducted through public bidding or independent development, and the Board of Directors of Federal Corporation is authorized to handle all relevant matters at its own discretion at the appropriate time based on the market conditions.

Description:

- I. The Company's extraordinary shareholders' meeting passed a resolution on October 15, 2021 that the disposal of subsidiary Taixin Construction Co., Ltd.'s land can be conducted through public bidding, and the Board of Directors of Federal Corporation is authorized to handle all relevant matters at its own discretion.
- II. Article 12 of the Agreement on the Development and Establishment of Federal Corporation's Industrial and Commercial Complex signed between Federal Corporation and Taixin Construction Co., Ltd. and the Taoyuan City Government, "...before obtaining a building use permit, Party B promises not to transfer the development land under this agreement to others" has resulted in many restrictions on the disposal of Taixin Construction Co., Ltd.'s land, and it is planned to eliminate relevant restrictions as soon as possible to facilitate the disposal.
- III. To allow the Company to have multiple options for disposal, it is proposed that in addition to the methods as resolved by the extraordinary shareholders' meeting on October 15, 2021, additional methods, such as disposal of equity or self-development, will be adopted; and the Board of Directors of Federal Corporation is authorized to handle all relevant matters at its own discretion at the appropriate time based on the market conditions.

Resolution:

Questions and Motions:

Adjournment.

Attachments

Attachment 1

Federal Corporation Business Report

The COVID-19 pandemic has ravaged the world for more than two years since 2020. It is still ongoing in 2022. To prevent the spread of the pandemic, countries have adopted strict control measures, including city lockdown, border control, and restriction on personnel movement, which have nearly brought global economic demand to a standstill, causing the prices of international crude oil and raw materials to plummet. Despite Taiwan's excellent anti-pandemic efforts, Taiwan's economy was still affected by the significant global economic decline.

In addition to the impact of the pandemic, the U.S. Department of Commerce (DOC), at the end of 2020, suddenly imposed anti-dumping duties on Taiwan's tire manufacturers. The duties in the preliminary rule ranged from 52.42%–98.44%. On May 24, 2021, the Company would be imposed with a duty at a rate of 84.75% in the final rule by DOC. The implementation of anti-dumping duties by the U.S. has caused a huge impact on Taiwan's tire industry. In particular, the Company's sales to the U.S. accounted for more than 80% of the operating income. In addition, the global freight hike and shortage of containers have weakened the momentum of global economic growth and affected the Company's shipments. As a result, both our operating income and profit have been severely hit. The implementation of the anti-dumping duties in the U.S. is the main reason for the decline in our revenue and significant losses in 2021.

I. Operating Results in 2021

(I) Business overview:

The Company's consolidated net operating income in 2021 was NT\$1,561,241 thousand, a decrease of 73% from NT\$5,704,663 thousand on a year-on-year basis; the net loss after tax for 2021 was NT\$2,349,964 thousand.

(II) Overview of production and sales:

| Item / Year | 2021 | 2020 | Unit: Unit | |
|-------------------|-----------|-----------|---------------------|------|
| | | | Increase (decrease) | % |
| Production volume | 920,762 | 3,382,085 | (2,461,323) | -73% |
| Sales volume | 1,093,387 | 3,301,696 | (2,208,309) | -67% |

(III) Financial Information and Profitability

| Item / Year | 2021 | 2020 | Unit: NTD thousand | |
|-----------------------------|-----------|-----------|-------------------------|--|
| | | | Increase (decrease) (%) | |
| Net operating revenue | 1,561,241 | 5,704,663 | (73)% | |
| Operation gross profit, net | (734,834) | 1,302,019 | (156)% | |

| | | | |
|-----------------------------|-------------|---------|----------|
| Operating income (loss) | (1,848,153) | 247,218 | (848)% |
| Net income (loss) after tax | (2,349,964) | 111,477 | (2,208)% |

| Item / Year | 2021 | 2020 |
|---|----------|------|
| Return on assets (%) | (17.59) | 1.16 |
| Return on shareholders' equity (%) | (36.57) | 1.50 |
| Ratio of income before tax to paid-in capital (%) | (48.61) | 3.02 |
| Net profit margin (%) | (150.52) | 1.95 |
| Earnings per share (NTD) | (5.11) | 0.24 |

II. 2022 Business Plan

Looking ahead to 2022, the most severe impact of the pandemic on the global economy will come to an end and gradually slow down. Although the increase in vaccination rate will help curb new confirmed cases in our country, the global economic recovery in the first half of last year was strong, leading to rising raw material costs and inflationary pressures, tightening the global supply chain, and pushing shipping rates to a high point. Once the freight remains high, it will lead to a surge in import costs and consumer prices, further pushing up global inflation. The tightening monetary policy ahead of schedule and the U.S. Federal Reserve's interest rate hikes will hinder economic growth and posing challenges to the global economy in 2022.

However, at the end of 2020, the U.S. Department of Commerce's sudden move to impose anti-dumping duties on Taiwan has had a material impact on Taiwan's tire industry. As such, the Company has also taken the measures below to cope prudently:

(I) Business

1. Increase the proportion of sales in non-U.S. markets (Europe, Central and South America, Asia, etc.).
2. Increase the proportion of sales of non-passenger car radial (PCR) and light truck (LT) tires, such as racing tires.
3. Expand the global layout of channels, focus on product research and development (R&D), marketing, and services to enhance competitiveness.

(II) Production and management:

1. Strengthen internal control and improve corporate governance capabilities.
2. Streamline manpower and reduce costs to achieve a lean and efficient workforce.
3. Revitalize land assets to create profit and income.

(III) R&D:

1. Diversify product lines and develop other tire products. (ATV, UTV, SSV, etc.)
2. Develop high value-added tires and improve product performance.
3. Shorten new product development cycles and provide cost-effective products.
4. Develop new raw material suppliers to improve quality and reduce costs.

The Company, this year, will continue to develop new technologies and R&D high value-added products to improve quality, control production costs, reduce expenditures to enhance our product competitiveness, while continuing to integrate marketing, business, and other units to enhance our product positioning and strive for higher margins.

Chairman: Chiang, Ching-Hsing

President: Chiang, Ching-Hsing

Chief of Accounting Officer: Li, Hsin-Yu

Attachment 2

Audit Committees' Review Report

The Audit Committee has completed the review of the Company's 2021 Business Report, financial statements, and a statement of deficit compensation prepared by the Board of Directors, discovered no inconsistency, and has, thus, prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

It is hereby presented to

The 2022 General Shareholders' Meeting of Federal Corporation

Convener of the Audit
Committee: Yao, Wen-Liang

March 15, 2022

Attachment 3

Auditor's Report

NO.23931100CA

To Federal Corporation,

Opinion

We have reviewed the accompanying consolidated balance sheets of Federal Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2021 and 2020 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial report presents fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial 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 are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial report of the Group for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the consolidated financial report as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial report of the Group for the year ended December 31, 2021, are stated as follows:

Valuation of inventories

Please refer to Note 4 (6) to the consolidated financial report for the accounting policy on inventories; please refer to Note 5 to the consolidated financial report for the uncertainty of accounting estimates and assumptions of valuation of inventories; please refer to Note 6(6) to the consolidated financial report for the description of the accounting of inventories.

The Group's main business includes the design, research and development, and sales of various types of tires. As the cost of inventories is susceptible to the price of raw materials, the competition in the tire industry in recent years has been fierce, and the U.S. sales market is affected by the anti-dumping duties in the final determination by the US Department of Commerce (DOC), the sales volume and sales price of tires are prone to fluctuations. The Group measures the inventories at the lower of cost or net realizable value and the inventories beyond a certain period

of age at the net realizable value of goods of similar specifications.

As tires are the main products sold by the Group, and it involves subjective judgments when the management evaluates its net realizable value, which has a material impact on the valuation of inventories, valuation of inventories is listed as one of the key audit matters.

The audit procedures we mainly conducted:

1. Evaluated the reasonableness of the Company's accounting policies, such as the policy of inventory valuation loss or obsolescence.
2. Assessed whether the valuation of inventories has been in alignment with the Company's established accounting policies.
3. Obtained the statement of the net realizable value of inventories on the end of the financial reporting period, checked the data sources, such as the selling price of the goods or the purchase prices used for the net realizable values, and recalculated the allowance for inventory valuation losses to confirm that the accounting estimate was made in alignment with the policy.
4. Understood the process of inventory management, reviewed the annual inventory plan, and participated in annual inventory, while examining inventory details to evaluate the effectiveness of the management team's distinguishing and control of obsolete inventories.

Assessment of impairment of property, plant and equipment

Please refer to Note 4(11) to the consolidated financial report for the accounting policy on impairment of non-financial assets; please refer to Note 5 to the consolidated financial report for the uncertainty of accounting estimates and assumptions of impairment of non-financial assets; please refer to Note 6(8) to the consolidated financial report for the description of the accounting of property, plant and equipment.

The industrial competition and the U.S. sales market is affected by the anti-dumping duties in the final determination by DOC have caused an impact on the Group's operations. As the assessment of impairment of property, plant and equipment requires an estimation of recoverable amounts through forecasting and discounting of future cash flows and this process itself is highly uncertain, the assessment of impairment of property, plant and equipment is one of our key audit matters.

The audit procedures we mainly conducted:

1. Understood the relevant policies and handling procedures for impairment assessment, and assessed the reasonableness of the management's identification of cash-generating units with potential impairment.
2. Examined the reasonableness of the relevant assumptions regarding the Group's recoverable amounts in an independent appraisal report issued by a third party and assessed the appraiser's qualifications and independence.

Emphasis of matter

As stated in Note 6(7) to the consolidated financial report, Federal Corporation originally planned to dispose of the entire equity of Taicheng Development Co., Ltd. and Taixin Construction Co., Ltd., while after the Intellectual Property Court ruled on August 4, 2021 that the claimant was allowed to provide guarantee for the counterparty Federal Corporation, the counterparty Federal Corporation was in a state of suspending the disposal until the lawsuit between both parties was confirmed. Later, both parties, through mediation by the court on October 13, 2021, agreed to proceed as the resolution adopted by the extraordinary shareholders' meeting of the counterparty Federal Corporation on October 15, 2021 to dispose of the equity (or land of Zhongli Plant) of subsidiaries, Taicheng Development Co., Ltd. and Taixin Construction Co., Ltd. Federal Corporation, as approved by the extraordinary shareholders' meeting on October 15, 2021, disposed of the land of the subsidiaries Taicheng Development Co., Ltd.

and Taixin Construction Co., Ltd. through public bidding. We did not revise our audit opinion accordingly.

Other matters

The Group's consolidated financial report for the year ended December 31, 2020 was audited by other CPAs, by whom an audit report with an unqualified opinion was issued on March 26, 2021.

The Company has also prepared the standalone financial report for the year ended December 31, 2021, for which we have issued an audit report with an unqualified opinion plus the emphasis of matter paragraph.

Responsibilities of the management and the governing bodies for the consolidated financial report

The responsibilities of the management are to prepare the consolidated financial report with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and issued into effect by the FSC and to maintain necessary internal control associated with the preparation in order to ensure that the financial report is free from material misstatement arising from fraud or error.

In preparing the consolidated financial report, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance on whether the consolidated financial report as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a

high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial report, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial report; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial report to pay attention to relevant disclosures in said report within our

audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the consolidated financial report (including relevant notes), and whether the consolidated financial report adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial report. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial report for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Baker Tilly Clock & CO

Certified Public Accountant: _____

Chou, Yin-Lai

Certified Public Accountant: _____

Peng, Li-Chen

Approval Document No.: (80) Tai-Cai-Zeng-(VI) No.
53585

Jin-Guan-Zheng-Shen No. 1050025873

March 15, 2022

Federal Corporation and Its Subsidiaries

Consolidated Balance Sheet

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Assets | | Note | December 31, 2021 | | December 31, 2020 | |
|--------|---|----------------|-------------------|-----|-------------------|-----|
| 代碼 | Account | | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6(1) | \$ 1,280,779 | 11 | \$ 1,681,441 | 12 |
| 1110 | Financial assets at fair value through profit or loss - current | 4 and 6(2) | — | — | 45,038 | — |
| 1136 | Financial assets at amortized cost - current | 4, 6(4), and 8 | 107,281 | 1 | 167,221 | 1 |
| 1150 | Notes receivable, net | 4 and 6(5) | 65,674 | 1 | 31,380 | — |
| 1170 | Accounts receivable, net | 4 and 6(5) | 286,685 | 2 | 1,155,058 | 8 |
| 1200 | Other receivables | 4 and 7 | 14,820 | — | 2,625 | — |
| 1220 | Current income tax assets | 4 and 6(26) | 1,336 | — | 6,087 | — |
| 130x | Inventories | 4 and 6(6) | 554,843 | 5 | 957,573 | 7 |
| 1410 | Prepayments | | 91,473 | 1 | 147,836 | 1 |
| 1460 | Group of non-current assets held for sale and disposal | 4 and 6(7) | 2,521,231 | 22 | 694,880 | 5 |
| 1481 | Right to products returned by customers - current | 4 and 6(21) | — | — | 172,472 | 1 |
| 1470 | Other current assets | | 363 | — | — | — |
| 11xx | Total current assets | | 4,924,485 | 43 | 5,061,611 | 35 |
| | Non-current assets | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 4 and 6(3) | — | — | 391,450 | 3 |
| 1600 | Property, plant and equipment | 4, 6(8), and 8 | 6,327,402 | 55 | 8,687,618 | 60 |
| 1755 | Right-of-use assets | 4 and 6(9) | 52,474 | — | 44,050 | — |
| 1760 | Investment property | 4 and 6(10) | 82,730 | 1 | 62,838 | — |
| 1780 | Intangible assets | 4 and 6(11) | 14,600 | — | 10,531 | — |
| 1840 | Deferred tax assets | 4 and 6(26) | 92,508 | 1 | 99,811 | 1 |
| 1920 | Guarantee deposits paid | 8 | 48,022 | — | 44,641 | — |
| 1900 | Other non-current assets | 6(12) | 29,408 | — | 173,255 | 1 |
| 15xx | Total non-current assets | | 6,647,144 | 57 | 9,514,194 | 65 |
| 1xxx | Total assets | | \$ 11,571,629 | 100 | \$ 14,575,805 | 100 |

(Continued on next page)

Federal Corporation and Its Subsidiaries

Consolidated Balance Sheet (Continued)

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Liabilities and Equity | | Note | December 31, 2021 | | December 31, 2020 | |
|------------------------|---|-------------|-------------------|------|-------------------|-----|
| Code | Account | | Amount | % | Amount | % |
| | Current liability | | | | | |
| 2100 | Short-term borrowings | 6(13) | \$ 1,050,550 | 9 | \$ 927,510 | 6 |
| 2130 | Contract liabilities - current | 4 and 6(21) | 24,518 | — | 36,515 | — |
| 2150 | Notes payable | 6(14) | 10,467 | — | 12,606 | — |
| 2170 | Accounts payable | 6(14) | 57,162 | — | 298,493 | 2 |
| 2200 | Other payables | 6(15) | 167,775 | 2 | 654,552 | 5 |
| 2230 | Current income tax liabilities | 4 and 6(26) | 88 | — | 2,561 | — |
| 2250 | Provision - current | 4 and 6(16) | 94,737 | 1 | 41,589 | — |
| 2260 | Liabilities directly related to the group held for sales and disposal | 4 and 6(7) | — | — | 63,615 | 1 |
| 2280 | Lease liabilities - current | 4 and 6(9) | 10,888 | — | 13,692 | — |
| 2322 | Long-term borrowings - current portion | 6(17) | 306,550 | 3 | 297,593 | 2 |
| 2365 | Refund liabilities - current | 4 and 6(21) | 13,871 | — | 137,288 | 1 |
| 2300 | Other current liabilities | | 47,713 | 1 | 45,432 | — |
| 21xx | Total current liability | | 1,784,319 | 16 | 2,531,446 | 17 |
| | Non-current liability | | | | | |
| 2540 | Long-term borrowings | 6(17) | 3,810,069 | 33 | 3,805,271 | 26 |
| 2570 | Deferred tax liabilities | 4 and 6(26) | 608,065 | 5 | 537,415 | 4 |
| 2580 | Lease liabilities - non-current | 4 and 6(9) | 19,918 | — | 7,732 | — |
| 2640 | Net defined benefit liability - non-current | 4 and 6(18) | 39,138 | — | 146,780 | 1 |
| 2645 | Guarantee deposits received | | 2,095 | — | 3,736 | — |
| 25xx | Total non-current liability | | 4,479,285 | 38 | 4,500,934 | 31 |
| 2xxx | Total liability | | 6,263,604 | 54 | 7,032,380 | 48 |
| | Equity | 6(19) | | | | |
| 3110 | Ordinary share capital | | 4,733,292 | 41 | 4,733,292 | 32 |
| 3200 | Capital reserve | | 156,764 | 1 | 156,764 | 1 |
| | Retained earnings | | | | | |
| 3310 | Legal reserve | | 736,014 | 6 | 732,944 | 5 |
| 3320 | Special reserve | | 1,913,109 | 17 | 1,911,517 | 13 |
| 3350 | Undistributed earnings (deficit to be compensated) | | (1,823,383) | (15) | 30,708 | — |
| 3400 | Other equity | | (224,736) | (2) | 161,235 | 2 |
| 3500 | Treasury stock | | (183,035) | (2) | (183,035) | (1) |
| 31xx | Total equity attributable to owners of the parent company | | 5,308,025 | 46 | 7,543,425 | 52 |
| 3xxx | Total equity | | 5,308,025 | 46 | 7,543,425 | 52 |
| | Total liabilities and Equity | | \$ 11,571,629 | 100 | \$ 14,575,805 | 100 |

(Please refer to the Notes to the Consolidated Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Code | Item | Note | 2021 | | 2020 | |
|------|---|--------------------|----------------|-------|--------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4 and 6(21) | \$ 1,561,241 | 100 | \$ 5,704,663 | 100 |
| 5000 | Operating cost | 6 (6 and 27) and 7 | (2,296,075) | (147) | (4,402,644) | (77) |
| 5900 | Gross profit (loss) | | (734,834) | (47) | 1,302,019 | 23 |
| 6000 | Operating expenses | 6 (27) | | | | |
| 6100 | Marketing expense | | (514,611) | (33) | (669,147) | (12) |
| 6200 | Management expense | | (467,527) | (30) | (273,878) | (4) |
| 6300 | R&D expense | | (126,821) | (8) | (123,761) | (2) |
| 6450 | Expected credit impairment gain or loss | 6(5) | (4,360) | — | 11,985 | — |
| | Total operating expenses | | (1,113,319) | (71) | (1,054,801) | (18) |
| 6900 | Operating income (loss) | | (1,848,153) | (118) | 247,218 | 5 |
| 7000 | Non-operating revenues and expenses | | | | | |
| 7100 | Interest income | 6 (22) | 5,839 | — | 8,180 | — |
| 7010 | Other income | 6 (3 and 23) | 23,889 | 2 | 15,037 | — |
| 7020 | Other gains and losses | 6 (2, 8, and 24) | (418,877) | (27) | (62,773) | (1) |
| 7050 | Financial costs | 6 (25) | (63,641) | (4) | (64,779) | (1) |
| | Total non-operating income and expenses | | (452,790) | (29) | (104,335) | (2) |
| 7900 | Net income (loss) before tax | | (2,300,943) | (147) | 142,883 | 3 |
| 7950 | Income tax expense | 4 and 6(26) | (49,021) | (3) | (31,406) | (1) |
| 8200 | Net income (loss) for the period | | (2,349,964) | (150) | 111,477 | 2 |
| 8300 | Other comprehensive income | | | | | |
| 8310 | Items not reclassified to profit or loss: | | | | | |
| 8311 | Remeasurement of defined benefit plans | 4 and 6(18) | 38,008 | 2 | (20,541) | — |
| 8316 | Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income | 4 and 6(19) | 97,993 | 6 | 124,373 | 2 |
| 8360 | Items that may subsequently be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of the financial statements of foreign operations | 4 and 6(19) | (11,970) | (1) | 8,326 | — |
| | Other comprehensive income for the period (post-tax profit or loss) | | 124,031 | 7 | 112,158 | 2 |
| 8500 | Total comprehensive income for the period | | \$ (2,225,933) | (143) | \$ 223,635 | 4 |
| 8600 | Net income attributable to: | | | | | |
| 8610 | Owners of parent | | \$ (2,349,964) | (150) | \$ 111,477 | 2 |
| 8700 | Total comprehensive income attributable to: | | | | | |
| 8710 | Owners of parent | | \$ (2,225,933) | (143) | \$ 223,635 | 4 |
| | Earnings (loss) per share (NTD) | 6(20) | | | | |
| 9750 | Basic | | \$ (5.11) | | \$ 0.24 | |
| 9850 | Diluted | | \$ (5.11) | | \$ 0.24 | |

(Please refer to the Notes to the Consolidated Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries
Consolidated Statement of Shareholder's Equity
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | Attributable to owners of the parent company | | | | | | | | Total equity |
|---|--|-----------------|-------------------|-----------------|--|---|--|----------------|--------------|
| | Ordinary share capital | Capital reserve | Retained earnings | | | Other equity items | | Treasury stock | |
| | | | Legal reserve | Special reserve | Undistributed earnings (deficit to be compensated) | Exchange differences on translation of the financial statements of foreign operations | Unrealized gain or loss on financial assets at fair value through other comprehensive income | | |
| Balance on January 1, 2020 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ (60,228) | \$ (221,092) | \$ 249,628 | \$ (183,035) | \$ 7,319,790 |
| Current net profits | — | — | — | — | 111,477 | — | — | — | 111,477 |
| Other comprehensive income for the period | — | — | — | — | (20,541) | 8,326 | 124,373 | — | 112,158 |
| Total comprehensive income for the period | — | — | — | — | 90,936 | 8,326 | 124,373 | — | 223,635 |
| Balance on December 31, 2020 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ 30,708 | \$ (212,766) | \$ 374,001 | \$ (183,035) | \$ 7,543,425 |
| Balance on January 1, 2021 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ 30,708 | \$ (212,766) | \$ 374,001 | \$ (183,035) | \$ 7,543,425 |
| Earnings appropriation and distribution: | | | | | | | | | |
| Provision for legal reserve | — | — | 3,070 | — | (3,070) | — | — | — | — |
| Provision for special reserve | — | — | — | 1,592 | (1,592) | — | — | — | — |

| | | | | | | | | | |
|---|--------------|------------|------------|--------------|----------------|--------------|-----------|--------------|--------------|
| Cash dividends of ordinary shares | — | — | — | — | (9,467) | — | — | — | (9,467) |
| Current net loss | — | — | — | — | (2,349,964) | — | — | — | (2,349,964) |
| Other comprehensive income for the period | — | — | — | — | 38,008 | (11,970) | 97,993 | — | 124,031 |
| Total comprehensive income for the period | — | — | — | — | (2,311,956) | (11,970) | 97,993 | — | (2,225,933) |
| Disposal of investment in equity instruments at fair value through other comprehensive income | — | — | — | — | 471,994 | — | (471,994) | — | — |
| Balance on December 31, 2021 | \$ 4,733,292 | \$ 156,764 | \$ 736,014 | \$ 1,913,109 | \$ (1,823,383) | \$ (224,736) | \$ — | \$ (183,035) | \$ 5,308,025 |

(Please refer to the Notes to the Consolidated Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation and Its Subsidiaries

Consolidated Cash Flow Statement

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | 2021 | 2020 |
|---|----------------|------------|
| Cash flow from operating activities | | |
| Net income (loss) before tax for the period | \$ (2,300,943) | \$ 142,883 |
| Adjustments: | | |
| Income and expenses | | |
| Depreciation expense | 469,640 | 444,561 |
| Amortization expense | 59,855 | 85,264 |
| Expected credit impairment loss (gain) | 4,360 | (11,985) |
| Net gain on financial assets at fair value through profit or loss | (100) | (1,290) |
| Interest expense | 63,641 | 64,779 |
| Interest income | (5,839) | (8,180) |
| Dividend income | (6,324) | (6,324) |
| Gain on disposal of property, plant and equipment | (8,787) | (665) |
| Amount of property, plant and equipment reclassified to expenses | 4,922 | — |
| Impairment losses on non-financial assets | 352,008 | — |
| Gain on adjustment to fair value of investment property | (22,364) | (5,479) |
| Lease modification loss | 77 | — |
| Changes in assets/liabilities related to operating activities: | | |
| Financial assets mandatorily at fair value through profit or loss | — | 1,915 |
| Notes receivable | (34,300) | 8,141 |
| Accounts receivable | 736,361 | (126,934) |
| Other receivables | (12,230) | (2,364) |
| Inventories | 575,202 | (99,042) |
| Prepayments | 56,440 | (29,136) |
| Other current assets | (363) | — |
| Contract liabilities | (11,997) | 10,988 |
| Notes payable | (2,139) | (12,251) |
| Accounts payable | (241,331) | 48,507 |
| Other payables | (349,949) | 192,125 |
| Provision | 53,148 | — |
| Other current liabilities | 2,276 | (31,496) |
| Net defined benefit liability | (69,634) | (22,936) |
| Cash inflow (outflow) from operations | (688,370) | 641,081 |
| Interest received | 5,874 | 8,182 |
| Dividends received | 6,324 | 6,324 |
| Interest paid | (64,336) | (65,637) |
| Income tax paid (refunded) | (21,287) | 4,028 |
| Net cash inflow (outflow) from operating activities | (761,795) | 593,978 |

(Continued on next page)

Federal Corporation and Its Subsidiaries
Consolidated Statement of Cash Flows (Continued)
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | 2021 | 2020 |
|---|--------------|--------------|
| Cash flow from investing activities: | | |
| Disposal of financial assets at fair value through other comprehensive income | \$ 489,443 | \$ — |
| Financial assets at amortized cost acquired | (242,313) | (103,664) |
| Financial assets at amortized cost disposed of | 299,016 | — |
| Financial assets mandatorily at fair value through profit or loss acquired | (45,000) | (45,000) |
| Financial assets mandatorily at fair value through profit or loss disposed of | 90,138 | — |
| Property, plant and equipment acquired | (369,391) | (282,947) |
| Property, plant and equipment disposed of | 54,254 | 705 |
| Increase in guarantee deposits paid | (52,837) | (6,013) |
| Decrease in guarantee deposits paid | 49,370 | 6,204 |
| Intangible assets acquired | (3,895) | — |
| Right-of-use assets acquired | (346) | — |
| Increase in other non-current assets | (21,855) | (127,845) |
| Net cash inflow (outflow) from investing activities | 246,584 | (558,560) |
| Cash flow from financing activities: | | |
| Increase in short-term borrowings | 123,040 | 410,435 |
| Long-term borrowings | 190,510 | 115,969 |
| Repayment of long-term borrowings | (176,755) | (188,833) |
| Increase in guarantee deposits received | 105 | 183 |
| Decrease in guarantee deposits received | (1,737) | (36) |
| Repayment of lease principal | (15,077) | (18,094) |
| Cash dividends paid out | (9,455) | — |
| Net cash inflow from financing activities | 110,631 | 319,624 |
| Effect of changes in exchange rates on cash and cash equivalents | 1,680 | 3,203 |
| Increase (decrease) in cash and cash equivalents in the period | (402,900) | 358,245 |
| Opening balance of cash and cash equivalents | 1,683,679 | 1,325,434 |
| Ending balance of cash and cash equivalents | \$ 1,280,779 | \$ 1,683,679 |
| Reconciliation of cash and cash equivalents at the end of the period | | |
| Cash and cash equivalents in the balance sheet | \$ 1,280,779 | \$ 1,681,441 |
| Cash and cash equivalents classified to the group held for sale and disposal | — | 2,238 |
| Ending balance of cash and cash equivalent | \$ 1,280,779 | \$ 1,683,679 |

(Please refer to the Notes to the Consolidated Financial Report)

Chairman: Chiang, Ching-Hsing

Manager: Chiang, Ching-Hsing

Chief of Accounting Officer: Li, Hsin-Yu

Auditor's Report

NO.23931100A

To Federal Corporation,

Opinion

We have reviewed the accompanying standalone balance sheets of Federal Corporation (the "Company") for the years ended December 31, 2021 and the relevant standalone statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial report presents fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020 and for the years then ended, and its standalone financial performance and standalone cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the standalone financial report". We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial report of the Company for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the standalone financial report as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the standalone financial report of the Company for the year ended December 31, 2021, are stated as follows:

Valuation of inventories

Please refer to Note 4(5) to the standalone financial report for the accounting policy on inventories; please refer to Note 5 to the standalone financial report for the uncertainty of accounting estimates and assumptions of valuation of inventories; please refer to Note 6(6) to the standalone financial report for the description of the accounting of inventories.

The Company's main business includes the design, research and development, and sales of various types of tires. As the cost of inventories is susceptible to the price of raw materials, the competition in the tire industry in recent years has been fierce, and the U.S. sales market is affected by the anti-dumping duties in the final determination by the US Department of Commerce (DOC), the sales volume and sales price of tires are prone to fluctuations. The Company measures the inventories at the lower of cost or net realizable value and the inventories beyond a certain period of age at the net realizable value of goods of similar specifications.

As tires are the main products sold by the Company, and it involves subjective judgments when the management evaluates its net realizable value, which has a material impact on the valuation of inventories, valuation of inventories is listed as one of the key audit matters.

The audit procedures we mainly conducted:

1. Evaluated the reasonableness of the Company's accounting policies, such as the policy of inventory valuation loss or obsolescence.
2. Assessed whether the valuation of inventories has been in alignment with the Company's established accounting policies.
3. Obtained the statement of the net realizable value of inventories on the end of the financial reporting period, checked the data sources, such as the selling price of the goods or the purchase prices used for the net realizable values, and recalculated the allowance for inventory valuation losses to confirm that the accounting estimate was made in alignment with the policy.
4. Understood the process of inventory management, reviewed the annual inventory plan, and participated in annual inventory, while examining inventory details to evaluate the effectiveness of the management team's distinguishing and control of obsolete inventories.

Assessment of impairment of property, plant and equipment

Please refer to Note 4 (10) to the standalone financial report for the accounting policy on impairment of non-financial assets; please refer to Note 5 to the standalone financial report for the uncertainty of accounting estimates and assumptions of impairment of non-financial assets; please refer to Note 6(9) to the standalone financial report for the description of the accounting of property, plant and equipment.

The industrial competition and the U.S. sales market is affected by the anti-dumping duties in the final determination by DOC have caused an impact on the Company's operations. As the assessment of impairment of property, plant and equipment requires an estimation of recoverable amounts through forecasting and discounting of future cash flows and this process itself is highly uncertain, the assessment of impairment of property, plant and equipment is one of our key audit matters.

The audit procedures we mainly conducted:

1. Understood the relevant policies and handling procedures for impairment assessment, and assessed the reasonableness of the management's identification of cash-generating units with potential impairment.
2. Examined the reasonableness of the relevant assumptions regarding the Company's recoverable amounts in an independent appraisal report issued by a third party and assessed the appraiser's qualifications and independence.

Emphasis of matter

As stated in Note 6(7) to the standalone financial report, Federal Corporation originally planned to dispose of the entire equity of Taicheng Development Co., Ltd. and Taixin Construction Co., Ltd., while after the Intellectual Property Court ruled on August 4, 2021 that the claimant was allowed to provide guarantee for the counterparty Federal Corporation, the counterparty Federal Corporation was in a state of suspending the disposal until the lawsuit between both parties was confirmed. Later, both parties, through mediation by the court on October 13, 2021, agreed to proceed as the resolution adopted by the extraordinary shareholders' meeting of the counterparty Federal Corporation on October 15, 2021 to dispose of the equity (or land of Zhongli Plant) of subsidiaries, Taicheng Development Co., Ltd. and Taixin Construction Co., Ltd. Federal Corporation, as approved by the extraordinary shareholders' meeting on October 15, 2021, disposed of the land of the subsidiaries Taicheng Development Co., Ltd. and Taixin Construction Co., Ltd. through public bidding. We did not revise our audit opinion accordingly.

Other matters

The Company's standalone financial report for the year ended December 31, 2020 was audited by other CPAs, by whom an audit report with an unqualified opinion was issued on March 26, 2021.

Responsibilities of the management and the governing bodies for the standalone financial report

The responsibilities of the management are to prepare the standalone financial report with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial report is free from material misstatement arising from fraud or error.

In preparing the standalone financial report, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the standalone financial report

Our objectives are to obtain reasonable assurance on whether the standalone financial report as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the standalone financial report, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the standalone financial report; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may

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

2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the standalone financial report to pay attention to relevant disclosures in said report within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the standalone financial report (including relevant notes), and whether the standalone financial report adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the standalone financial report. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included

the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's standalone financial report for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Baker Tilly Clock & CO

Certified Public Accountant: _____

Chou, Yin-Lai

Certified Public Accountant: _____

Peng, Li-Chen

Approval Document No.: (80) Tai-Cai-Zeng-(VI) No.
53585

Jin-Guan-Zheng-Shen No. 1050025873

March 15, 2022

Federal Corporation
Standalone Balance Sheet

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Assets | | Note | December 31, 2021 | | December 31, 2020 | |
|--------|---|----------------|-------------------|-----|-------------------|-----|
| Code | Account | | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4 and 6(1) | \$ 591,340 | 6 | \$ 774,103 | 5 |
| 1110 | Financial assets at fair value through profit or loss - current | 4 and 6(2) | — | — | 45,038 | — |
| 1136 | Financial assets at amortized cost - current | 4, 6(4), and 8 | 844 | — | 1,156 | — |
| 1150 | Notes receivable, net | 4 and 6(5) | 2,583 | — | 2,441 | — |
| 1170 | Accounts receivable, net | 4 and 6(5) | 246,337 | 2 | 960,232 | 7 |
| 1181 | Accounts receivable - related party | 4 and 7 | 25,511 | — | 646,970 | 5 |
| 1200 | Other receivables | 4 and 7 | 150,792 | 1 | 1,856 | — |
| 1220 | Current income tax assets | 4 and 6(26) | 175 | — | 161 | — |
| 130x | Inventories | 4 and 6(6) | 519,294 | 5 | 649,093 | 5 |
| 1410 | Prepayments | | 81,314 | 1 | 117,945 | 1 |
| 1460 | Non-current assets held for sales | 4 and 6(7) | — | — | 429,966 | 3 |
| 1481 | Right to products returned by customers - current | 4 and 6(21) | — | — | 172,472 | 1 |
| 11xx | Total current assets | | 1,618,190 | 15 | 3,801,433 | 27 |
| | Non-current assets | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 4 and 6(3) | — | — | 391,450 | 3 |
| 1550 | Investment under equity method | 4 and 6(8) | 3,190,168 | 29 | 2,994,327 | 22 |
| 1600 | Property, plant and equipment | 4, 6(9), and 8 | 5,996,071 | 55 | 6,396,230 | 46 |
| 1755 | Right-of-use assets | 4 and 6(10) | 3,928 | — | 9,396 | — |
| 1780 | Intangible assets | 4 and 6(11) | 14,600 | — | 10,531 | — |
| 1840 | Deferred tax assets | 4 and 6(26) | 91,893 | 1 | 98,853 | 1 |
| 1920 | Guarantee deposits paid | 7 and 8 | 44,750 | — | 12,965 | — |
| 1900 | Other non-current assets | 6(12) | 27,790 | — | 169,194 | 1 |
| 15xx | Total non-current assets | | 9,369,200 | 85 | 10,082,946 | 73 |
| 1xxx | Total assets | | \$ 10,987,390 | 100 | \$ 13,884,379 | 100 |

(Continued on next page)

Federal Corporation
Standalone Balance Sheet (Continued)
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Liabilities and Equity | | Note | December 31, 2021 | | December 31, 2020 | |
|------------------------|--|-------------|-------------------|------|-------------------|-----|
| Code | Account | | Amount | % | Amount | % |
| | Current liability | | | | | |
| 2100 | Short-term borrowings | 6(13) | \$ 1,048,607 | 10 | \$ 926,441 | 7 |
| 2130 | Contract liabilities - current | 4 and 6(21) | 22,930 | — | 32,320 | — |
| 2170 | Accounts payable | 6(14) and 7 | 55,934 | 1 | 293,711 | 2 |
| 2200 | Other payables | 6(15) and 7 | 259,057 | 2 | 540,604 | 4 |
| 2250 | Provision - current | 4 and 6(16) | 93,781 | 1 | 38,821 | — |
| 2280 | Lease liabilities - current | 4 and 6(10) | 1,958 | — | 6,416 | — |
| 2322 | Long-term borrowings - current portion | 6(17) | 306,550 | 3 | 297,593 | 2 |
| 2365 | Refund liabilities - current | 4 and 6(21) | 13,871 | — | 226,786 | 2 |
| 2300 | Other current liabilities | | 24,248 | — | 21,401 | — |
| 21xx | Total current liability | | 1,826,936 | 17 | 2,384,093 | 17 |
| | Non-current liability | | | | | |
| 2540 | Long-term borrowings | 6(17) | 3,810,069 | 35 | 3,805,271 | 28 |
| 2580 | Lease liabilities - non-current | 4 and 6(10) | 2,010 | — | 3,079 | — |
| 2640 | Net defined benefit liability - non-current | 4 and 6(18) | 38,643 | — | 145,852 | 1 |
| 2645 | Guarantee deposits received | | 1,707 | — | 2,659 | — |
| 25xx | Total non-current liability | | 3,852,429 | 35 | 3,956,861 | 29 |
| 2xxx | Total liability | | 5,679,365 | 52 | 6,340,954 | 46 |
| | Equity | | | | | |
| 3110 | Ordinary share capital | 6(19) | 4,733,292 | 43 | 4,733,292 | 34 |
| 3200 | Capital reserve | | 156,764 | 1 | 156,764 | 1 |
| | Retained earnings | | | | | |
| 3310 | Legal reserve | | 736,014 | 7 | 732,944 | 5 |
| 3320 | Special reserve | | 1,913,109 | 18 | 1,911,517 | 14 |
| 3350 | Undistributed earnings (deficit to be compensated) | | (1,823,383) | (17) | 30,708 | — |
| 3400 | Other equity | | (224,736) | (2) | 161,235 | 1 |
| 3500 | Treasury stock | | (183,035) | (2) | (183,035) | (1) |
| 3xxx | Total equity | | 5,308,025 | 48 | 7,543,425 | 54 |
| | Total liabilities and Equity | | \$ 10,987,390 | 100 | \$ 13,884,379 | 100 |

(Please refer to the Notes to the Standalone Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation
Standalone Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Code | Item | Note | 2021 | | 2020 | |
|------|---|--------------------|----------------|-------|--------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 4, 6(21), and 7 | \$ 1,190,691 | 100 | \$ 5,399,165 | 100 |
| 5000 | Operating cost | 6 (6 and 27) and 7 | (1,895,492) | (159) | (4,209,110) | (78) |
| 5900 | Gross profit (loss) | | (704,801) | (59) | 1,190,055 | 22 |
| 6000 | Operating expenses | 6(27) and 7 | | | | |
| 6100 | Marketing expense | | (460,704) | (39) | (610,194) | (11) |
| 6200 | Management expense | | (383,063) | (32) | (204,657) | (4) |
| 6300 | R&D expense | | (126,821) | (10) | (123,761) | (2) |
| 6450 | Expected credit impairment gain | 6(5) | 4,832 | — | 2,556 | — |
| | Total operating expenses | | (965,756) | (81) | (936,056) | (17) |
| 6900 | Operating income (loss) | | (1,670,557) | (140) | 253,999 | 5 |
| 7000 | Non-operating revenues and expenses | | | | | |
| 7100 | Interest income | 6(22) and 7 | 2,681 | — | 876 | — |
| 7010 | Other income | 6 (3 and 23) and 7 | 20,194 | 2 | 12,994 | — |
| 7020 | Other gains and losses | 6 (2, 9, and 24) | (426,946) | (36) | (66,391) | (2) |
| 7050 | Financial costs | 6(25) and 7 | (63,573) | (5) | (64,011) | (1) |
| 7070 | Share of profit or loss of subsidiaries recognized using the equity method | 4 | (204,803) | (17) | (12,039) | — |
| | Total non-operating income and expenses | | (672,447) | (56) | (128,571) | (3) |
| 7900 | Net income (loss) before tax | | (2,343,004) | (196) | 125,428 | 2 |
| 7950 | Income tax expense | 4 and 6(26) | (6,960) | (1) | (13,951) | — |
| 8200 | Net income (loss) for the period | | (2,349,964) | (197) | 111,477 | 2 |
| 8300 | Other comprehensive income | | | | | |
| 8310 | Items not reclassified to profit or loss: | | | | | |
| 8311 | Remeasurement of defined benefit plans | 4 and 6(18) | 38,211 | 3 | (19,050) | — |
| 8316 | Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income | 4 and 6(19) | 97,993 | 8 | 124,373 | 2 |
| 8331 | Remeasurement of defined benefit plans of subsidiaries recognized using the equity method | 4 | (203) | — | (1,491) | — |
| 8360 | Items that may subsequently be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of the financial statements of foreign operations | 4 and 6(19) | (11,970) | (1) | 8,326 | — |
| | Other comprehensive income for the period (post-tax profit or loss) | | 124,031 | 10 | 112,158 | 2 |
| 8500 | Total comprehensive income for the period | | \$ (2,225,933) | (187) | \$ 223,635 | 4 |
| | Earnings (loss) per share (NTD) | 6(20) | | | | |
| 9750 | Basic | | \$ (5.11) | | \$ 0.24 | |
| 9850 | Diluted | | \$ (5.11) | | \$ 0.24 | |

(Please refer to the Notes to the Standalone Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation
Standalone Statement of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | Ordinary share capital | Capital reserve | Retained earnings | | | Other equity items | | Treasury stock | Total equity |
|---|------------------------|-----------------|-------------------|-----------------|--|---|--|----------------|--------------|
| | | | Legal reserve | Special reserve | Undistributed earnings (deficit to be compensated) | Exchange differences on translation of the financial statements of foreign operations | Unrealized gain or loss on financial assets at fair value through other comprehensive income | | |
| Balance on January 1, 2020 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ (60,228) | \$ (221,092) | \$ 249,628 | \$ (183,035) | \$ 7,319,790 |
| Current net profits | — | — | — | — | 111,477 | — | — | — | 111,477 |
| Other comprehensive income for the period | — | — | — | — | (20,541) | 8,326 | 124,373 | — | 112,158 |
| Total comprehensive income for the period | — | — | — | — | 90,936 | 8,326 | 124,373 | — | 233,635 |
| Balance on December 31, 2020 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ 30,708 | \$ (212,766) | \$ 374,001 | \$ (183,035) | \$ 7,543,425 |
| Balance on January 1, 2021 | \$ 4,733,292 | \$ 156,764 | \$ 732,944 | \$ 1,911,517 | \$ 30,708 | \$ (212,766) | \$ 374,001 | \$ (183,035) | \$ 7,543,425 |
| Earnings appropriation and distribution: | | | | | | | | | |
| Provision for legal reserve | — | — | 3,070 | — | (3,070) | — | — | — | — |
| Provision for special reserve | — | — | — | 1,592 | (1,592) | — | — | — | — |
| Cash dividends of ordinary shares | — | — | — | — | (9,467) | — | — | — | (9,467) |

| | | | | | | | | | |
|---|--------------|------------|------------|--------------|----------------|--------------|-----------|--------------|--------------|
| Current net loss | — | — | — | — | (2,349,964) | — | — | — | (2,349,964) |
| Other comprehensive income for the period | — | — | — | — | 38,008 | (11,970) | 97,993 | — | 124,031 |
| Total comprehensive income for the period | — | — | — | — | (2,311,956) | (11,970) | 97,993 | — | (2,225,933) |
| Disposal of investment in equity instruments at fair value through other comprehensive income | — | — | — | — | 471,994 | — | (471,994) | — | — |
| Balance on December 31, 2021 | \$ 4,733,292 | \$ 156,764 | \$ 736,014 | \$ 1,913,109 | \$ (1,823,383) | \$ (224,736) | \$ — | \$ (183,035) | \$ 5,308,025 |

(Please refer to the Notes to the Standalone Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Federal Corporation

Standalone Statement of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | 2021 | 2020 |
|--|----------------|------------|
| Cash flow from operating activities | | |
| Net income (loss) before tax for the period | \$ (2,343,004) | \$ 125,428 |
| Adjustments: | | |
| Income and expenses | | |
| Depreciation expense | 407,522 | 421,367 |
| Amortization expense | 57,327 | 82,320 |
| Expected credit impairment gain | (4,832) | (2,555) |
| Net gain on financial assets at fair value through profit or loss | (100) | (1,290) |
| Interest expense | 63,573 | 64,011 |
| Interest income | (2,681) | (876) |
| Dividend income | (6,324) | (6,324) |
| Share of profit or loss of subsidiaries recognized using the equity method | 204,803 | 12,039 |
| Loss (gain) on disposal of property, plant and equipment | (1,208) | 40 |
| Amount of property, plant and equipment reclassified to expenses | 4,922 | — |
| Impairment losses on non-financial assets | 331,032 | — |
| Lease modification gain | (31) | — |
| Changes in assets/liabilities related to operating activities: | | |
| Financial assets mandatorily at fair value through profit or loss | — | 1,915 |
| Notes receivable | (142) | 340 |
| Accounts receivable | 1,003,609 | (252,587) |
| Other receivables | (23,875) | (1,291) |
| Inventories | 302,271 | 3,840 |
| Prepayments | 36,708 | (28,744) |
| Contract liabilities | (9,390) | 9,049 |
| Accounts payable | (237,777) | 44,923 |
| Other payables | (144,669) | 106,786 |
| Provision | 54,960 | — |
| Other current liabilities | 2,847 | (26,798) |
| Net defined benefit liability | (68,998) | (18,606) |
| Cash inflow (outflow) from operations | (373,457) | 532,987 |
| Interest received | 1,282 | 826 |
| Dividends received | 6,324 | 6,324 |
| Cash dividends from investments recognized using the equity method | 17,149 | 34,996 |
| Interest paid | (64,012) | (65,226) |
| Income tax paid (refunded) | (14) | 12 |
| Net cash inflow (outflow) from operating activities | (412,728) | 509,919 |

(Continued on next page)

Federal Corporation
Standalone Statement of Cash Flows (Continued)
For the Years Ended December 31, 2021 and 2020

Unit: NTD thousand

| Item | 2021 | 2020 |
|---|------------|------------|
| Cash flow from investing activities: | | |
| Disposal of financial assets at fair value through other comprehensive income | \$ 489,443 | \$ — |
| Financial assets at amortized cost acquired | — | (545) |
| Financial assets at amortized cost disposed of | 312 | — |
| Financial assets mandatorily at fair value through profit or loss acquired | (45,000) | (45,000) |
| Financial assets mandatorily at fair value through profit or loss disposed of | 90,138 | — |
| Capital returned due to liquidation of investee using the equity method | — | 29,673 |
| Property, plant and equipment acquired | (369,391) | (280,812) |
| Property, plant and equipment disposed of | 1,594 | — |
| Increase in guarantee deposits paid | (45,344) | (6,249) |
| Decrease in guarantee deposits paid | 13,482 | 5,065 |
| Intangible assets acquired | (3,895) | — |
| Increase in other non-current assets | (21,770) | (125,786) |
| Net cash inflow (outflow) from investing activities | 109,569 | (423,654) |
| Cash flow from financing activities: | | |
| Increase in short-term borrowings | 122,166 | 458,508 |
| Long-term borrowings | 190,510 | 115,969 |
| Repayment of long-term borrowings | (176,755) | (188,833) |
| Increase in guarantee deposits received | 3 | 20 |
| Decrease in guarantee deposits received | (955) | (18) |
| Repayment of lease principal | (5,118) | (7,828) |
| Cash dividends paid out | (9,455) | — |
| Net cash inflow from financing activities | 120,396 | 377,818 |
| Increase (decrease) in cash and cash equivalents in the period | (182,763) | 464,083 |
| Opening balance of cash and cash equivalents | 774,103 | 310,020 |
| Ending balance of cash and cash equivalents | \$ 591,340 | \$ 774,103 |

(Please refer to the Notes to the Standalone Financial Report)

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Attachment 4

Federal Corporation Statement of Deficit Compensation 2021

Unit: NTD

| Item | Amount |
|--|-----------------|
| Opening balance | 16,578,818 |
| Add: Adjustment to 2021 retained earnings | 510,001,642 |
| Undistributed earnings after adjustment | 526,580,460 |
| Less: Net loss after tax for the year | (2,349,963,706) |
| Deficit to be compensated at the end of the period | (1,823,383,246) |

Note 1

Note 1: Other comprehensive income - Actuarial gains and losses on defined benefits: \$38,211,218 for Federal Corporation; \$203,274 for Federex, totaling \$38,007,944. Gains on the sale of securities: \$228,145,928 for Ford Lio Ho and \$243,847,770 for Chiuo Ho Automotive, totaling \$471,993,698.

Chairman: Chiang, Ching-Hsing Manager: Chiang, Ching-Hsing Chief of Accounting Officer: Li, Hsin-Yu

Appendices

Appendices 1

Federal Corporation Articles of Incorporation

- Article 1 The Company is incorporated pursuant to the provisions of company limited by shares in the Company Act, and named as 泰豐輪胎股份有限公司 (or 泰豐輪胎公司) in Chinese, and FEDERAL CORPORATION in English.
- Article 2 The Company operates the following business:
- I. C804010: Tire Manufacturing.
 - II. C804020: Industrial Rubber Products Manufacturing.
 - III. C804990: Other Rubber Products Manufacturing
 - IV. F114030: Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
 - V. F114050: Wholesale of Tires.
 - VI. F214030: Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
 - VII. F214050: Retail Sale of Tires.
 - VIII. F401010: International Trade.
 - IX. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The total amount of Company's reinvestments are not subject to the restriction set forth in the Company Act.
- Article 4 The Company may make endorsement or guarantee if required by the business.
- Article 5 The Company and the plant are located in Taoyuan City. If required, the branches, plants, or offices may be set up domestically or internationally upon the board of directors' resolutions.
- Article 6 The Company makes announcement pursuant to the Company Act and other related laws and regulations.
- Article 7 The Company's capital is set at Ten Billion New Taiwan Dollars, and divided into One Billion Shares at the par value of Ten New Taiwan Dollars; the board of directors is authorized to issue the shares in batches, and some of the shares may be preferred shares.
- Article 7-1 The Company may issued the A-preferred shares; the rights and obligations, and other important issuance terms are set forth below:
- I. The maximum yield of preferred share dividend is 8% per annum, and calculated based on the issuance price per share. The dividends may be paid annually in

cash, and the board of directors or the chairman authorized by the board of directors' resolution will decide the base date, to pay the dividends from the previous year. The dividends for the issuance year and collection year are calculated based on the actual days of being issued in such years.

- II. The Company has full discretion upon the distribution of such preferred share dividend. Where the Company has no surplus, or the surplus is not enough to pay the dividends up on the annual settlement, or due to other necessary consideration, the Company is entitled, upon the resolution of the board of directors, not to distribute the preferred share dividends, and such act shall not constitute a breach of the contract. The preferred shares are non-cumulative; the dividends not distributed or not fully distributed do not accumulated and deferred to be distributed in the year with surplus.
- III. The shareholders of the preferred shares, other than the dividends set forth in Subparagraph 1 of the paragraph, are not entitled to participate the distribution of earnings, the cash capital reserve, and equity capital for the common shares.
- IV. The preferred shares are not convertible to common shares.
- V. The shareholders of the preferred shares has higher seniority than the shareholders of common shares when distributing the Company's residual properties, and identical seniority of the shareholders of other preferred shares, lower than general creditors; such distribution is limited to the amount of outstanding issued preferred shares at the issuance price.
- VI. The shareholders of the preferred shares have no voting right and election right in the common shareholders' meetings, but have the voting rights in the preferred shareholders' meetings, and the shareholders meeting where the adverse proposal to the preferred shareholders' rights and obligations will be voted.
- VII. There is no expiry date for the preferred shares. The shareholders of the preferred shares are not entitled to request the Company collect the preferred shares in possession of the shareholders; provided, the Company may collect, all or in part, of the preferred shares at the original issuance price any time since the first day of the 5th year. The rights and obligations of uncollected preferred shares remain the same. Where the Company resolves to distribute dividends, the dividends to be paid as of the collection day is calculated based on the actual days of being issued of the year.
- VIII. The capital reserve from the premium issuance of the preferred shares must not set aside as equity capital other than offsetting the deficit during the issuance.

The name, issuance date, and specific issuance term of the preferred shares are authorized to the board of directors to be decided at the time of issuance, depending on the capital market conditions and the investors' willingness of subscription, pursuant to the Articles of Incorporation and related laws and regulations.

Article 7-2 The Company may issue the B-preferred shares; the rights and obligations, and other important issuance terms are set forth below:

- I. The maximum yield of preferred share dividend is 8% per annum, and calculated based on the issuance price per share. The dividends may be paid annually in cash, and the board of directors or the chairman authorized by the board of directors' resolution will decide the base date, to pay the dividends from the previous year. The dividends for the issuance year and collection year are calculated based on the actual days of being issued in such years.
- II. The Company has full discretion upon the distribution of such preferred share dividend. Where the Company has no surplus, or the surplus is not enough to pay the dividends up on the annual settlement, or due to other necessary consideration, the Company is entitled, upon the resolution of the board of directors, not to distribute the preferred share dividends, and such act shall not constitute a breach of the contract. The preferred shares are non-cumulative; the dividends not distributed or not fully distributed do not accumulate and deferred to be distributed in the year with surplus.
- III. The shareholders of the preferred shares, other than the dividends set forth in Subparagraph 1 of the paragraph, are not entitled to participate the distribution of earnings, the cash capital reserve, and equity capital for the common shares.
- IV. The preferred shares cannot be converted within 3 years upon the issuance date. The board of directors is authorized to decide the convertible period in the actual issuance terms. The shareholders of the convertible preferred shares may apply to convert all or part of the preferred shares in their possession pursuant to the issuance terms, at the ratio of one preferred share to one common share (conversion ratio: 1:1). The rights and obligations of the preferred shares, after converted to the common shares, become the same as the preferred shares. The preferred shares converted to common shares before the ex-right (dividend) date of the year, are eligible for the earning and capital reserve distribution of the common shares for the year, but not eligible for the distribution of the preferred share dividends. The preferred shares converted to common shares after the ex-right (dividend) date of the year, are eligible for distribution of the

preferred share dividends, but not eligible for the earning and capital reserve distribution of the common shares. As the principle, the dividends of common shares and preferred shares are not distributed to the same shares in the same year.

- V. The shareholders of the preferred shares has higher seniority than the shareholders of common shares when distributing the Company's residual properties, and identical seniority of the shareholders of other preferred shares, lower than general creditors; such distribution is limited to the amount of outstanding issued preferred shares at the issuance price.
- VI. The shareholders of the preferred shares have the voting rights and election rights in the common shareholders' meetings, and identical to the shareholders of common shares.
- VII. There is no expiry date for the preferred shares. The shareholders of the preferred shares are not entitled to request the Company collect the preferred shares in possession of the shareholders; provided, the Company may collect, all or in part, of the preferred shares at the original issuance price any time since the first day of the 5th year. The rights and obligations of uncollected preferred shares remain the same. Where the Company resolves to distribute dividends, the dividends to be paid as of the collection day is calculated based on the actual days of being issued of the year.
- VIII. The capital reserve from the premium issuance of the preferred shares must not set aside as equity capital other than offsetting the deficit during the issuance.

The name, issuance date, and specific issuance term of the preferred shares are authorized to the board of directors to decided at the time of issuance, depending on the capital market conditions and the investors' willingness of subscription, pursuant to the Articles of Incorporation and related laws and regulations.

Article 7-3 The Company may issued the C-preferred shares; the rights and obligations, and other important issuance terms are set forth below:

- I. The maximum yield of preferred share dividend is 4% per annum, and calculated based on the issuance price per share. The dividends may be paid annually in cash, and the board of directors or the chairman authorized by the board of directors' resolution will decide the base date, to pay the dividends from the previous year. The dividends for the issuance year and collection year are calculated based on the actual days of being issued in such years.
- II. The dividends that are not distributed when there is no surplus, or the surplus

is insufficient to pay the preferred share dividends upon annual settlement, such dividends undistributed or not distributed in full shall be accumulated and made up first in the year with surplus.

- III. The shareholders of the preferred shares, other than the dividends set forth in Subparagraph 1 of the paragraph, are not entitled to participate the distribution of earnings, the cash capital reserve, and equity capital for the common shares.
- IV. The preferred shares cannot be converted within 3 years upon the issuance date. The board of directors is authorized to decide the convertible period in the actual issuance terms. The shareholders of the convertible preferred shares may apply to convert all or part of the preferred shares in their possession pursuant to the issuance terms, at the ratio of one preferred share to one common share (conversion ratio: 1:1). The rights and obligations of the preferred shares, after converted to the common shares, become the same as the preferred shares. The preferred shares converted to common shares before the ex-right (dividend) date of the year, are eligible for the earning and capital reserve distribution of the common shares for the year, but not eligible for the distribution of the preferred share dividends. The preferred shares converted to common shares after the ex-right (dividend) date of the year, are eligible for distribution of the preferred share dividends, but not eligible for the earning and capital reserve distribution of the common shares. As the principle, the dividends of common shares and preferred shares are not distributed to the same shares in the same year.
- V. The shareholders of the preferred shares has higher seniority than the shareholders of common shares when distributing the Company's residual properties, and identical seniority of the shareholders of other preferred shares, lower than general creditors; such distribution is limited to the amount of outstanding issued preferred shares at the issuance price.
- VI. The shareholders of the preferred shares have the voting rights and election rights in the common shareholders' meetings, and identical to the shareholders of common shares.
- VII. There is no expiry date for the preferred shares. The shareholders of the preferred shares are not entitled to request the Company collect the preferred shares in possession of the shareholders; provided, the Company may collect, all or in part, of the preferred shares at the original issuance price any time since the first day of the 5th year. The rights and obligations of uncollected preferred

shares remain the same. Where the Company resolves to distribute dividends, the dividends to be paid as of the collection day is calculated based on the actual days of being issued of the year.

VIII. The capital reserve from the premium issuance of the preferred shares must not set aside as equity capital other than offsetting the deficit during the issuance.

The name, issuance date, and specific issuance term of the preferred shares are authorized to the board of directors to decided at the time of issuance, depending on the capital market conditions and the investors' willingness of subscription, pursuant to the Articles of Incorporation and related laws and regulations.

Article 8 The shares of the Company are registered shares, and are issued after sealed or signed by the director representing the Company, and certified pursuant to laws. The shares issued by the Company may be printed in the form of certificate at the total issuance shares; the shares may be exempted from printing, but shall be registered with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 9 Assignment, transfer, inheritance, gift, pledge, loss, destruction or other shareholder services, shall comply with the Company Act and related regulations. Taiwan Depository & Clearing Corporation may request to issue certificate with higher par value by combining shares.

Article 10 There are general and extraordinary shareholders' meetings, which shall be convened in accordance with laws. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting and may be distributed in the form of public announcement.

Extraordinary meetings may be convened at any time as needed in accordance with relevant laws.

Article 11 Except for restrictions in accordance with relevant laws and regulations, the Company's shareholder shall be entitled to one vote for each share held.

Article 12 A shareholders' meeting or a Board meeting shall be chaired by the Chairman. When the Chairman is absent for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair.

Article 13 The Company sets seven to eleven directors, who are elected by the shareholders'

meeting among these competent. The director's term of office is three years, and directors may be re-elected consecutively. The total shares held by all the directors must not lower than a certain percentage required by the competent authority of the total paid-in shares.

Among the said number of the directors, the independent directors must not fewer than three, not less than one-fifth of the directors' seats. The election of directors shall adopt the candidate nomination system set forth in Article 192-1 of the Company Act, and the shareholders shall elect from the list of the director and independent director candidates. The approach of receiving nomination and announcement, among other matters, shall comply with the related provisions of the Company Act and Securities and Exchange Act.

The Company established the "Audit Committee" pursuant to Article 14-4 of the Securities and Exchange Act, consisting of all independent directors.

The number, term of office, power, and rules of meeting procedures of the Audit Committee shall be determined by the Audit Committee Charter that is established pursuant to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

- Article 14 The Chairman shall be elected by more than half of the attending directors from among themselves at a Board meeting attended by more than two-thirds of all directors. The Chairman is in charge of all business at the Company internally and represents the Company externally.
- Article 15 The directors all serve as the Company's managerial officers or employees are paid with the salaries as general employees, other than the transportation subsidies to the directors.
- Article 16 The board of directors exercise the powers granted by the Company Act and shareholders' meeting. Where the board meeting cannot be held after being legally convened by listing convention causes, the chairman may be authorized to determine the originally listed convention causes within the authorization, and such decisions will be ratified when the board meeting is convened successfully.
- Article 17 Directors may appoint proxies to attend the board meeting on their behalf, but one proxy may be appointed by one director only. The board meetings may be convened in writing, by the means of fax or email.

Article 18 The Company may cover all directors and key executives with the liability insurance.

Article 19 The board of directors, shall be authorized to determine the Chairman's and directors' remuneration based on the degree of their participation in the Company's operations and the value of individuals' contribution, while with reference to the general standards in the industry.

Article 20 The Company may appoint a number of managerial officers, whose appointment, dismissal, and remuneration shall be decided by the board of directors.

Article 21 The Company's fiscal year starts from January 1 to December 31 each year. After annual financial statements are prepared, the Board of Directors shall, in accordance with the Company Act, prepare relevant documents and proposals and submit them to the general shareholders' meeting for approval.

Article 22 If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate no less than 1% of the balance as employee remuneration and no more than 3% as directors' remuneration. However, profits must first be reserved to offset against the cumulative deficit (including adjusted undistributed earnings), if applicable.

Said employee remuneration can be paid in stock or cash, and the recipients of the payment include employees of subsidiaries who met the criteria set by the Board of Directors. The director's remuneration in the preceding paragraph can only be paid in cash.

Employee remuneration and directors' remuneration shall be decided by the Board of Directors and reported to the shareholders' meeting.

Article 22-1 Where the Company makes a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, setting aside an amount for a special reserve in accordance with regulations, and then any remaining profit for the year may be used to distribute dividends on preference shares for the year first; any remaining balance, together with any undistributed earnings at the beginning of the period (including adjusted undistributed earnings), shall be adopted by the Board of Directors as the basis for making a distribution proposal for stock dividends, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholders' dividends and bonuses. If it is paid out in the form of cash dividends, the decision shall be resolved by attended by more than half of the directors present at a Board

meeting attended by more than two-thirds of all directors on the Board and reported to the shareholders' meeting

The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders' interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment plans, future development, and other factors, the earnings may be retained.

Article 23 The Articles of Incorporation take effect after the resolution was adopted by the shareholders' meeting.

Article 24 Any matter not mentioned the Articles of Incorporation shall comply with the Company Act and other laws and regulations.

Article 25 The Articles of Incorporation were formulated on September 19, 1955; the 47th amendment was made on August 31, 2021.

Appendix 2

Federal Corporation

Rules of Procedure for Shareholders Meetings

- I. The Company's shareholders' meetings shall be governed by these Rules, unless otherwise stipulated by laws and regulations.
- II. The term "shareholders" as mentioned in these Rules refers to the shareholders and the proxies they entrust.
- III. Attending shareholders shall bring their attendance cards and hand in the sign-in cards in lieu of signing in. If a sign-in card is handed in to the Company, it will be deemed that the shareholder or proxy specified in the sign-in card is present in person, and the Company shall not be responsible for identification. The number of shares in attendance shall be counted according to the shares indicated in the sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by electronic means.
- IV. Attendance and voting at shareholders' meetings shall be counted based on numbers of shares. The number of representatives designated by the government or institutional shareholders to attend a shareholders meeting shall not exceed the total number of the current term of directors (including independent directors). When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. 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.
- V. The venue for a shareholders' meeting shall be the Company's premises or plant premise or a place that is 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.
- VI. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall appoint one of the directors to act as the chair. Where the Chairman fails to make such a designation, the directors shall select from among themselves one person to serve as the chair. If 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.
- VII. The chair shall call the meeting to order upon the meeting time and disclose information concerning the number of non-voting shares and number of shares represented by

shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of outstanding 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 attending shareholders still represent less than the required total number of outstanding shares after two postponements, the chair shall declare the meeting adjourned; however, attending shareholder represent at least one third of outstanding shares, tentative resolutions may be passed in accordance with Article 175, Paragraph 1 of the Company Act. 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 meeting pursuant to Article 174 of the Company Act.

- VIII. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.
- IX. 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.
- X. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs. After the meeting is adjourned, shareholders may not nominate another chair or seek another venue for continuation of the meeting.
- XI. (Deleted).
- XII. If a shareholder proposes to count the number of attendees, the chair may refuse to accept it. When a proposal is put to a vote, if the number as required by law has been reached, the resolution will still be passed.
- XIII. A shareholder wishing to speak at a shareholders meeting shall first fill out a slip, specifying therein the major points of their speech, attendance card number and name, and the chair shall determine their order of giving a speech. A shareholder who submits a speech slip without giving a speech shall be considered as not having given a speech. If the contents of the speech are different from those specified on the slip, the contents of their speech shall prevail. When shareholders who limit the scope of authority of their proxies in the proxy form or in other methods, regardless of whether the Company is aware of the limited authority, the speech or voting by the proxies shall prevail.
- XIV. 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 proposal, the chair may have the shareholder stop the speech.

- XV. During an attending shareholder's speech, the chair may respond in person or direct relevant personnel to respond.
- XVI. If it is not a proposal, it will not be discussed or voted on. When a proposal is being discussed, the chair may announce the discussion closed and put proposals to vote. Several proposals may be voted on at the same time, but the votes for each proposal shall be counted separately.
- XVII. Except as otherwise provided in laws and regulations, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (or proxies). When a proposal is put for a vote, if the chair puts the matter before all attending shareholders and none voices an objection, the matter is deemed approved. 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.
- XVIII. Except for restrictions in accordance with relevant laws and regulations, a shareholder shall be entitled to one vote for each share held.
- XIX. 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.
- XX. Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chair, provided that all scrutineers be shareholders of the Company. The results of the voting shall be announced on-site at the meeting and recorded.
- XXI. The election of directors at a shareholders' meeting shall be held in accordance with the Company's Rules of Election of Directors, and the voting results shall be announced on-site immediately, including the names of those elected as directors and those failed to be elected and the numbers of votes they won.
- XXII. The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity. Those handling the business of a shareholders' meeting shall wear an ID badge or an armband.
- XXIII. The Company shall make an audio and video recording of the entire shareholders' meeting and retain such recordings for at least a year.
- XXIV. 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

venue, they shall wear an armband, reading "Proctor", or an ID badge.

XXV. When a meeting is in progress, the chair may announce a break based on time considerations.

XXVI. Matters not specified in these Rules shall be handled in accordance with the Company Act and other relevant laws and regulations.

XXVII. These Rules and any amendments thereto shall come into force after being approved by the shareholders' meeting.

The 1st amendment was made on June 15, 2015.

The 2nd amendment was made on August 31, 2021.

Appendix 3

Federal Corporation Procedures for Acquisition or Disposal of Assets

- Article 1 Purpose
To protect investments and implement the information disclosure, the Company shall comply with the Procedures when acquiring or disposing of assets.
- Article 2 Basis
The Procedures are handled pursuant to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.” Provided, the related financial laws and regulations provided otherwise, such laws and regulations shall prevail.
- Article 3 The applicable scopes of the “assets” in the Procedures
- 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 Assessment procedures
- I. In acquiring or disposing of securities not trading on securities exchanges or OTC markets, the net worth per share, profitability, potential of future development, market interest rates, coupon rate of bonds, credibility of debtors, and trading price at the time shall be taken into account to decide the price.
 - II. In acquiring or disposing of securities trading on securities exchanges or OTC markets, the price is based on the equity or bond price at the time.
 - III. The mergers and consolidations, splits, acquisitions, and assignment of shares

shall comply with Article 16.

- IV. In acquiring or disposing of assets other than the preceding three paragraphs, the Company shall select either price comparison, negotiation, or tender to engage in the transaction, and the prices shall be determined by referring to the appraised current value, publicly announced current value or the actual transaction price of the real properties in the neighborhood; for these meeting the public announcement and report criteria in the Procedures, the appraisal reports by the professional appraisers shall also be referred to.

Article 5 Procedures for Acquisitions or Disposals of Assets

The related party transactions, engagement in derivative trading, mergers, demergers, acquisitions, or transfer of shares shall comply with Article 10 to 18 and the following procedures:

- I. In acquiring or disposing of assets, the unit in charge shall evaluate the reason of acquisition or disposal, target, counterparty, transfer price, payment terms, and price reference, and present to the officers with authority to approve, for executions by the related management department. Such matters shall comply with the Company's internal control related operational regulations and the Procedures.
- II. The Finance Department is in charge of the investment in the long- and short-term securities; for real properties and other fixed assets, the execution units are the unit using the assets and other related units. For assets other than investment in securities, real-properties, and other fixed assets, the acquisition or disposal are conducted after the evaluation of the execution units.
- III. The operations related to the acquisition or disposal of assets shall comply with the internal control related regulations. For any material violation, the disciplinary actions will be taken against related personal pursuant to the Company's regulation of reward and punishment to the employees.
- IV. For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million equivalent, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence, and comply with the following:
 1. Where due to special circumstances it is necessary to give a limited

price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 3. In case of any of the following circumstances, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of Taiwan, and express a concrete opinion about the reasons for the difference and the fairness of the transaction price:
 - (1) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- V. When acquiring or disposing of securities, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence. If the accountant needs to use an expert report, he should follow the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. 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.
- VI. Other than dealing with domestic government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price, and the accountant shall comply with

Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling.

- VII. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 7, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items 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.
- VIII. 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.
- IX. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 2. May not be a related party or de facto related party of any party to the transaction.
 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:
 - (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion

shall be fully and accurately specified in the case working papers.

- (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6 Authority of approval

When the transaction amount is within NT\$300 million (inclusive), the chairman is authorized to handle based the Company's authority of approval. If exceeding NT\$300 million, the resolution of the board of director to authorize the chairman to handle shall be obtained in advance.

Article 7 Criteria of public announcement and report

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

- 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% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For a public company whose paid-in capital is NT\$10 billion or more,

the transaction amount reaches NT\$1 billion or more.

- V. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- VI. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- VII. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: provided, this shall not apply to the following circumstances:
1. Trading of domestic government bonds.
 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty

within the preceding year.

3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

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

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

Article 8 Deadline of public announcement and report

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

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

Article 9 Investment limit

Other than acquiring assets for business use, the Company and subsidiaries may invest to purchase the real properties and securities not for business use; the limits are as following:

- I. Total amount of investment in real properties not for business use: not exceeding 40% of the Company's paid-in capital; not exceeding 20% of the parent's paid-in capital.
- II. Total amount of investment in securities: the net amount of the long- and short-term equity investments of the Company and the subsidiaries shall be aggregated, and after deducting the repetitive calculation due to the parent-subsidiary relationship, the balance shall not exceed 150% of the shareholder's equity in the latest financial statement; for each subsidiary, not exceeding 30% of the shareholder's equity of the parent.
- III. Limit of investment in one single security: not exceeding 100% of the shareholder's equity in the latest financial statement for the Company; for each subsidiary, not exceeding 20% of the shareholder's equity of the parent.

Article 10 Related party transaction

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as per the regulations, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall obtain an appraisal report from a professional appraiser or a CPA's opinion. The transaction amount shall be calculated in accordance with Article 7, Paragraphs 2 and 3. When whether a transaction counterparty is a related party is judged, in addition to legal formalities, the substance of the relationship shall also be considered.

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

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

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, Paragraph 2 herein, and within the preceding year as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of equipment or right-of-use assets thereof held for business use, or real property right-of-use assets held for business use, when to be conducted between the Company and its subsidiaries, the Company's board of directors may pursuant to Article 6, Paragraph 1, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting

Article 12 The Company when acquires real property or right-of-use assets thereof from a related party, shall evaluate the reasonableness of the transaction costs; if one of the following circumstances exists, the Company shall also engage a CPA to check the appraisal and render a specific opinion:

- I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. 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.

- III. 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.
- IV. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 13 When the results of the Company's appraisal conducted in accordance with the requirement are uniformly lower than the transaction price, the following matter shall be handled:

- I. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.
- II. The Audit Committee shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the Subparagraph 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

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

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

Article 14 Disclosures in the financial statements

When an acquisition or disposal of asset reaches the criteria of public announcement and report set forth in Article 7, and the counterparty is a related party, the content of the public announcement shall be disclosed in the note of the financial statement, and report to the shareholders' meeting.

Article 15 Guidelines of engaging in derivative tradings

When engaging in derivatives trading, the Company shall comply with the following guidelines, and pay strict attention to control of the following important risk management and auditing matters, as implementation of internal control.

- 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. Principle of trading (type of trading, hedging strategy, total amount of contract, and maximum loss for all and single contract):
 1. The derivatives to be engaged in trading, shall be these derivatives within the extent specified in Paragraph 1, and must be related to the Company’s business.
 2. The hedging strategies of the derivatives trading, as a principle, shall aim to hedge the foreign exchange income, expense, assets and liabilities generated from the Company’s operation.
 3. Regarding the total contractual amount of the engagement in derivatives trading, for the sales in advance, the amount shall not exceed 85% of the account receivables of export generated from the Company’s operation; for purchase in advance, the amount shall not exceed 85% of the sum of account payables of import generated from the Company’s operation and foreign currency borrowing.
 4. The maximum losses for all and single contract, shall not exceed 30% of the contractual amount. When the loss exceeds the pre-defined stop lost point, the countermeasure shall be proposed immediately, to be reported to the President or the officer authorized by the President for decision.
- III. Operational procedures and duty segregation
 1. The trading of derivatives shall be operated prudentially within the authorized limits based on the price and structure of the intended derivatives by the Finance Department according to the Company’s actual demands; and for the existing or potential interest rate or foreign exchange rate risks, the changes and trends of long-term interest rate or foreign exchange rate shall be reviewed.
 2. The authorized trading personnel shall engage in tradings based on the

limits set forth in Item 3 of Subparagraph 2 of Paragraph 1 of Article 15, and upon the evaluations of officers. The authorized limits and levels are as following:

| | |
|----------------------------|-----------------------------------|
| Level | Authorized limit for each trading |
| President | More than US\$300,000 |
| Head of Finance Department | US\$300,000 or less |

or approved by the deputy of the said personnel, and forwarded to the said personnel to sign later.

3. The Company, when 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, by the Finance Department.

IV. Accounting treatment

The accounting treatment and the recognition of profit and loss shall comply with the finance and accounting principles and related laws and regulations. The records of derivatives trading activities shall clearly reflect all the positions, types, maturities, current market values, and costs.

V. Essentials of performance evaluation

The trading personnel engaging in derivatives trading shall evaluate the benefits of the operated contracts weekly, and provide the concrete information and expected approach of the said derivatives' trends, for the management's reference.

VI. Internal control

1. The risk management scope includes:

Credit risk: The counterparties are limited to these banks having business relationship with the Company, or internationally renown financial institutions, with the ability to provide professional information, as a principle.

Market risk: For derivatives, the risks resulted from changes of interest and exchange rates, or other factors resulted market price changes shall be under control all the time.

Liquidity risk: To ensure the liquidity, the counterparties shall have sufficient equipment, information, and capabilities.

Cash flow risk: Sufficient quick assets and financing facilities shall be maintained for the funds required for settlements.

Operational risk: The authorized limits and operational process shall be specified to avoid any operational risk.

Legal risk: The contracts entered by the Company and the counterparties shall meet the legal requirements.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. The evaluation report shall specify if the trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
6. 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. When irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the board of directors;
7. Supervise trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors

VII. Internal audit

The 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 prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 16 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares
The Company, when conducting a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100%

of the respective subsidiaries' issued shares or authorized capital.

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 the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article 17 The Company, when participating in a merger, demerger, or acquisition, shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, 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:

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.

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.

Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Paragraph 3 and 4.

- Article 18 When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- I. 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.
 - II. An action, such as a disposal of major assets, that affects the company's financial operations.
 - III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares

- Article 19 Regulations for the subsidiary's acquisition and disposal of assets
- I. The "subsidiary" in the Procedures, refer to the following international or domestic companies controlled, directly or indirectly, by the Company:
 1. The investees in which the Company holds more than 50% of issued

- stake with voting rights directly.
2. The investees in which the Company holds more than 50% of issued stake with voting rights via subsidiaries; so on and so forth.
 3. The investees in which the Company holds more than 50% of issued stake with voting rights directly and via subsidiaries; so on and so forth.
- II. When acquiring and disposing of assets, the subsidiaries shall comply with the parent's regulations.
 - III. Information required to be publicly announced and reported in accordance with Article 7 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the Company.
 - IV. For the calculation of 20% of paid-in capital, or 10% of total assets in paragraph 1 of Article 7 applicable to the subsidiary in the preceding paragraph, the Company's paid-in capital or total assets shall prevail.
 - V. The subsidiary also shall establish and implement the operation procedures pursuant to the Procedures and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 20 Anything not mentioned in the Procedures shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and related laws and regulations.

Article 21 Date of implementation

The Procedures shall be approved by the Audit Committee, resolved by the board of directors, and submitted to the shareholders' meeting for approval; the same applies to the amendment.

The establishment or amendment shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

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

Established on June 6, 2003.

The 1st amendment was made on June 11, 2004.

The 2nd amendment was made on June 14, 2006.

The 3rd amendment was made on June 15, 2007.

The 4th amendment was made on June 6, 2012.

The 5th amendment was made on June 4, 2013.

The 6th amendment was made on June 12, 2014.

The 7th amendment was made on June 15, 2017.

The 8th amendment was made on June 17, 2019

The 9th amendment was made on amendment was made on June 19, 2020.

Appendix 4

Federal Corporation List of Directors' Shareholdings

Record date: April 16, 2022

| Title | Name | | Shareholding on the book closure date |
|---|---|--------------------------|--|
| | | | Number |
| Chairman | Representative of Nankang Rubber Tire Corp., Ltd. | Chiang, Ching-Hsing | 148,768,000 |
| Director | | Chen, Hsueh- Sheng | |
| Director | | Huang, Tai- Feng | |
| Director | Representative of Taiwan Insulation Applied Technology Co. | Ko, Tso- Liang | 20,000 |
| Director | Representative of Huan-Xiang Investment Co., Ltd. | Yu, Chih- Ching | 15,605,882 |
| Director | | Fang, Hsiang-Chi | |
| Independent Director | Yao, Wen-Liang | | 0 |
| Independent Director | Cheng, Fu-Yueh | | 0 |
| Independent Director | Chao, Shih-I | | 0 |
| Total number of shares held by directors (excluding independent directors) | | | 164,393,882 |
| Minimum number of shares held by all directors as required by law | | | 16,000,000 |
| Number of outstanding shares | | | 473,329,207 |