



THE DISPLAY CHOICE
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Stock Code: 9912

2026 Annual Shareholders' Meeting Meeting Handbook

Associated Industries China, Inc.



June 18, 2026

4F., No.19-11, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan

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

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Associated Industries China, Inc.

2026 Annual General Meeting Agenda

Time: 9:00 a.m., June 18, 2026 (Thursday)

Venue: 4F., Block E, No. 19-11, Sanchong Rd., Nangang Dist., Taipei City (Nankang Software Incubator)

Type of meeting: In person

Meeting Procedure:

One. Call Meeting to Order

Two. Chairperson's Address

Three. Report Items

- I. 2025 Business Report
- II. 2025 Audit Committee's Review Report
- III. Report on 2025 Distribution of Remuneration to Employees and Directors
- IV. Report on 2025 Remuneration to Directors
- V. Report on 2025 Loaning of Funds to Others
- VI. Report on 2025 External Endorsements/Guarantees
- VII. Report on 2025 Derivative Transactions

Four. Ratifications

- I. Ratification of the 2025 Business Report and Financial Statements.
- II. Ratification of the 2025 Deficit Compensation Proposal.

Five. Discussion Items

- I. Discussion on the Amendments to the Company's "Articles of Incorporation"
- II. Discussion on the Amendments to the Company's "Procedures for Acquisition or Disposal of Assets"

Six. Election Matters

- I. By-election of Independent Director

Seven. Other Motions

- I. Removal of non-competition restrictions on new independent directors

Eight. Extraordinary Motions

Nine. Adjournment

Report Items

- I. 2025 Business Report, submitted for review.
Description: Please see Attachment 1 of the Handbook.
- II. 2025 Audit Committee's Review Report, submitted for review.
Description: Please see Attachment 2 of the Handbook.
- III. Report on 2025 Distribution of Remuneration to Employees and Directors, submitted for review.
Description: 1. In accordance with Articles of Incorporation, Article 19-1, if the Company is profitable for the year, it shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration.
2. The Company suffered pre-tax losses for 2025. Therefore, no director and employee remuneration shall be distributed for 2025 according to Article 19-1 of the Company Act and the Articles of Incorporation. The aforementioned non-distribution of Director remuneration and employee compensation had been approved by the Remuneration Committee and Board of Directors by resolutions.
- IV. Report on 2025 Remuneration to Directors, submitted for review.
Description: The Company's director remuneration policy is implemented according to Article 21 of the Company's Articles of Incorporation and remuneration policy provisions. The Board of Directors shall be authorized to determine the directors' remuneration for performing their duties by evaluating their participation value and contribution to the Company according to the industry standards. If a director or director representative is an employee of the Group company and receives employee compensation, no additional payment shall be made. Article 19-1 of the Company's Articles of Incorporation and remuneration policy provisions stipulated that no more than 2% of the annual profit shall be allocated for directors' remuneration, and independent directors shall not participate in the surplus distribution. For the details of 2025 individual remunerations to directors, please see Attachment 3 of the Handbook.
- V. Report on 2025 Loaning of Funds to Others, submitted for review.
Description: As of December 2025, no loan had been provided to other parties.
- VI. Report on 2025 External Endorsements/Guarantees, submitted for review.
Description: As of December 2025, the endorsement and guarantee provided to other parties amounted to NT\$190,000 thousand. The actual disbursement amounted to NT\$18,952 thousand.
- VII. Report on 2025 Derivative Transactions, submitted for review.
Description: As of December 2025, no derivative transaction was written off.

Ratifications

- Proposal 1 (Proposed by the board)
Cause of motion: Ratification of the Business Report and Financial Statements for 2025, submitted for ratification.
Description: 1. The Consolidated and Standalone Financial Statements for 2025 were ratified by the Board of Directors by resolution on March 11, 2026, which had been audited

- by KPMG Taiwan and the Business Report. No material misstatement was found.
2. For the above-mentioned Business Report, Independent Auditors' Report and Financial Statements, please see Attachment 1 and Attachments 4-5 of the Handbook
 3. Please ratify.

Resolution:

Proposal 2

(Proposed by the board)

Cause of motion: Ratification of the 2025 deficit compensation, submitted for ratification.

Description: 1. For the Company's 2025 Deficit Compensation Table, please refer to Attachment 6 of the Handbook.

2. The Company's net loss after tax for 2025 was NT\$59,676,256, and the accumulated deficit to be compensated was NT\$232,153,833. The Company proposes to utilize the special reserve of NT\$79,510,238 and the legal reserve of NT\$52,703,979 to offset part of the accumulated deficits. Following this offset, the remaining balance of the accumulated deficit to be offset at the end of the period will be NT\$99,939,616.

3. Please ratify.

Resolution:

Discussion Items

Proposal 1

(Proposed by the board)

Cause of motion: Proposed Amendments to the Company's "Articles of Incorporation" for Discussion.

Description: 1. In accordance with the newly amended "Code Table of Business Items for Companies, Firms, and Limited Partnerships" as announced under MOEA Commercial Letter No. 10902419890, the business item "F401021 Importation of Controlled Telecommunications Radio-Frequency Devices" has been removed. Accordingly, certain provisions of the Company's Articles of Incorporation are proposed to be amended.

2. The comparison table of the amended provisions of the Articles of Incorporation is attached. Please refer to Attachment 7 of the Handbook.

Resolution:

Proposal 2

(Proposed by the board)

Cause of motion: Proposed Amendments to the Company's "Procedures for Acquisition or Disposal of Assets" for Discussion.

Description: 1. To amend parts of the Company's "Procedures for Acquisition or Disposal of Assets" in accordance with Order No. Jin-Guan-Zheng-Fa-Zi-1140383333.

2. The comparison table for the amendments to the "Procedures for Acquisition or Disposal of Assets" is attached hereto; please refer to Attachment 8 of the Handbook.

Resolution:

Election matters

Proposal 1

(Proposed by the board)

Cause of motion: By-election of independent directors, submitted for election.

Description: 1. Mr. Chyan Yang, the former Independent Director of the Company, resigned effective March 31, 2026, due to personal career planning and to comply with regulations regarding the number of concurrent positions held by independent directors. In accordance with Article 14-2 of the Securities and Exchange Act, the Company proposes a by-election for one Independent Director at this year's Annual General Meeting.

2. The term of office for the newly elected Independent Directors shall commence on June 18, 2026, and expire on June 19, 2027, consistent with the remaining term of the current Board of Directors.

3. The election of directors shall adopt a candidate nomination system. Shareholders shall elect independent directors from the list of candidates. For the list of candidates, please see Attachment 9 of the Handbook

4. Please vote.

Election results:

Other motions

Proposal 1

(Proposed by the board)

Cause of motion: Removal of non-competition restrictions on new independent directors, submitted for discussion.

Explanation: 1. According to Article 209 of the Company Act, directors who do anything for themselves or others that are within the scope of the Company's business, shall explain to the shareholders' meeting the important contents of their actions and obtain their permission.

2. Please refer to Attachment 10 of this Handbook for the Statement of Independent Directors' Concurrent Business Activities.

Resolution:

Extraordinary Motions

Meeting Adjourned

2025 Business Report

Dear Shareholders,

Thank you for your long-term support and trust in AG Neovo (Associated Industries China, Inc.). 2025 was a year of significant challenges for the Company, but it was also a pivotal year that compelled us to accelerate our organizational restructuring. While overall revenue remained largely flat, increased marketing and exhibition expenses led to a noticeable decline in profitability, particularly with a sharper downturn in the first quarter, exerting substantial pressure on our annual earnings. Furthermore, our investment in Taiwan Biophotonic Corporation (tBPC) remains in the stage of technological deepening and market expansion, yet to yield stable profit contributions. This has placed the Group under heightened transformation pressure. The management team takes full responsibility for these results. In this report, we will clearly outline the 2025 operating results, the causes of the decline in profitability, and our reform and growth strategies starting from 2026.

I. Overview of 2025 Operating Results

In 2025, the Company's consolidated revenue was NT\$506,372 thousand, a slight increase of 0.36% compared to NT\$504,532 thousand in the previous year; however, sales volume decreased by 4.89% year-over-year. Although shipments remained at a certain level, price and cost pressures significantly eroded profit margins. The gross margin increased slightly from 39.21% in 2024 to 41.54% in 2025. Nevertheless, due to operating expenses and cost pressures, the operating loss for 2025 was NT\$60,785 thousand (compared to an operating loss of NT\$62,342 thousand in 2024). The net loss after tax for 2025 was NT\$70,040 thousand, with the net loss attributable to owners of the parent company at NT\$59,676 thousand, resulting in a loss per share (LPS) of NT\$1.12. Consequently, our core challenge and reform focus for 2026 is not merely pursuing revenue, but reconstructing the quality of our earnings.

II. Primary Causes for the Decline in Profitability

(I) External Environment: Sluggish demand for non-AI IT products and intensifying price competition.

In 2025, the global market continued to grapple with the ripple effects of U.S. geopolitical tensions and tariff policies. Amidst already weakened demand, the influx of Chinese hardware manufacturers into European and American markets—facilitated by cross-border e-commerce platforms—has further exacerbated oversupply and price wars. Under these circumstances, brand manufacturers generally faced compressed revenue and profit margins; AG Neovo was no exception to these headwinds.

(II) Internal Strategy and Transformation Pace: Delayed Product Transition and Extended Incubation for New Business

In terms of internal operations, we conducted a thorough review of several critical issues in 2025:

1. Gaps in Legacy Product Iteration: Some existing product updates failed to achieve a seamless transition, which impacted our traditionally stable revenue base.
2. Learning Curves and Market Development Lags in Transformation: The shift from traditional displays to AIO (All-in-One) and integrated solutions requires a synchronized upgrade of R&D, sales, and product teams. Externally, this involves a longer cycle for market education and channel development, making it difficult to realize immediate profits.
3. Rising Operating Cost Structure: Inflation, tariff wars, and fierce competition for talent—driven by the expansion of the semiconductor and AI industries—have collectively pushed up personnel and operational expenses. As a brand-driven enterprise, our people and brand are core assets, yet this has made cost pressures (particularly in personnel and marketing/exhibition expenses) more pronounced during this transformation phase.

(III) Subsidiaries Remaining in the Investment Phase: Taiwan Biophotonic Corporation (tBPC) Yet to Achieve a Full Turnaround

In addition to AG Neovo's core business, our subsidiary, Taiwan Biophotonic Corporation (tBPC), is currently in the stage of product refinement, application development, and market penetration. While we remain confident in the strategic direction and the long-term value of its

positioning in healthcare and preventive medicine, tBPC has not yet generated stable profit contributions. This continues to place pressure on the Group's overall short-term profitability. This stage reflects a "Dual Transformation" period for the Group—adjusting the core business while nurturing new ventures. It underscores the management team's critical task: balancing short-term financial discipline with the cultivation of medium-to-long-term growth engines.

III. Key Reform Initiatives and Strategic Direction for 2026 and Beyond

In response to the 2025 operating results, we have established a clear reform plan. Our core objectives are to enhance operational efficiency, improve profitability, and build a sustainable business structure for long-term growth. The strategic directions are as follows:

(I) Execution and Efficiency Enhancement

1. Focus on Core Business: Concentrate resources on high-margin product lines and vertical markets with mid-to-long-term growth potential (e.g., security surveillance, defense, medical, and niche digital signage applications).
2. Optimize Cost Structure: Through product mix analysis, process re-engineering, and the integration of digital tools, we aim to reduce product and operating costs, thereby improving overall efficiency and management transparency.

(II) Technological Innovation and Market Breakthroughs

1. Accelerate Time-to-Market for New Products: AI and AIO (All-in-One) integrated solutions will be the primary drivers of future revenue growth. The management team will accelerate the pace of product development and market introduction.
2. Expand into New Markets and Channels: Leverage regional partnerships to continue expanding the U.S. display OBM/ODM market, diversifying risks associated with single markets and boosting revenue growth momentum.

(III) Strengthening Risk Management and Financial Discipline

1. Regional Operational Resilience: Enhance the independence of subsidiaries in logistics and regional operations to improve local responsiveness and adaptability.
2. Cash Flow and Investment Control: Maintain strict control over working capital and conduct prudent evaluations of product development projects and capital expenditures (CAPEX) to ensure financial stability during the transformation phase.

IV. Three Strategic Pillars for the Future

Looking ahead, AG Neovo (Associated Industries China, Inc.) will continue to pursue its vision: "To become a visual communication business platform that fully manifests the value of all stakeholders within the AG Neovo value chain." We will drive our transformation based on three core brand elements: "Users, Environment, and Products/Services."

(I) Display: Deepening the Value of Professional Displays

AG Neovo will continue to focus on the specific needs of commercial, industrial, medical, and transportation sectors. We are strengthening our product positioning—centered on "Real-time Information, Precise Rendering, and Uninterrupted Operation"—to enhance our differentiated competitiveness in professional environments.

(II) Solution: Extending from Standalone Products to Field Solutions

To increase customer stickiness and added value, we will continue to collaborate with software developers and strategic partners. Our goal is to evolve from a hardware supplier into a solution provider capable of addressing customer "pain points" in the field, including:

- Integration of field application software and efficiency enhancement.
- Display health monitoring and diagnostic mechanisms.
- Joint development and promotion of solutions with strategic partners.

(III) Healthcare: Building an Ecosystem for Healthcare and Preventive Medicine

Taiwan Biophotonic Corporation (tBPC) is a strategic cornerstone of AG Neovo's presence in the healthcare sector. As a technology-driven company centered on a health data platform, tBPC focuses on transforming "human physiological signals" into measurable, understandable, predictable, and actionable health management capabilities. This is achieved through non-

invasive measurement, data governance, Artificial Intelligence (AI), and Digital Twin technologies. tBPC has consolidated these capabilities into its "Health Traffic Light" product roadmap, enabling data and evidence to drive faster and more precise decision-making and interventions for individuals, medical institutions, and the insurance industry. tBPC advances its R&D and product strategy through a four-layer architecture:

- Sensing Layer: The entry point for non-invasive physiological signal data.
- Data Layer: Health data governance and integration.
- AI Layer: AI risk engines and insights.
- Digital Twin Layer: Personalized digital twins for individual health.

Prior to 2025, tBPC concentrated on R&D for hardware and key components. From 2025 to 2030, the focus of our action plan will shift toward the commercialization of software-hardware integrated reporting services, as well as the scaling and platformization of our AI risk engines.

V. Conclusion: Facing Challenges, Steady Transformation, and Rebuilding Profitability

The 2025 operating results remain challenging. The management team has conducted a rigorous review and is actively implementing improvement measures. We will navigate the future with a more pragmatic and prudent approach:

- Short-term: Strengthen profitability and cash flow management to enhance operational efficiency.
- Medium-term: Accelerate the marketization and commercial adoption of AIO (All-in-One) and field solutions.
- Long-term: Establish a new growth curve through the triple-axis strategy of Display + Solution + Healthcare.

AG Neovo is currently at a critical turning point. While the transformation process is inevitably accompanied by pressure, we firmly believe that as long as our direction is correct, our execution is precise, and our discipline remains steadfast, AG Neovo possesses the inherent capability to return to the trajectory of growth and profitability. Once again, we extend our sincere gratitude to all shareholders for your enduring support and trust. We will continue to strive towards enhancing corporate value, safeguarding shareholder rights, and fulfilling our long-term corporate responsibilities.

Chairman	Hua-Chung Pi
General Manager	Hsin-Yuan Chao
Accounting Director	Wan-Wei Lu

Associated Industries China, Inc.
Audit Committee's Review Report

Attachment 2

The Company's 2025 financial statements have been ratified by Audit Committee, approved by the Board of Directors by resolution and audited by Au, Yiu-Kwan and Huang, Geng Jia, CPAs of KPMG Taiwan, to which they have issued an independent auditor's report. Furthermore, we have reviewed the Business Report for 2025 and motion for deficit compensation prepared by the Board of Directors, to which we have found no misstatement and hereby issues its report as presented above according to Article 14-4, the Securities and Exchange Act and Article 219, the Company Act.

2026 Annual General Meeting

Associated Industries China, Inc.
Acting Convener of the Audit Committee: _____

March 11, 2026

Details of 2025 individual remunerations to directors

Unit: NTD thousand

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G and the sum as a % of the net income after tax (Note 10)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 11)				
		Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)				Remuneration, bonus, and allowance (E) (Note 5)		Severance and pension (F)		Remuneration to employees (G) (Note 6)										
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements (Note 7)					
Chairman	Hua-Chung Pi	0	0	0	0	0	0	32	32	32	32	-0.05%	-0.05%	3,696	3,696	0	0	0	0	0	0	3,728	3,728	-6.25%	-6.25%	None
Director	Representative of ShiuDing Investment Consultant Co., Ltd.: Yun Yu	120	120	0	0	0	0	32	32	152	152	-0.25%	-0.25%	0	0	0	0	0	0	0	0	152	152	-0.25%	-0.25%	None
Director	Representative of ShiuDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	0	0	0	0	0	0	32	32	32	32	-0.05%	-0.05%	3,062	3,062	144	144	0	0	0	0	3,238	3,238	-5.43%	-5.43%	None
Director	Hung-Chun Yu	0	0	0	0	0	0	32	32	32	32	-0.05%	-0.05%	0	8,287	0	564	0	0	0	0	32	8,883	-0.05%	-14.89%	None
Independent Director	Yang, Chyan	360	360	0	0	0	0	90	90	450	450	-0.75%	-0.75%	0	0	0	0	0	0	0	0	450	450	-0.75%	-0.75%	None
Independent Director	Kuo-Hua Chen	360	360	0	0	0	0	80	80	440	440	-0.74%	-0.74%	0	0	0	0	0	0	0	0	440	440	-0.74%	-0.74%	None
Independent Director	Sha-Wei Chang	360	360	0	0	0	0	80	80	440	440	-0.74%	-0.74%	0	0	0	0	0	0	0	0	440	440	-0.74%	-0.74%	None

- Please specify the policy, system, standard, and structure of remuneration to directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:
 The Company has authorized the Board of Directors to determine their remuneration as per each individual's participation in and contribution to the Company's operations and the Company's performance while regarding the general standard in the industry.
 Independent directors receives a fixed amount of business execution expense for attendance at each board meeting, and we will review the remuneration system in a timely manner based on the actual operations and applicable laws and regulations.
 As per the Articles of Incorporation, if the Company makes a profit for a year, we should allocate no more than 2% as the directors' remuneration and pay remuneration to independent directors as per their participation in the Company's operations, contribution values, and performance, while giving reference to the general standard in the industry. We also consider the changes in the global economy, international financial environment, and the conditions in the industry and estimate and review the Company's future development, profitability, and operational risks in a timely manner to minimize the possibility of and association with future risks, thereby striking a balance between the Company's sustainable development and risk control.
- Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Representation Letter

The entities that are required to be included in the consolidated financial statements of Associated Industries China, Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Associated Industries China, Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Associated Industries China, Inc.

Chairman: Hua Chung Pi

Date: March 11, 2026

Independent Auditors' Report

To the Board of Directors of Associated **Industries** China, Inc.:

Opinion

We have audited the consolidated financial statements of Associated Industries China, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

Associated Industries China, Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued unmodified opinions with other matter and emphasis of matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report as follows:

Inventory valuation

Please refer to Note 4(h) Inventories of the consolidated financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(c) of the consolidated financial statements.

Description of key audit matters:

As inventories are measured at the lower of cost or net realizable value. The major business activities of the Group are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to the market vulnerability. Therefore, the inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Group are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value, to evaluate the reasonableness of management's provision for inventory write-downs.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Huang, Keng-Chia.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 93,241	11	76,577	9	2100	Short-term borrowings (note 6(i))	\$ 310,452	38	258,811	31
1170	Notes and accounts receivable, net (note 6(b))	72,005	9	46,082	5	2130	Current contract liabilities (note 6(r))	4,472	1	4,556	1
1200	Other receivables	442	-	723	-	2170	Notes and accounts payable	29,279	4	48,667	6
1300	Inventories, net (note 6(c))	210,068	26	267,154	32	2200	Other payables	38,804	4	34,143	4
1410	Prepayments	21,956	3	28,026	3	2250	Current provisions (note 6(j))	3,451	-	3,581	-
1470	Other current assets	9,742	1	5,695	1	2280	Current lease liabilities (note 6(k))	9,058	1	8,138	1
		<u>407,454</u>	<u>50</u>	<u>424,257</u>	<u>50</u>	2300	Other current liabilities	4,881	1	6,410	1
								<u>400,397</u>	<u>49</u>	<u>364,306</u>	<u>44</u>
Non-current assets:						Non-current liabilities:					
1600	Property, plant and equipment (notes 6(e) and 8)	120,824	15	122,197	15	2570	Deferred tax liabilities (note 6(n))	2,538	-	1,932	-
1755	Right-of-use assets (note 6(f))	24,238	3	23,510	3	2580	Non-current lease liabilities(note 6(k))	16,938	2	16,521	2
1760	Investment property, net (notes 6(g) and 8)	235,000	29	233,000	28	2600	Other non-current liabilities	906	-	906	-
1780	Intangible assets (note 6(h))	18,232	2	25,296	3			<u>20,382</u>	<u>2</u>	<u>19,359</u>	<u>2</u>
1900	Other non-current assets (note 8)	11,451	1	6,801	1			<u>420,779</u>	<u>51</u>	<u>383,665</u>	<u>46</u>
		<u>409,745</u>	<u>50</u>	<u>410,804</u>	<u>50</u>						
							Total liabilities				
							Equity: (notes 6(o) and (p))				
							Equity attributable to owners of parent:				
						3110	Common stock	<u>541,706</u>	<u>66</u>	<u>546,566</u>	<u>65</u>
						3200	Capital surplus	<u>34,055</u>	<u>4</u>	<u>34,370</u>	<u>4</u>
							Retained earnings:				
						3310	Legal reserve	52,704	7	52,704	6
						3320	Special reserve	79,510	10	79,510	10
						3350	Accumulated deficits	(232,154)	(28)	(167,120)	(20)
								<u>(99,940)</u>	<u>(11)</u>	<u>(34,906)</u>	<u>(4)</u>
						3400	Other equity interest	(88,179)	(11)	(105,111)	(12)
							Total equity attributable to owners of parent:	<u>387,642</u>	<u>48</u>	<u>440,919</u>	<u>53</u>
						3600	Non-controlling interests (note 6(d))	<u>8,778</u>	<u>1</u>	<u>10,477</u>	<u>1</u>
							Total equity	<u>396,420</u>	<u>49</u>	<u>451,396</u>	<u>54</u>
							Total liabilities and equity	<u>\$ 817,199</u>	<u>100</u>	<u>\$ 835,061</u>	<u>100</u>
	Total assets	<u>\$ 817,199</u>	<u>100</u>	<u>835,061</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2025		2024	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues, net (note 6(r)):				
4110	Sales revenue	500,763	99	499,038	99
4310	Rental income (note 6(l))	5,609	1	5,494	1
		<u>506,372</u>	<u>100</u>	<u>504,532</u>	<u>100</u>
5000	Operating costs (notes 6(c), 6(l), 6(m) and 12)	296,013	58	306,711	61
5950	Gross profit from operations	<u>210,359</u>	<u>42</u>	<u>197,821</u>	<u>39</u>
	Operating expenses (notes 6(k), 6(m), 6(p) and 12):				
6100	Selling expenses	154,101	30	130,144	26
6200	Administrative expenses	73,694	15	88,411	18
6300	Research and development expenses	43,231	9	41,685	8
6450	Expected credit reversal gain (note 6(b))	118	-	(77)	-
		<u>271,144</u>	<u>54</u>	<u>260,163</u>	<u>52</u>
	Net operating loss	<u>(60,785)</u>	<u>(12)</u>	<u>(62,342)</u>	<u>(13)</u>
	Non-operating income and expenses:				
7100	Interest income	481	-	742	-
7190	Other income	421	-	533	-
7215	Gains on disposals of investment property	674	-	-	-
7230	Foreign exchange gains (losses), net (note 6(t))	3,470	1	1,380	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(4,882)	(1)	1,845	-
7255	Gains on fair value adjustment, investment property (note 6(g))	2,000	1	-	-
7510	Interest expense (note 6(k))	(9,201)	(2)	(7,122)	(1)
		<u>(7,037)</u>	<u>(1)</u>	<u>(2,622)</u>	<u>(1)</u>
7900	Loss before tax	<u>(67,822)</u>	<u>(13)</u>	<u>(64,964)</u>	<u>(14)</u>
7950	Less: Income tax expenses (benefits) (note 6(n))	2,218	1	(595)	-
	Net loss	<u>(70,040)</u>	<u>(14)</u>	<u>(64,369)</u>	<u>(14)</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	15,512	3	2,864	1
8300	Other comprehensive income, net	<u>15,512</u>	<u>3</u>	<u>2,864</u>	<u>1</u>
8500	Total comprehensive income (loss)	<u>(54,528)</u>	<u>(11)</u>	<u>(61,505)</u>	<u>(13)</u>
	Total net income, attributable to:				
8610	Owners of parent	(59,676)	(12)	(51,645)	(11)
8620	Non-controlling interests (note 6(d))	(10,364)	(2)	(12,724)	(3)
		<u>(70,040)</u>	<u>(14)</u>	<u>(64,369)</u>	<u>(14)</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	(44,164)	(9)	(48,781)	(10)
8720	Non-controlling interests (note 6(d))	(10,364)	(2)	(12,724)	(3)
		<u>(54,528)</u>	<u>(11)</u>	<u>(61,505)</u>	<u>(13)</u>
	Earnings per share (note (q))				
9750	Basic earnings (losses) per share (NT dollars)	<u>(1.12)</u>		<u>(0.98)</u>	
9850	Diluted earnings (losses) per share (NT dollars)	<u>(1.12)</u>		<u>(0.98)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity interest		Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits					
Balance at January 1, 2024	\$ 552,186	30,302	52,704	79,510	(104,490)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	473,608	6,881	480,489
Loss for the year ended December 31, 2024	-	-	-	-	(51,645)	-	-	-	-	-	(51,645)	(12,724)	(64,369)
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	2,864	-	-	2,864	-	2,864	-	2,864
Total comprehensive loss for the year ended December 31, 2024	-	-	-	-	(51,645)	2,864	-	-	2,864	-	(48,781)	(12,724)	(61,505)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,563)	-	-	(10,985)	-	-	-	-	-	(15,548)	-	(15,548)
Share-based payment transactions	(5,620)	163	-	-	-	-	-	3,798	3,798	-	(1,659)	-	(1,659)
Changes in non-controlling interests	-	1,840	-	-	-	-	-	-	-	-	1,840	284	2,124
Changes in prepaid preferred stock construction dividends	-	-	-	-	-	-	-	-	-	-	-	16,036	16,036
	-	6,628	-	-	-	-	-	-	-	24,831	31,459	-	31,459
Balance at December 31, 2024	546,566	34,370	52,704	79,510	(167,120)	(69,036)	(33,710)	(2,365)	(105,111)	-	440,919	10,477	451,396
Loss for the year ended December 31, 2025	-	-	-	-	(59,676)	-	-	-	-	-	(59,676)	(10,364)	(70,040)
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	15,512	-	-	15,512	-	15,512	-	15,512
Total comprehensive loss for the year ended December 31, 2025	-	-	-	-	(59,676)	15,512	-	-	15,512	-	(44,164)	(10,364)	(54,528)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,282)	-	-	(5,358)	-	-	-	-	-	(6,640)	6,640	-
Share-based payment transactions	(4,860)	140	-	-	-	-	-	1,420	1,420	-	(3,300)	-	(3,300)
Changes in equity in subsidiaries	-	827	-	-	-	-	-	-	-	-	827	273	1,100
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,752	1,752
Balance at December 31, 2025	\$ 541,706	34,055	52,704	79,510	(232,154)	(53,524)	(33,710)	(945)	(88,179)	-	387,642	8,778	396,420

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Loss before tax	\$ (67,822)	(64,964)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	14,566	12,786
Amortization expense	7,769	7,119
Expected credit loss (reversal gain)	118	(77)
Losses on financial assets or liabilities at fair value through loss or (profit)	4,882	(1,845)
Interest expense	9,201	7,122
Interest income	(481)	(742)
Share based payment transaction costs	(2,200)	7,093
Loss on disposal of property, plant and equipment	(674)	-
Others	-	39
Gain on fair value adjustment of investment property	(2,000)	-
Total adjustments to reconcile loss	<u>31,181</u>	<u>31,495</u>
Changes in operating assets and liabilities:		
Increase (Decrease) in current financial liabilities at fair value through profit or loss	(4,882)	1,931
Increase in notes and accounts receivable	(26,041)	(2,801)
Increase in other receivables	(216)	(40)
Decrease (increase) in inventories	57,086	(55,693)
Increase (Decrease) in prepayments	6,455	1,319
Increase in other current assets	(4,047)	(4,089)
(Increase) decrease in other assets	(126)	544
(Decrease) increase in contract liabilities	(84)	165
Decrease in notes and accounts payable	(19,388)	(14,989)
Increase in other payables	2,433	1,082
Decrease in provisions	(115)	(229)
(Decrease) increase in other current liabilities	(1,530)	62
Total changes in operating assets and liabilities	<u>9,545</u>	<u>(72,738)</u>
Total adjustments	<u>40,726</u>	<u>(41,243)</u>
Cash outflows generated from operations	(27,096)	(106,207)
Interest received	481	741
Interest paid	(9,187)	(6,955)
Income taxes paid (refund)	(216)	764
Net cash flows used in operating activities	<u>(36,018)</u>	<u>(111,657)</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets classified as held for sale	684	-
Acquisition of property, plant and equipment	(2,810)	(2,843)
Increase in refundable deposits	(4,534)	(761)
Acquisition of intangible assets	(705)	(7,230)
Decrease (Increase) in prepayments for equipment	11	203
Net cash flows used in investing activities	<u>(7,354)</u>	<u>(10,631)</u>
Cash flows (used in) from financing activities:		
Increase in short-term borrowings	51,641	67,126
Payment of lease liabilities	(9,808)	(8,616)
Treasury shares purchased by employees	-	24,836
Change in non-controlling interests	1,752	-
Net cash flows from financing activities	<u>43,585</u>	<u>83,346</u>
Effect of exchange rate changes on cash and cash equivalents	<u>16,451</u>	<u>2,846</u>
Net decrease in cash and cash equivalents	16,664	(36,096)
Cash and cash equivalents at beginning of period	<u>76,577</u>	<u>112,673</u>
Cash and cash equivalents at end of period	<u>\$ 93,241</u>	<u>76,577</u>

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of Associated Industries China, Inc.:

Opinion

We have audited the financial statements of Associated Industries China, Inc.(“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024 and January 1, 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and January 1, 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key and it matters to be communicated in our report.

Inventory valuation

Please refer to Note 4(g) Inventories and Note 5 of the financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(c) of the financial statements.

Description of key audit matters:

Inventories are measured at the lower of cost or net realizable value. The major business activities of the Company are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to market vulnerability. Therefore, inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Company are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value, to evaluate the reasonableness of management's provision for inventory write-down.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company' s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Huang, Keng-Chia.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2026

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 24,760	3	39,611	5	2100	Short-term borrowings (note 6(h))	\$ 291,500	34	251,500	28
1170	Notes and accounts receivable, net (note 6(b))	9,434	1	1,916	-	2130	Current contract liabilities (notes 6(p) and 7)	122,280	14	150,399	17
1200	Other receivables	396	-	685	-	2170	Notes and accounts payable	23,429	3	38,993	4
1300	Inventories, net (note 6(c))	166,166	20	221,651	25	2200	Other payables	18,658	3	15,950	2
1410	Prepayments	3,600	-	2,890	-	2250	Current provisions (note 6(i))	3,110	-	3,220	-
1470	Other current assets	9,508	1	3,887	-	2300	Other current liabilities	384	-	350	-
		<u>213,864</u>	<u>25</u>	<u>270,640</u>	<u>30</u>			<u>459,361</u>	<u>54</u>	<u>460,412</u>	<u>51</u>
Non-current assets:						Non-current liabilities:					
1551	Investments accounted for using equity method (notes 6(d) and 7)	280,054	33	278,157	31	2570	Deferred tax liabilities (note 6(l))	2,538	-	1,932	-
1600	Property, plant and equipment (notes 6(e) and 8)	115,624	14	117,061	13	2600	Other non-current liabilities	891	-	891	-
1760	Investment property, net (notes 6(f) and 8)	235,000	28	233,000	26			<u>3,429</u>	<u>-</u>	<u>2,823</u>	<u>-</u>
1780	Intangible assets, net (note 6(g))	841	-	1,770	-		Total liabilities	<u>462,790</u>	<u>54</u>	<u>463,235</u>	<u>51</u>
1900	Other non-current assets (note 8)	5,049	-	3,526	-		Equity (note 6(m))				
		<u>636,568</u>	<u>75</u>	<u>633,514</u>	<u>70</u>	3110	Common stock	541,706	64	546,566	60
						3200	Capital surplus	34,055	4	34,370	4
							Retained earnings:				
						3310	Legal reserve	52,704	6	52,704	6
						3320	Special reserve	79,510	9	79,510	9
						3350	Accumulated deficits	(232,154)	(27)	(167,120)	(18)
								<u>(99,940)</u>	<u>(12)</u>	<u>(34,906)</u>	<u>(3)</u>
						3400	Other equity	(88,179)	(10)	(105,111)	(12)
							Total equity	<u>387,642</u>	<u>46</u>	<u>440,919</u>	<u>49</u>
Total assets		<u>\$ 850,432</u>	<u>100</u>	<u>904,154</u>	<u>100</u>	Total liabilities and equity		<u>\$ 850,432</u>	<u>100</u>	<u>904,154</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.
Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2025		2024	
	Amount	%	Amount	%
4000 Operating revenues, net (notes 6(p) and 7):				
4110 Sales revenue	\$ 283,236	98	292,476	98
4310 Rental income (note 6(j))	5,609	2	5,494	2
	<u>288,845</u>	<u>100</u>	<u>297,970</u>	<u>100</u>
5000 Cost of sales (notes 6(c) and 6(j))	<u>212,173</u>	<u>73</u>	<u>222,537</u>	<u>75</u>
5950 Gross profit	<u>76,672</u>	<u>27</u>	<u>75,433</u>	<u>25</u>
Operating expenses (notes 6(k), 6(n) and 12):				
6100 Selling expenses	36,688	13	31,041	10
6200 Administrative expenses	36,620	13	40,897	14
6300 Research and development expenses	12,532	4	14,080	5
6450 Expected credit loss (reversal gain)	93	-	(6)	-
	<u>85,933</u>	<u>30</u>	<u>86,012</u>	<u>29</u>
6900 Net operating income (loss)	<u>(9,261)</u>	<u>(3)</u>	<u>(10,579)</u>	<u>(4)</u>
Non-operating income and expenses:				
7070 Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(43,802)	(15)	(39,305)	(13)
7100 Interest income	239	-	955	-
7190 Other income (note 6(d))	262	-	246	-
7230 Foreign exchange gains, net (note 6(r))	(1,511)	(1)	2,098	1
7255 Gains on fair value adjustment of investment property (note 6(f))	2,000	1	-	-
7510 Interest expense	(6,997)	(2)	(5,320)	(2)
	<u>(49,809)</u>	<u>(17)</u>	<u>(41,326)</u>	<u>(14)</u>
7900 Loss from continuing operations before tax	<u>(59,070)</u>	<u>(20)</u>	<u>(51,905)</u>	<u>(18)</u>
7950 Less: Income tax expense (benefits) (note 6(l))	<u>606</u>	<u>-</u>	<u>(260)</u>	<u>-</u>
8200 Net loss	<u>(59,676)</u>	<u>(20)</u>	<u>(51,645)</u>	<u>(18)</u>
8300 Other comprehensive income:				
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign financial statements	15,512	5	2,864	1
8300 Other comprehensive income, net	<u>15,512</u>	<u>5</u>	<u>2,864</u>	<u>1</u>
8500 Total comprehensive loss	<u>\$ (44,164)</u>	<u>(15)</u>	<u>(48,781)</u>	<u>(17)</u>
Earnings per share: (note 6(o))				
9750 Basic earnings (losses) per share (NT dollars)	<u>\$ (1.12)</u>		<u>(0.98)</u>	
9850 Diluted earnings (losses) per share (NT dollars)	<u>\$ (1.12)</u>		<u>(0.98)</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Other equity interest		Unearned employee benefits	Total other equity	Treasury shares	Total equity
			Legal reserve	Special reserve	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income				
Balance at January 1, 2024	\$ 552,186	30,302	52,704	79,510	(104,490)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	473,608
Loss for the year ended December 31, 2024	-	-	-	-	(51,645)	-	-	-	-	-	(51,645)
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	2,864	-	-	2,864	-	2,864
Total comprehensive loss for the year ended December 31, 2024	-	-	-	-	(51,645)	2,864	-	-	2,864	-	(48,781)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,563)	-	-	(10,985)	-	-	-	-	-	(15,548)
Share-based payments transactions	(5,620)	163	-	-	-	-	-	3,798	3,798	-	(1,659)
Disposal of treasury shares	-	6,628	-	-	-	-	-	-	-	24,831	31,459
Change in equity in subsidiaries	-	1,840	-	-	-	-	-	-	-	-	1,840
Balance at December 31, 2024	546,566	34,370	52,704	79,510	(167,120)	(69,036)	(33,710)	(2,365)	(105,111)	-	440,919
Loss for the year ended December 31, 2025	-	-	-	-	(59,676)	-	-	-	-	-	(59,676)
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	15,512	-	-	15,512	-	15,512
Total comprehensive loss for the year ended December 31, 2025	-	-	-	-	(59,676)	15,512	-	-	15,512	-	(44,164)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,282)	-	-	(5,358)	-	-	-	-	-	(6,640)
Share-based payments transactions	(4,860)	140	-	-	-	-	-	1,420	1,420	-	(3,300)
Changes in equity in subsidiaries	-	827	-	-	-	-	-	-	-	-	827
Balance at December 31, 2025	\$ 541,706	34,055	52,704	79,510	(232,154)	(53,524)	(33,710)	(945)	(88,179)	-	387,642

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.
Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Loss before tax	\$ (59,070)	(51,905)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	1,524	1,322
Amortization expense	1,400	1,674
Expected credit loss (reversal gain)	93	(6)
Interest expense	6,997	5,320
Interest income	(239)	(955)
Share-based payments transactions cost	(3,300)	4,969
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	43,802	39,305
Gain on fair value adjustment of investment property	(2,000)	-
Others	-	(4)
Total adjustments to reconcile loss	48,277	51,625
Changes in operating assets and liabilities:		
(Increase) decrease in notes and accounts receivable	(7,611)	2,176
Increase in other receivables	(208)	(1,943)
Decrease (increase) in inventories	55,485	(42,857)
(Increase) decrease in prepayments	(710)	9,186
Increase in other current assets	(5,621)	(2,876)
Increase in other financial assets	(55)	-
(Decrease) increase in contract liabilities	(28,119)	22,156
(Decrease) in notes and accounts payable	(15,564)	(17,303)
Increase in other payables	2,699	543
Decrease in provisions	(110)	(229)
Increase in other operating liabilities	33	68
Total changes in operating assets and liabilities	219	(31,079)
Total adjustments	48,496	20,546
Cash inflows (outflows) generated from operations	(10,574)	(31,359)
Interest received	239	2,204
Interest paid	(6,986)	(5,155)
Income taxes refunded (paid)	497	(120)
Net cash flows from (used in) operating activities	(16,824)	(34,430)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(36,000)	(39,344)
Acquisition of property, plant and equipment	(87)	(2,628)
Increase in refundable deposits and restricted assets	(1,469)	(1,187)
Acquisition of intangible assets	(471)	(2,571)
Net cash flows used in investing activities	(38,027)	(45,730)
Cash flows (used in) from financial activities:		
Increase (decrease) in short-term borrowings	40,000	63,500
Treasury shares purchased by employees	-	24,836
Net cash flows (used in) from financing activities	40,000	88,336
Net increase (decrease) in cash and cash equivalents	(14,851)	8,176
Cash and cash equivalents at beginning of period	39,611	31,435
Cash and cash equivalents at end of period	\$ 24,760	39,611

See accompanying notes to financial statements.

Deficit Compensation Table

2025

Unit: NT\$

Item	Amount
Deficit to be made up at the beginning of the period	(167,119,768)
Less: The difference between the actual acquisition or disposal price of subsidiary equity and the book value	(5,357,809)
Less: net loss after tax for 2025	(59,676,256)
Accumulated Deficit to be Offset	(232,153,833)
Items for Offsetting Deficits:	
Add: Offsetting Deficits with Special Reserve	79,510,238
Add: Offsetting Deficits with Legal Reserve	52,703,979
Ending of period accumulated deficit	(99,939,616)

Chairman, Hua-Chung Pi

General Manager, Hsin-Yuan Chao

Accounting Director, Wan-Wei Lu

Associated Industries China, Inc.
Comparison Table of Amendments to "Articles of Incorporation"

Attachment 7

Article	After amendment	Before amendment	Description
Article 2	<p>The scope of business of the Company shall be as follows:</p> <p>(I) CC01120 Data Storage Media Manufacturing and Duplicating (II) CC01110 Computer and Peripheral Equipment Manufacturing (III) CC01080 Electronics Components Manufacturing (IV) CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified (V) JA02990 Other Repair (VI) H701050 Investment, Development and Construction in Public Construction (VII) JE01010 Rental and Leasing (VIII) F113020 Wholesale of Electrical Appliances (IX) F113050 Wholesale of Computers and Clerical Machinery Equipment (X) F118010 Wholesale of Computer Software (XI) F119010 Wholesale of Electronic Materials (XII) F218010 Retail Sale of Computer Software (XIII) F219010 Retail Sale of Electronic Materials (XIV) E603050 Automatic Control Equipment Engineering (XV) E605010 Computer Equipment Installation (XVI) I301010 Information Software Services (XVII) I301020 Data Processing Services (XVIII) I301030 Electronic Information Supply Services (XIX) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The scope of business of the Company shall be as follows:</p> <p>(I) CC01120 Data Storage Media Manufacturing and Duplicating (II) CC01110 Computer and Peripheral Equipment Manufacturing (III) CC01080 Electronics Components Manufacturing (IV) CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified (V) JA02990 Other Repair (VI) H701050 Investment, Development and Construction in Public Construction (VII) JE01010 Rental and Leasing (VIII) F113020 Wholesale of Electrical Appliances (IX) F113050 Wholesale of Computers and Clerical Machinery Equipment (X) F118010 Wholesale of Computer Software (XI) F119010 Wholesale of Electronic Materials (XII) F218010 Retail Sale of Computer Software (XIII) F219010 Retail Sale of Electronic Materials (XIV) E603050 Automatic Control Equipment Engineering (XV) E605010 Computer Equipment Installation (XVI) I301010 Information Software Services (XVII) I301020 Data Processing Services (XVIII) I301030 Electronic Information Supply Services (XIX) <u>F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u> (XX) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Minor amendments made in accordance with MOEA Announcement No. Jing-Shang-Zi-10902419890.</p>
Article 23	<p>The Articles of Incorporation were established on April 14, 1978., <u>the 43st amendment was made on June 18, 2026.</u></p>	<p>The Articles of Incorporation were established on April 14, 1978., the 42st amendment was made on June 18, 2025.</p>	<p>Added amendment date.</p>

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

Article	After amendment	Before amendment	Description
Article 14	<p>Information Disclosure Procedures</p> <p>I. Items and Thresholds for Mandatory Public Announcement and Filing</p> <p>(I) Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more. This shall not apply to the trading of domestic government bonds, bonds under repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Mergers, demergers (splits), acquisitions, or transfer of shares.</p> <p>(III) Losses from derivative trading reaching the maximum loss limit (either for the aggregate or for individual contracts) as specified in these Procedures.</p> <p>(IV) Acquisition or disposal of equipment or right-of-use assets for business use, where the counterparty is not a related party, and the transaction amount meets any of the following:</p> <ol style="list-style-type: none"> 1. For a company with paid-in capital of less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a company with paid-in capital of <u>NT\$10 billion or more but less than NT\$50 billion</u>, the transaction amount reaches NT\$1 billion or more. 3. <u>For a company with paid-in capital of NT\$50 billion or more, the transaction amount reaches 5% or more of the Company's paid-in capital.</u> <p>(V) For a public company engaged in the construction business, the acquisition or disposal of real property or right-of-use assets for construction use where the counterparty is not a related party and the transaction amount reaches NT\$500 million or more. For such a company with paid-in capital of NT\$10 billion or more, the disposal of real property from its own completed construction projects to a non-related party where the transaction amount reaches NT\$1 billion or more.</p> <p>(VI) Acquisition of real property through various development models, such as construction on own land, construction</p>	<p>Information Disclosure Procedures</p> <p>I. Items and Thresholds for Mandatory Public Announcement and Filing</p> <p>(I) Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more. This shall not apply to the trading of domestic government bonds, bonds under repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Mergers, demergers (splits), acquisitions, or transfer of shares.</p> <p>(III) Losses from derivative trading reaching the maximum loss limit (either for the aggregate or for individual contracts) as specified in these Procedures.</p> <p>(IV) Acquisition or disposal of equipment or right-of-use assets for business use, where the counterparty is not a related party, and the transaction amount meets any of the following:</p> <ol style="list-style-type: none"> 1. For a company with paid-in capital of less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a company with paid-in capital of NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(V) For a public company engaged in the construction business, the acquisition or disposal of real property or right-of-use assets for construction use where the counterparty is not a related party and the transaction amount reaches NT\$500 million or more. For such a company with paid-in capital of NT\$10 billion or more, the disposal of real property from its own completed construction projects to a non-related party where the transaction amount reaches NT\$1 billion or more.</p> <p>(VI) Acquisition of real property through various development models, such as construction on own land, construction on leased land, joint development and allocation of housing units, joint development and allocation of export proceeds, or joint development and allocation of sales proceeds, where the</p>	<p>Minor amendments made in accordance with FSC Letter No. Jin-Guan-Zheng-Fa-Zi-1140383333.</p>

Article	After amendment	Before amendment	Description
	<p>on leased land, joint development and allocation of housing units, joint development and allocation of export proceeds, or joint development and allocation of sales proceeds, where the counterparty is not a related party and the Company's estimated investment amount reaches NT\$500 million or more.</p> <p><u>(VII) For a company with paid-in capital of NT\$50 billion or more, where it trades government bonds, ordinary corporate bonds, or general financial bonds without equity characteristics (excluding subordinated bonds) on a stock exchange or at a securities firm's business premises, and such transaction does not fall under the circumstances specified in the subparagraphs of the proviso in Item (8), is with a counterparty who is not a related party, and the transaction amount reaches 5% or more of the Company's paid-in capital.</u></p> <p><u>(VIII)</u> Asset transactions, disposal of creditor's rights by financial institutions, or investment in the Mainland China area other than those referred to in the preceding <u>seven</u> items, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are exempted:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan. 2. Trading of securities by professional investors on stock exchanges or over-the-counter markets; or subscription of foreign government bonds, ordinary corporate bonds, or general financial bonds without equity characteristics (excluding subordinated bonds) in the primary market; or subscription or redemption of securities investment trust funds or futures trust funds; or subscription or resale of Exchange Traded Notes (ETNs); or securities acquired by securities firms for underwriting needs or as a designated counseling recommending broker for Emerging Stock companies in accordance with the regulations of the Taipei Exchange. 	<p>counterparty is not a related party and the Company's estimated investment amount reaches NT\$500 million or more.</p> <p>(VII) Asset transactions, disposal of creditor's rights by financial institutions, or investment in the Mainland China area other than those referred to in the preceding <u>six</u> items, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are exempted:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of Taiwan. 2. Trading of securities by professional investors on stock exchanges or over-the-counter markets; or subscription of foreign government bonds, ordinary corporate bonds, or general financial bonds without equity characteristics (excluding subordinated bonds) in the primary market; or subscription or redemption of securities investment trust funds or futures trust funds; or subscription or resale of Exchange Traded Notes (ETNs); or securities acquired by securities firms for underwriting needs or as a designated counseling recommending broker for Emerging Stock companies in accordance with the regulations of the Taipei Exchange. 3. Trading of bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>(The remainder of this section is intentionally omitted)</p>	

Article	After amendment	Before amendment	Description
	<p>3.Trading of bonds under repurchase or resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(The remainder of this section is intentionally omitted)</p>		
Article 15	<p>The Company’s subsidiaries shall comply with the following provisions:</p> <p>...</p> <p><u>Regarding the provisions in these Procedures where a transaction amount threshold is based on 5% of paid-in capital, such threshold shall be calculated based on 2.5% of the equity attributable to owners of the parent.</u> Where a transaction amount threshold is based on a paid-in capital of NT\$10 billion, such threshold shall be calculated based on the equity attributable to owners of the parent reaching NT\$20 billion. <u>Where a transaction amount threshold is based on a paid-in capital of NT\$50 billion, such threshold shall be calculated based on the equity attributable to owners of the parent reaching NT\$100 billion.</u></p>	<p>The Company’s subsidiaries shall comply with the following provisions:</p> <p>...</p> <p>Regarding the provisions in these Procedures where a transaction amount threshold is based on a paid-in capital of NT\$10 billion, such threshold shall be calculated based on the equity attributable to owners of the parent reaching NT\$20 billion.</p>	<p>Minor amendments made in accordance with FSC Letter No. Jin-Guan-Zheng-Fa-Zi-1140383333.</p>
Article 19	<p>Amendment History: June 26, 1995; November 3, 1999; April 8, 2003; June 13, 2007; June 18, 2010; June 12, 2012; June 25, 2014; June 14, 2017; June 13, 2018; June 19, 2019; June 22, 2022; and <u>June 18, 2026.</u></p>	<p>Amendment History: June 26, 1995; November 3, 1999; April 8, 2003; June 13, 2007; June 18, 2010; June 12, 2012; June 25, 2014; June 14, 2017; June 13, 2018; June 19, 2019; and June 22, 2022.</p>	<p>Added amendment date.</p>

Associated Industries China, Inc.
List of Candidates for Independent Director

Attachment 9

Job title Category	Name	Academic background	Experience	Current position	Number of shares held (shares)	Reasons for nomination of independent directors who have served three terms
Independent Director	Jun-Yih Chang	Department of Medicine, Taipei Medical College Executive Master of Business Administration (EMBA), College of Management, National Yang Ming Chiao Tung University	Director, Health Examination Center, Shin Kong Wu Ho-Su Memorial Hospital Chairman, Huasyn Biomedical Co., Ltd.	Attending Physician, Shin Kong Wu Ho-Su Memorial Hospital Chairman, Huasyn Biomedical Co., Ltd. Adjunct Instructor, Fu Jen Catholic University	0	No

Associated Industries China, Inc. Attachment 10
Table of Independent Directors' Concurrent Business Activities

Type of candidate	Name	Name of the company and job title held concurrently
Independent Director	Jun-Yih Chang	Chairman, Huasyn Biomedical Co., Ltd.

Associated Industries China, Inc.
Articles of Incorporation (Before Amendments)
Chapter 1 General Provisions

Appendix 1

Article 1 The Company shall be incorporated under the Company Act, and its name shall be Associated Industries China, Inc.

Article 2 The scope of business of the Company shall be as follows:

- (I) CC01120 Data Storage Media Manufacturing and Duplicating
- (II) CC01110 Computer and Peripheral Equipment Manufacturing
- (III) CC01080 Electronics Components Manufacturing
- (IV) CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
- (V) JA02990 Other Repair
- (VI) H701050 Investment, Development and Construction in Public Construction
- (VII) JE01010 Rental and Leasing
- (VIII) F113020 Wholesale of Electrical Appliances
- (IX) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (X) F118010 Wholesale of Computer Software
- (XI) F119010 Wholesale of Electronic Materials
- (XII) F218010 Retail Sale of Computer Software
- (XIII) F219010 Retail Sale of Electronic Materials
- (XIV) E603050 Automatic Control Equipment Engineering
- (XV) E605010 Computer Equipment Installation
- (XVI) I301010 Information Software Services
- (XVII) I301020 Data Processing Services
- (XVIII) I301030 Electronic Information Supply Services
- (XIX) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- (XX) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company shall be allowed to provide guarantee for an external party. For procedures for providing guarantee for an external party, the Board of Director shall determine by resolution.

The total investment of the Company in other companies shall not be restricted by Article 13, the Company Act, which provides that the total amount of its investments shall not exceed 40% of the amount of its own paid-up capital.

Article 4 The Company shall have its head office in Taipei City, and may establish branches domestically or overseas when necessary by resolution of the Board of Directors.

Chapter 2 Shares

Article 5 The total capital stock of the Company shall be in the amount of 2,000,000,000 New Taiwan Dollars. The Board of Directors shall be authorized to issue the unissued stocks in batches according to business needs. Of which, 100,000,000 New Taiwan Dollars or 10,000,000 shares with 10 New Taiwan Dollars per share are reserved for the issuance of employee stock warrants.

Article 5-1 The Company may, with the consent of the shareholders' meeting attended by a majority of the total number of issued shares and at least two-thirds of the voting rights of the shareholders present, transfer the shares to employees at a price lower than the average price of the actual repurchased shares, or issue employee stock warrants at a price lower than the market closing price for common stocks as at the issue date.

- Article 6 Shareholders shall submit their names, residential addresses, samples of their seals to the Company for documentation and verification purposes. The same procedures shall be followed when there is any changes. To receive dividend or exercise other rights, the Company shall undertake procedures based on the samples of seals on record. Transfer, inheritance, gifting, loss or damage of stocks, and other stock matters shall be undertaken in accordance with the Company Act and other law and regulations.
- Article 7 The Company shall be exempted from printing any share certificate for the shares issued. However, a centralized securities depository enterprise shall be contracted for registration or custody.
- Article 8 Registration for transfer of shares shall be suspended sixty (60) days prior to a convening date of a regular shareholders' meeting, or thirty (30) days prior to a convening date of a special shareholders' meeting, or five (5) days prior to the record date scheduled by the Company for distribution of dividends, bonuses, or other benefits.

Chapter 3 Shareholders' Meeting

- Article 9 There are two types of shareholders' meetings for the Company, namely: (1) regular meeting and (2) extraordinary meeting. Regular meeting shall be convened, by the Board of Directors in accordance with the law and regulations, within six (6) months after the close of each fiscal year. Extraordinary meeting shall be convened in accordance with the law and regulations when necessary.
- Article 9-1. The Company may hold a Shareholders Meeting using a visual communication network or other methods as promulgated by the central competent authority. For the conditions, operating procedures and other matters concerning Shareholders' Meeting held by means of visual communication network, the competent authority of securities affairs has promulgated other regulations thereof.
- Article 10 In the event that a shareholder is unable to attend the shareholders' meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney printed by the Company, signed and sealed, to the proxy. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If such percentage is exceeded, the voting rights in excess of such percentage shall not be included in the calculation.
- Article 11 Unless otherwise provided by regulations, a shareholder shall be entitled to one vote for each share held.
- Article 12 Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting shall be adopted if the meeting are attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and the resolutions receiving the concurrence of a majority of votes held by shareholders present at the meeting.
- Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by public announcement. The meeting minutes shall accurately record the date, and venue of the meeting, the chairperson's full name, and the methods by which resolutions were adopted. The minutes shall be retained for the duration of the existence of the Company.

Chapter 4 Directors and Audit Committee

Article 13 The Company shall have five to seven directors, including at least one director of a different gender. A candidate nomination system shall be adopted, and directors shall be elected by the shareholders' meeting from the list of candidates for a three-year term, and may be eligible for re-election. Among the aforementioned number of directors, the continuous term of office for all independent directors shall not exceed three consecutive terms. The number of independent directors shall not be less than three, and shall not be less than one-third of the total number of director seats. The qualifications, nomination, and other compliance matters regarding independent directors shall be governed by the relevant laws and regulations of the competent securities authority. The total number of shares held by the entire Board of Directors shall not be less than the percentage required by the laws and regulations of the competent authority.

The Company shall purchase liability insurance for directors during their term of office and for the scope of their duties in accordance with the law and regulations.

Article 13-1 Pursuant to the Securities and Exchange Act, the Company has established the Audit Committee, comprising independent directors. The Audit Committee or its members shall undertake duties of supervisor, as provided in the Company Act, Securities and Exchange Act and other regulations.

Article 14 The Board of Directors shall be organized by directors. The chairman shall be elected from the directors to represent the Company with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present. The vice chairman shall be elected from the directors with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present.

Article 14-1 To convene the Board of Directors meeting, the Company shall state the purpose of convening the meeting clearly and notify directors seven (7) days prior to the meeting. In case of emergency, the Company may convene the Board of Directors meeting at any time.

The notification to the directors for convening the Board of Directors meeting may be issued by written correspondences, facsimile or e-mails.

Article 15 Unless otherwise provided, the management policy and other important matters of the Company shall be determined by the Board meetings that are attended by a majority of directors, and approved by resolution by a majority of director present. In the event that the director is unable to attend the Board meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney that documents the scope of authority to the proxy. Any director attending the meeting via video conference shall be deemed attending the meeting in person. The minutes shall be signed and stamped by the chairperson and kept in the Company.

Article 16 In the event that the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman. In the event that the vice chairperson is also on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the directors to act as the chairperson to preside at the meeting. Where the chairperson does not make such a designation, the directors shall select one person among themselves to serve as chairperson to preside at the meeting.

Chapter 5 Managers

Article 17 The Company shall appoint chief executive officer, general manager, chief operating officer, deputy general manager, assistant manager and other managers to meet the operational and management needs of the Company. The appointment, termination and remuneration of managers shall be undertaken in accordance with the provisions of Article 29, the Company Act.

Chapter 6 Accounting

Article 18 After the close of each fiscal year, the Board of Directors shall prepare and submit (I) Business Report; (II) Financial Statements; and (III) Deficit Appropriation Proposal to the regular shareholders' meeting for ratification.

Article 19 Earnings concluded in a year are first subject to taxation and offsetting of accumulated deficit, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to paid-up capital. In addition, the legal reserve shall be allocated or reversed according to laws and regulations or regulations provided by the competent authority. For any remaining amount, along with the accumulated undistributed earnings, the Board of Directors shall make the dividend distribution proposal and submit to the Shareholders' Meeting for approval by resolution.

The Company shall adopt the residual dividend policy, whereby the distribution of dividend for the year shall take into consideration the operational development scale and cash flow needs in the future, whilst maintaining an appropriate amount of accumulated distributable earning that is not lower than 50% of the distributed dividend. Furthermore, at least 10% of the dividend distributed shall be in the form of cash dividend.

Article 19-1 Depending on the profitability of the year, the Company shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration. However, profits must first be used to offset accumulated deficit. The aforementioned "profitability of the year" refers to the remaining profit from pre-tax profit less employee compensation and director remuneration.

Of the amount of employee compensation referred to in the preceding paragraph, no less than 20% shall be distributed to entry-level employees. Employee compensation may be distributed in the form of shares or cash, and the recipients may include employees of controlled or subsidiary companies meeting certain conditions, which shall be determined by the Board of Directors.

The distribution of employee compensation and director remuneration shall be authorized by the Board meetings that are attended by two-thirds of directors, and approved by resolution by a majority of director present.

Article 20 The recipients of treasury stock bought back by the Company in accordance with the Company Act include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The recipients of employee stock warrants include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees subscribing to new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees conferred restricted employee new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

Article 21 Regardless of whether the Company is profitable or otherwise, the Company shall disburse salary or honorarium to directors for their participation and contribution value to the operations of the Company, which are in line with the industry standard.

Chapter 7 Supplementary Provisions

Article 22 These Articles, and any amendments hereto, shall be implemented after approval by Shareholders' Meeting.

Article 23 The Articles of Incorporation were established on April 14, 1978. The 1st amendment was made on May 3, 1978. The 2nd amendment was made on October 15, 1978. The 3rd amendment was made on February 15, 1979. The 4th amendment was made on May 8, 1979. The 5th amendment was made on October 1, 1979. The 6th amendment was made on October 1, 1980. The 7th amendment was made on April 13, 1981. The 8th amendment was made on January 19, 1984. The 9th amendment was made on May 6, 1985. The 10th amendment was made on July 20, 1985. The 11th amendment was made on October 5, 1985. The 12th amendment was made on May 18, 1987. The 13th amendment was made on October 15, 1987. The 14th amendment was made on December 22, 1988. The 15th amendment was made on March 25, 1989. The 16th amendment was made on April 20, 1989. The 17th amendment was made on July 27, 1989. The 18th amendment was made on February 19, 1990. The 19th amendment was made on February 26, 1991. The 20th amendment was made on March 12, 1992. The 21st amendment was made on May 12, 1993. The 22nd amendment was made on April 12, 1994. The 23rd amendment was made on May 12, 1995. The 24th amendment was made on June 12, 1996. The 25th amendment was made on May 7, 1997. The 26th amendment was made on June 29, 1998. The 27th amendment was made on June 16, 1999. The 28th amendment was made on June 9, 2000. The 29th amendment was made on June 12, 2002. The 30th amendment was made on June 23, 2005. The 31st amendment was made on June 15, 2006. The 32nd amendment was made on May 30, 2008. The 33rd amendment was made on June 19, 2009. The 34th amendment was made on June 12, 2012. The 35th amendment was made on June 25, 2014. The 36th amendment was made on June 24, 2016. The 37th amendment was made on June 14, 2017. The 38th amendment was made on June 13, 2018. The 39th amendment was made on June 19, 2019. The 40th amendment was made on June 17, 2020. The 41st amendment was made on June 22, 2022. The 42st amendment was made on June 18, 2025.

Procedures for Acquisition or Disposal of Assets (Before Amendments)

- Article 1: Purpose
These Regulations shall be established to protect assets and implement information disclosure. Any acquisition or disposal of assets shall be undertaken in accordance with these Regulations.
- Article 2: Applicable Laws and Regulations
These procedures are formulated pursuant to the Securities and Article 36-1, the Exchange Act, and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- Article 3: Scope of Assets
- I. Securities investments: Including 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 properties (including land, buildings, investment properties, inventory of construction business) and equipment.
 - III. Membership.
 - IV. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - V. Right-of-use assets.
 - VI. Receivables 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: Definitions of terms
- 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) agreements.
 - II. Assets acquired or disposed through mergers, de-mergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, de-mergers or acquisitions conducted under the "Business Mergers and Acquisitions Act," "Financial Holding Company Act," "Financial Institution Merger Act" and other acts or the transfer of shares from another company through the issuance of new shares of its own as the consideration therefor (hereinafter referred to as "transfer of shares") under paragraph 6, Article 156, the Company Act.
 - III. Related party or subsidiary: As defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
 - IV. Professional appraiser: Refers to a real property appraiser or other persons duly authorized by law to engage in the appraisal of real property or equipment.
 - V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions or other dates that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. If an investment requires the approval of the competent authority, the earliest of the above dates or the date that approval by the competent

authority was received shall apply.

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

VII. “Within the preceding year” as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. Items duly announced shall be excluded from the transaction amount.

VIII. “Latest Financial Statements” used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulations before the subject acquisition or disposal of assets.

Article 5: Limits on real properties, right-of-use assets and securities investments for non-business use

Limits on individual aforementioned assets acquired by the Company and each subsidiary are as follows:

I. For real properties and related right-of-use assets thereof acquired for non-business use, the total amount shall not exceed 100% of respective company’s net worth.

II. For securities investments, the total investment amount shall not exceed 100% of respective company’s net worth.

III. For individual securities investment, the investment amount shall not exceed 100% of respective company’s net worth.

Article 6: Any professional appraiser and their officers, certified public accountants, attorneys or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall satisfy the requirements set forth as follows:

I. They shall not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, 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 three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

II. They shall not be a related party or de facto related party of any party to the transaction.

III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the 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 aforementioned personnel shall act in accordance with the self-regulatory rules of the respective industry associations to which they belong and the following matters:

I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

II. When executing an assignment, such personnel shall properly plan and implement appropriate operational procedures to form a conclusion and issue a report or opinion based thereon. The procedures executed, data collected, and conclusions reached shall be recorded in detail in the assignment working papers.

III. The appropriateness and reasonableness of the data sources, parameters, and information used shall be evaluated item by item to serve as the basis for issuing the appraisal report or opinion.

IV. The statement of declaration shall include matters such as the professionalism and independence of the relevant personnel, the evaluation of the information used as being appropriate and reasonable, and compliance with relevant laws and

regulations.

Article 7: Procedures for acquisition or disposal of property, plant and equipment or related right-of-use assets thereof

I. Price determination and supporting reference materials

For the acquisition or disposal of property, plant and equipment or related right-of-use assets thereof, as per the investment budget and equipment purchase planning of requesting department, the executing unit shall conduct evaluation and analysis on the target investment asset. Prior to making investment, the feasibility analysis pertaining to the motive and purpose of investment, investment cost, expected payback period, investment benefit analysis shall be conducted. Furthermore, concrete investment planning and execution program shall be formulated. Both of which shall be submitted to the General Manager and Chairman for review.

II. Engage expert for appraisal report

Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Company, or acquisition or disposal of equipment or related right-of-use assets thereof for business use, an appraisal report issued by a professional appraiser shall be obtained prior to the date of occurrence for any acquisition or disposal of property, equipment or related right-of-use assets thereof, for which the amount represents 20% of the Company's paid-in capital or more than NT\$300 million. Furthermore, the following provisions shall be complied with:

- (I) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above procedures shall also be followed in case the transaction terms are changed subsequently.
- (II) If the transaction price is over NT\$1 billion, the Company shall retain at least two professional appraisers to perform the appraisal.
- (III) Where the appraisal results of professional appraisers fall under any of the following circumstances, unless the appraisal results for an acquisition are all higher than the transaction amount, or the appraisal results for a disposal are all lower than the transaction amount, a certified public accountant (CPA) shall be engaged to provide a specific opinion on the reasons for the discrepancy and the fairness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount exceeds 20%.
 2. The discrepancy between the appraisal results of two or more professional appraisers and the transaction amount exceeds 10%.
- (IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- (V) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

III. Approval process and authorization level

For the acquisition and disposal of property, plant or equipment, the Company shall refer to publicly announced present value, assessed present value and actual sold price for the property in the neighborhood in determining the price, and terms and conditions of the transaction; for the acquisition and disposal of equipment, the Company shall select one of the avenues for valuation, namely making inquiry about the price, or performing price comparison, or undertaking the bargain or tender process. For amount lower than NT\$1 million, the General Manager is authorized to review and approve the investment. For amount between NT\$1 million and NT\$50 million (inclusive), the investment shall be submitted to the Chairman for approval. For amount higher than NT\$50 million, the investment shall seek the approval of the Audit Committee, as well as approval of the Board of Director by resolution before proceeding.

IV. Executive unit

The acquisition or disposal of property or other fixed assets shall be undertaken in accordance with the aforementioned approval authorization and executed by the department using and managing the assets.

Article 8: Procedures for acquisition or disposal of securities investments

I. Price determination and supporting reference materials

Before the date of occurrence of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction price:

- (I) The securities acquired or disposal via centralized securities exchange markets or OTC venues shall be determined by the then market prices.
- (II) The securities acquired or disposal not via centralized securities exchange markets or OTC venues shall take into consideration the earnings per share, profitability, future development potential, market interest rate, bond coupon rate, credibility of creditors, as well as taking reference of the then transaction price negotiated.

II. Obtain expert opinion

- (I) Where the transaction amount of the Company's acquisition or disposal of securities reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant (CPA) to provide an opinion on the reasonableness of the transaction price. This shall not apply, however, if the securities have an active market with public quotations or as otherwise provided by the Financial Supervisory Commission (FSC).
- (II) 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.

III. Approval process and authorization level

Pertaining to the acquisition or disposal of securities investments, for amount lower than NT\$1 million, the General Manager is authorized to review and approve the investment. For amount between NT\$1 million and NT\$50 million (inclusive), the investment shall be submitted to the Chairman for approval. For amount higher than NT\$50 million, the investment shall seek the approval of the Audit Committee, as well as approval of the Board of Director by resolution before proceeding.

IV. Executive unit

The acquisition or disposal of securities investments shall be undertaken in accordance with the aforementioned approval authorization and executed by the

finance department.

Article 9: Procedures for acquisition or disposal of intangible assets or related right-of-use assets thereof, or membership

I. Price determination and supporting reference materials

The acquisition or disposal of intangible asset or related right-of-use assets thereof, or membership shall take into consideration the potential production benefits of the asset and market fair value. If necessary, expert opinion and the then transaction price negotiated with counterparty shall be taken reference.

II. Engage expert for opinion

Where the transaction amount of the Company's acquisition or disposal of intangible assets, right-of-use assets, or memberships reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant (CPA) to provide an opinion on the reasonableness of the transaction price, except for transactions with domestic government agencies.

III. Approval process and authorization level

The acquisition or disposal of membership or intangible asset shall take into consideration market fair value, and transaction terms and price negotiated to prepare the analysis report. For amount lower than NT\$1 million, the General Manager is authorized to review and approve the investment. For amount between NT\$1 million and NT\$50 million (inclusive), the investment shall be submitted to the Chairman for approval. For amount higher than NT\$50 million, the investment shall seek the approval of the Audit Committee, as well as approval of the Board of Director by resolution before proceeding. --

IV. Executive unit

The acquisition or disposal of membership or intangible assets shall be undertaken in accordance with the aforementioned approval authorization and executed by the finance department.

Article 9-1

The computation of transaction amount for the preceding three paragraphs shall be made as per Article 14, Paragraph 2. "Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. An appraisal report from a professional appraiser obtained in accordance with these Regulations shall be excluded.

Article 10: Evaluation and procedures for acquisition or disposal of assets with related parties

I. For the acquisition from or disposal of assets to a related party, apart from complying with regulations and procedures, the undertaking is also required to follow resolution procedures and evaluation of reasonableness of the transaction terms. In the event that the transaction amount exceeds 10% of the Company's total assets, the Company shall obtain appraisal report provided by professional appraiser or opinion offered by certified public accountant.

The computation of transaction amount shall be undertaken as per Article 9-1.

When determining whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

II. Evaluation and procedures

If the Company intends to acquire or dispose of property or related right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than property or related right-of-use assets thereof from or to a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or exceed NT\$300 million, (except for buying or selling domestic government bonds, bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts), the Company shall submit the following information to the Audit Committee and Board for approval prior to entering into any transaction contract or making payment:

- (I) The purpose, necessity and anticipated benefit of the proposed acquisition or disposal of assets.
- (II) The rationale for choosing the related party as a trading counterparty.
- (III) Information regarding the evaluation of the reasonableness of preliminary transaction terms in accordance with this Article, Paragraph III, Subparagraph (I) and (IV) with respect to the acquisition of property or related right-of-use assets thereof from a related party.
- (IV) The date and price at which the related party originally acquired the property, the original trading counterparty, and such trading counterparty relationship to the Company and such related party.
- (V) Monthly cash flow forecasts for the year commencing from the anticipated month of the 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 an opinion by a certified public accountant obtained in compliance with the preceding paragraphs.
- (VII) Restrictive covenants and other important provisions associated with the transaction.

For the following transactions between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors may, pursuant to Paragraph 3 of Article 7, authorize the Chairman to make an advance decision within a certain threshold. Such transactions shall subsequently be submitted to the most recent Board of Directors meeting for ratification:

- (I) Acquisition or disposal of equipment or related right-of-use assets thereof for business use.
- (II) Acquisition or disposal of related right-of-use assets of property for business use.

When a matter is submitted to the Board of Directors for discussion in accordance with regulations, the opinions of each independent director shall be taken into full consideration. If an independent director expresses an objection or reservation, such opinion shall be recorded in the minutes of the Board of Directors meeting.

Where the Company or its subsidiary that is not a domestic public company engages in a transaction specified in Paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in each item of Paragraph 1 to the shareholders' meeting for approval before the transaction contract may be signed and payments made. This shall not apply, however, to transactions between the Company and its subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts in Paragraph 1 and the preceding

paragraph shall be conducted in accordance with Paragraph 2 of Article 14. The "within one year" referred to herein shall be based on the date of occurrence of the current transaction, looking back one year retrospectively. Portions that have already been submitted to and approved by the shareholders' meeting or the Board of Directors in accordance with these Regulations shall be excluded from the calculation.

III. Evaluation process of reasonableness of transaction costs

- (I) The Company, when acquiring real property or related right-of-use assets thereof from a related party shall, evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with the law and regulations. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (II) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (III) For the acquisition of real property or related right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or related right-of-use assets thereof in accordance with the provision of this Article, Paragraph III, Subparagraph (I) and (II), and engage a CPA to review the appraisal and render a specific opinion.
- (IV) When the results of the Company's appraisal conducted in accordance with the provision of this Article, Paragraph III, Subparagraphs (I) and (II) for the acquisition of property or related right-of-use assets thereof from a related party are uniformly lower than the transaction price, the matter shall be handled in compliance in accordance with the provision of this Article, Paragraph III, Subparagraph (V). However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional property appraiser and a CPA, this restriction shall not apply:
 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the

- Ministry of Finance, whichever is lower.
- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices or standard property leasing market practices.
 - (3) Completed leasing transactions by unrelated parties within the preceding year involving other floors of the same property in which transaction terms are comparable after calculation of reasonable price discrepancies as per standard property leasing market practices.
2. Where the Company acquiring property or leasing the related right-of-use of the property from a related party provides evidence that the terms of the transaction are similar to terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph, in principle, refers to transaction price or publicly announced current value of parcels on the same or an adjacent block and within a distance of no more than 500 meters; transaction for similarly sized parcels, in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; “within the preceding year“ refers to the year preceding the actual date of acquisition of the property or related right-of-use assets thereof.
- (V) When the results of the Company's appraisal conducted in accordance with the provision of this Article, Paragraph III, Subparagraphs (I) and (II) for the acquisition of property or related right-of-use assets thereof from a related party are uniformly lower than the transaction price, the matter shall be handled in compliance with the following provisions: Where the Company and a public company uses the equity method to account for its investment in the Company to set aside the special reserve in accordance with the following provisions, they may not utilize the special reserve until they have recognized a loss on decline in market value of assets they purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.
1. A special reserve shall be set aside in accordance with Paragraph I, Article 41, the Securities and Exchange Act, for the difference between the transaction price and the appraised cost of the property or related right-of-use assets thereof, and may not be distributed or used for capital increase or issuance of bonus shares. Where the investor using the equity method to account for its investment in the Company is a public company, then the special reserve shall be set aside pro rata in a proportion in accordance with the Securities and Exchange Act, Article 41, Paragraph I.
 2. The Audit Committee shall undertake matters in accordance with Article 218, the Company Act.
 3. Actions taken pursuant to the preceding two paragraphs shall be reported to Shareholders' Meeting, and the details of the transaction shall be disclosed in the annual report and investment prospectus.
- (VI) For the acquisition of real property or related right-of-use assets thereof from a

related party, if any of the following conditions is present, the Company shall undertake the transaction in accordance with this Article, Paragraphs I and II on appraisal and operating procedure of this Article. The provision on evaluating the reasonableness of the transaction costs based on this Article, Paragraph III, Subparagraphs (I), (II) and (III) shall not apply:

1. The related party has acquired the property or related right-of-use assets thereof through inheritance or as a gift.
2. More than five years will have elapsed between the time the related party signed the contract to obtain the property or related right-of-use assets thereof and the signing date for the current transaction.
3. The property has been acquired through signing of a joint development contract with the related party, or through contract development with the related party as the developer to develop a land of the Company or leased from a third-party landowner.
4. The acquisition of the right-of-use of property is for business use and occurs between the Company and its parent company, as well as subsidiaries, or between subsidiaries whose shares or capital are 100% owned, directly or indirectly, by the Company,

(VII) When the Company obtains real property or related right-of-use assets thereof from a related party, it shall also comply with the provisions of this Article, Paragraph III, Subparagraph (V) in the event that there is other evidence indicating the acquisition was not an arm's length transaction.

Article 11: Procedures for acquisition or disposal of receivables by financial institutions

In principle, the Company does not engage in the acquisition or disposal of receivables by financial institutions. Subsequently, in the event that the Company would like to do so, prior to establishing the evaluation and operating procedures, it shall first obtain the approval from the Audit Committee, and forward the proposal to the Board of Directors for further approval.

Article 12: Procedures for acquisition or disposal of derivatives

I. Trading principles and strategies

(I) Types of trading transactions

1. The derivatives traded by the Company refers to transaction contracts whose value is derived from assets, interest rates, foreign exchange rate, indices of prices or rates, or other variable (e.g. forward contracts, options contracts, futures contracts, interest rate or foreign exchange rate contracts, swap contracts, and hybrid contracts combining the above contracts).
2. Relevant matters related to trading of securities bonds shall be undertaken according to relevant requirements of these Procedures. The provisions of these Procedures do not apply to the trading of securities bonds under repurchase agreements.

(II) Hedging strategies

The derivative transactions of the Company serve hedging purposes to mitigate risks generated from business operation. Other derivative transactions that do not serve hedging purposes shall be required to report to the Board of Directors for approval before proceeding.

(III) Division of duties and authority

1. Financial department

(1) Trading personnel

- A. Trading personnel shall formulate trading strategies and seek the approval of the General Manager and Chairman.
- B. Trading personnel shall, on a regular basis, calculate the position of the Company, collect market information, perform

trend analysis and risk assessment, formulate operation strategies, and submit transactions for approval according to authorization limits, all of which shall serve as the basis of transactions.

C. In the event that the financial market undergoes material changes and the trading personnel determine that the existing strategies are no longer applicable, they shall promptly produce an assessment report and re-formulate strategies, which shall then be submitted to the General Manager for approval, all of which serve as the basis of transactions.

(2) Accounting personnel

A. Verify transaction information.

B. Review whether transactions are conducted in compliance with authorization levels and existing strategies.

C. Perform monthly evaluation and submit the evaluation report to the General Manager.

D. Process accounting booking.

E. Perform declaration and public disclosure as per regulations provided by the competent authority of securities affairs.

(3) Settlement personnel: Perform settlement processing.

(4) Authorization limits for derivative transactions

A. Exercise approval authorization for derivative transactions

Approver	Authorization limits for daily transactions
General Manager	Below US\$1 million (inclusive)
Chairman	Above US\$1 million

B. Non-hedging transactions shall be required to seek approval from the Audit Committee and reported to the Board of Directors for approval before proceeding. --

2. Internal audit department

Internal audit department is responsible for gaining an understanding on the reasonableness of the internal control of derivative transactions and conducting audit to review the compliance of the trading department in procedures for engaging in derivative trading. It also analyzes transaction cycle to prepare an audit report which shall be submitted to the Chairman.

3. Performance evaluation

(1) Hedging transactions

A. Using foreign exchange cost on the book and profit or loss arising from derivative transactions as the basis of assessment.

B. To closely monitor and convey the risk evaluation of derivative transactions, the Company adopts a monthly valuation method to evaluate the profit or loss.

C. The financial department shall provide the valuation of foreign exchange net position, foreign exchange market trend and analysis to the General Manager as a reference for management and instruction.

(2) Non-hedging transactions

The performance evaluation shall be made based on the actual profit and loss of position. Furthermore, the accounting unit shall prepare and submit a report on the position to the management on a regular basis.

4. Establishment of total contract amount and loss limits

- (1) Establishment of total consolidated contract amount of parent company and subsidiaries, consolidated and individual contract loss limits of parent company and subsidiaries.

	For hedging purposes	For non-hedging purposes
Total contract amount (as a percentage of consolidated yearly operating revenue)	100%	30%
Total contract loss limit	50%	30%
Individual contract loss limit	50%	10%

- (2) For individual contract amount or loss limit exceeding the aforementioned limits, the General Manager must be informed immediately to undertake the necessary countermeasures. Specific proposal shall be submitted to the upcoming Board meeting.

II. Risk management measures

(I) Credit risk management:

In principle, banks which have business relations with the Company or can provide professional information shall be selected as transaction counterparties so as to lower the occurrence of breach of contract.

(II) Market risk management:

The Company shall mainly engage in open foreign exchange market provided by banks and shall not consider venturing into the futures market for the moment.

(III) Liquidity risk management

To ensure access to market liquidity, the Company mainly selects financial products with higher liquidity (i.e. where positions can be easily squared in the market). The financial institutions conducting transactions on behalf of the Company must possess adequate information and capability to undertake transactions in any market and at any given time.

(IV) Cash flow risk management

To ensure the stability of working capital, the capital for engaging in derivative transactions belongs to the equity fund of the Company. Furthermore, the amount invested shall take into consideration the forecast of capital needs of future cash inflow and outflow for the next three months.

(V) Operation risk management

1. The Company shall observe the authorization limits and operating procedures, and include them in internal audit so as to mitigate operating risk.
2. The trading personnel shall not hold concurrent positions in transaction confirmation and settlement departments, and vice versa.
3. The personnel who take charge of the measurement, supervision and control of risks must report to senior management personnel.

(VI) Financial product risk management

Internal trading personnel shall possess comprehensive and accurate professional knowledge on financial products and require banks to fully disclose the risks involved so as to avoid the risk of financial products.

(VII) Legal risk management

Any documents with the financial institutions must be reviewed by legal personnel of the Company before signing to mitigate legal risk.

III. Internal audit system

- (I) The internal auditors shall periodically check the appropriateness of the internal controls for derivative trading. In addition, the trading department's compliance with the operating procedure for derivative trading shall be audited on a monthly basis and the transaction cycle analyzed to prepare an audit report. For any discovery of major violations, written report shall be submitted to the Audit Committee.
- (II) Internal auditors shall in end of February of the following year, submit the audit report and annual internal audit report to the securities competent authority. No later than end of May of the following year, internal auditors shall report the progress on improving anomalies to the securities competent authority for future reference.

IV. Regular evaluation methodology

- (I) The senior management personnel authorized by the Board shall regularly supervise and evaluate whether the derivative transactions comply with the trading procedures established by the Company and the risk is within the exposure limit of the Company. In the event that there is anomaly in the market evaluation report (e.g. the loss of a position has breached the loss limit), the Board shall be informed immediately and the necessary countermeasures shall be taken.
- (II) Derivative trading positions held shall be evaluated at least once per week. Positions for hedging transactions required for meeting business needs shall however, be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

V. The supervision and management principles of the Board of Directors on derivative trading.

- (I) The Board of Directors shall designate senior management personnel to closely supervise and control the risk of derivative trading. The management principles are as follows:
 - 1. Regularly evaluate whether the risk management measures in use are compliant with these Regulations and the operating procedures for derivative trading established by the Company.
 - 2. Supervise the trading and monitor gains or losses of the Company. If any anomaly is found, the personnel must undertake the necessary countermeasures and report to the Board. In the event that the Company has established Independent Directors, the Independent Directors shall attend the Board meeting and express their opinion.
 - 3. For material derivative transactions, the approval of Audit Committee shall be obtained in accordance with the relevant regulations before the transactions are submitted to the Board for resolution.
- (II) Regularly evaluate whether the performance of the derivative transactions meet the existing management strategies and the risk is within the exposure limit of the Company.
- (III) The Company shall authorize relevant personnel to undertake derivative trading as prescribed by the operating procedure for derivative trading, and submit for ratification by the Board in its upcoming meeting.
- (IV) For derivative trading, the Company shall establish log books, listing the derivative types, amount, date of resolution passed by the Board and items prescribed in this Article, Paragraph IV, Subparagraph (II) and Paragraph V, Subparagraphs (I) and (II) for careful evaluation.

Article 13: Procedures for Mergers, De-merger, Acquisition, or Transfer of Shares

I. Evaluation and procedures

- (I) To conduct a merger, de-merger, acquisition, or transfer of shares, the Company shall engage an attorney, CPA, or securities underwriter to determine the time schedule for legal procedures to be undertaken and form a project team to execute the legal procedures. Prior to convening the Board of Directors meeting, the Company shall engage an attorney, CPA, 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 with its subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.
- (II) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, de-merger, or acquisition prior to the Shareholders' Meeting and include the expert opinion as provided by this Article, Paragraph I, Subparagraph (I) when sending out the notification of the Shareholders' Meeting for their reference in deciding whether to approve the merger, de-merger, or acquisition. Provided, where a provision of another act exempts the Company from convening a Shareholders' Meeting to approve the merger, de-merger, or acquisition, this restriction shall not apply. Where the Shareholders' Meeting of the Company and other companies participating in a merger, de-merger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the Shareholders' Meeting, the Company and other companies participating in the merger, de-merger or acquisition shall immediately provide a public explanation for the reasons, follow-up measures and the preliminary date of the next Shareholders' Meeting.

II. Other considerations

- (I) Date of Board meeting: The Company and other companies participating in a merger, de-merger 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, de-merger or acquisition, unless another act provides otherwise or the competent authority of securities affairs, who is notified in advance of extraordinary circumstances, grants consent. The Company and other companies participating in transfer of shares shall convene a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the competent authority of securities affairs, who is notified in advance of extraordinary circumstances, grants consent.
- (II) Advanced confidentiality commitment: Every person participating in or privy to the plan for merger, de-merger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, de-merger, acquisition, or transfer of shares.

- (III) Principle of altering share exchange ratio or acquisition price: The Company and other companies participating in a merger, de-merger or acquisition, prior to convening the Board of Directors meeting, shall engage an attorney, CPA, 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. In principle, the share exchange ratio or acquisition price shall not be subject to random change, except for other terms in the contract stipulating the conditions for alteration which have been publicly disclosed. Conditions for amendments to share exchange ratio and acquisition price:
1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities investments.
 2. An action, such as a disposal of major assets, that affects the Company's financial operations.
 3. Major disasters or major change in technology that affects shareholder equity or share price.
 4. Where any of the companies participating in the merger, de-merger, acquisition, or transfer of shares from another company buys back treasury stock in accordance with the law.
 5. An increase or decrease in the number of entities or companies participating in the merger, de-merger, acquisition, or transfer of shares.
 6. Other terms in the contract stipulating the conditions for alteration which have been publicly disclosed.
- (IV) Content of contract: Apart from information prescribed in the Company Act, Article 317-1 and Business Mergers And Acquisitions Act, Article 22, the contract for participation in a merger, de-merger, acquisition, or of shares shall also record the following:
1. Handling of breach of contract.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock in which participating companies are permitted under law to buy back after the record date of share exchange ratio calculation, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. Progress schedule for plan execution, and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) Change in number of companies participating in the merger, de-merger, acquisition, or share transfer: After public disclosure of information, if any company participating in the merger, de-merger, acquisition, or share transfer intends further to carry out a merger, de-merger, acquisition, or share transfer with another company, all of the participating companies shall carry out new procedures or legal actions that had originally been completed toward the merger, de-merger, acquisition, or share transfer; except that where the number of participating companies has decreased and the participating company's shareholders' meeting has adopted a resolution authorizing the Board to alter the limits of authority, such participating company may be exempted from

calling another Shareholders' Meeting to resolve on the matter anew.

(VI) Where any of the companies participating in a merger, de-merger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company. Furthermore, the date of convening Board meeting as per this Article, Paragraph II, Subparagraph (I), advanced confidentiality commitment as per Subparagraph (II), change in number of companies participating in the merger, de-merger, acquisition, or share transfer as per Subparagraph (V), and provisions of Subparagraphs (VII) and (VIII) shall be undertaken.

(VII) Retention of documentation:

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: _

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

(VIII) 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 this Article, Paragraph II, Subparagraphs 7, Items 1 and 2 to the securities competent authority 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 so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 14: Procedures for information disclosure

I. Circumstances and conditions required to be announced or reported

- (I) Acquisition or disposal of property or related right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or related right-of-use assets thereof from or to a related party where the transaction amount reaches more than 20% of the paid-in capital, exceeds 10% of the Company's total assets, or NT\$300 million. However, the restriction shall not be applied to the trading of government bonds or bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts.
- (II) Merger, demerger, acquisition or transfer of shares.
- (III) The loss of trading derivatives reaches the limit for all or single contract set forth in these Procedures for financial derivatives transactions.

- (IV) Acquisition or disposal of equipment or related right-of-use assets thereof for business use from or to a related party and the transaction amount meeting one of the following rules:
 - 1. Companies with paid-up capital lower than NT\$10 billion and transaction amount higher than NT\$500 million.
 - 2. Companies with paid-up capital higher than NT\$10 billion and transaction amount higher than NT\$1 billion.
 - (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) Apart from asset transaction, disposal of receivables by financial institutions, or an investment in mainland China area in the preceding six subparagraphs, transaction that reaches 20% of the Company's paid-in capital or amounts to NT\$300 million or more. However, the following circumstances shall not subject to the restriction:
 - 1. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than the sovereign rating of the Republic of China (Taiwan).
 - 2. For a professional investor, the trading of securities on a stock exchange or at a securities firm's business premises; or the subscription of foreign government bonds, ordinary corporate bonds, or general financial bonds without equity characteristics (excluding subordinated bonds) in the domestic primary market; or the subscription or redemption of securities investment trust funds or futures investment trust funds; or the subscription or repurchase of exchange-traded notes (ETN); or the subscription of securities by a securities firm due to underwriting business needs or acting as a recommending broker for an Emerging Stock company in accordance with the regulations of the Taipei Exchange.
 - 3. Bonds under repurchase and resale agreements and subscribing or redeeming money market funds issued by domestic securities investment trusts.
- II. The computation of transaction amount for the preceding paragraph shall be made as follows. "Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the subject acquisition or disposal of assets. Items duly announced in accordance with regulations that have been reported to and approved by the Board of Directors shall be excluded.
- 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 trading counterparty within the preceding year.

3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of properties or related right-of-use assets thereof in 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.
- III. Deadline for announcement and reporting
- If the Company's acquisition or disposal of assets meets the circumstances required to be announced publicly and the transaction amount required to be reported, the relevant information shall be declared and reported within two days from the date of occurrence.
- IV. Procedures for announcement and reporting
- (I) The Company shall declare and report the relevant information according to the characteristics and format prescribed by the competent authority of securities affairs.
 - (II) The Company shall compile monthly reports on the status of derivative trading engaged in for 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 10th day of each month.
 - (III) When the Company at the time of public disclosure makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
 - (IV) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.
 - (V) If any of the following conditions relating to the Company's transactions required to make public disclosure and declaration as prescribed in the aforementioned provisions, the relevant information shall be declared and reported on the website designated by the securities competent authority within two days from the date of occurrence:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 2. The merger, de-merger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- V. Announcement format
- | | |
|--------------|---|
| Attachment 2 | Announcement format for the acquisition or disposal of securities of parent company, subsidiaries or affiliated companies in domestic or overseas centralized securities exchange markets or OTC venues |
| Attachment 3 | Announcement format for the acquisition of properties by 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 |
| Attachment 4 | Announcement format for the acquisition or disposal of properties and other fixed assets, and acquisition of properties from related parties |

- Attachment 5 Announcement format for the acquisition or disposal of securities, membership and intangible assets, and disposal of receivables by financial institutions not via centralized securities exchange markets or OTC venues
- Attachment 6 Announcement format for investments in Mainland China
- Attachment 7-1 Announcement format for derivative transactions within two days from the date of occurrence
- Attachment 7-2 Announcement format for derivative transactions by the 10th day of each month
- Attachment 8 Announcement format for merger, demerger, acquisition or transfer of shares

Article 15: The subsidiaries of the Company shall comply to the following provisions:

- I. The subsidiaries of the Company shall establish the “Regulations Governing the Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, and obtain the approval of the Board of Directors of the subsidiaries for implementation. The same applies for amendments to the regulations.
- II. The Company shall publicly disclose and report the information on the acquisition and disposal of assets in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” on behalf on its subsidiaries.
- III. For the public announcement and reporting standard of the subsidiaries, the provision for paid-in capital or total assets is based on the paid-in capital or total assets of the Company.
- IV. The provision regarding 10% of the Company’s total assets is computed in accordance with the total assets in the parent company only financial reports in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

Article 16: Penalties

In the event of employee violating these Regulations, the undertaking unit shall report to the human resource department on a regular basis in accordance with the employee handbook of the Company. The appropriate penalty should be imposed according to the severity of the violation.

Article 17: Implementation and amendments

Subsequent to approval of the Audit Committee, these Procedures shall be approved by the Board of Directors and submitted to the Shareholders’ Meeting for approval. The same applies to the amendments of the procedures.

If the majority consent of the all members of the Audit Committee is not granted, it may be approved by a two-thirds majority of all Directors. The resolution of the Audit Committee shall also be recorded in the Board of Directors meeting minutes.

When a matter is submitted to the Board for discussion, the Board shall take into full consideration each Independent Director’s opinion. Any objections or reservations regarding any matter expressed by an Independent Director shall be recorded in the minutes of the Board meeting.

The terms "all Audit Committee members" and "all Directors" shall be counted as the actual number of persons currently holding those positions.

Article 18: Supplementary Provisions

The Company shall undertake matters not provided by these Procedures in accordance with the law and regulations.

Article 19: Amendment History: June 26, 1995; November 3, 1999; April 8, 2003; June 13, 2007; June 18, 2010; June 12, 2012; June 25, 2014; June 14, 2017; June 13, 2018; June 19, 2019; and June 22, 2022.

Rules and Procedures of Shareholder Meetings

- I. Shareholders' Meeting of the Company shall be conducted in accordance with these Rules and Procedures.
- II. The Company shall furnish the attending shareholders (or proxies) with an attendance book to sign, or attending shareholders (or proxies) may hand in a sign-in card in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance book or attendance cards submitted by the shareholders.
- III. The attendance and voting of shareholders shall be calculated based on the number of shares represented.
- IV. Except as otherwise provided by the Company Act, the chairperson of the Shareholders' Meetings shall be assumed by the Chairman of the Company. In case where the Chairman is on leave or cannot exercise his power and authority for any cause, the Vice Chairman shall act in place of the Chairman. In the event that there is no Vice Chairman or the Vice Chairman also is on leave or cannot exercise his power and authority for any cause, the Chairperson shall appoint one of the Managing Directors to act as the chairman to preside at the meeting, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chairperson. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select one person among themselves to serve as chairperson to preside at the meeting.
- V. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VI. The Company shall make an uninterrupted audio and video recording of the entire proceedings of the Meeting. The recorded materials shall be retained for at least 1 year.
- VII. If the number of shares represented by the shareholders (or proxies) present at the Meeting has constituted the quorum, the chairperson shall call the Meeting to order. If the number of shares represented by the shareholders present at the Meeting has yet to constitute the quorum at the time scheduled for the meeting, the chairperson may postpone the time for the meeting. The postponements shall be limited to two times at the most. If no quorum can yet be constituted but the shareholders (or proxies) present at the meeting representing more than one third of the total outstanding shares, tentative resolutions may be passed by a majority of those present. If during the process of the meeting the number of outstanding shares represented by the shareholders (or proxies) present becomes sufficient to constitute the quorum, the chairperson may submit the tentative resolutions to the meeting for ratification.
- VIII. 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 of the Shareholders' Meeting. The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chairperson violates the Rules and Procedures and declares the meeting adjourned, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. Once the meeting is declared adjourned, shareholders may not elect a new chairperson in the original meeting venue or resume the meeting at another venue.
- IX. Before speaking, an attending shareholder (or proxy) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
A shareholder (or proxy) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

X. Except with the consent of the chairperson, a shareholder (or proxy) may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

In the event that the shareholder's speech violates the preceding provision or exceeds the scope of the agenda item, the chairperson may suspend the speech.

XI. When a juristic person is appointed to attend as proxy, it shall designate only one person to represent it in the meeting.

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

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

XIII. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put to a vote, the chairperson may announce the discussion closed and call for a vote.

XIV. Vote monitoring and counting personnel for the voting on proposals shall be appointed by the chairperson. The results of the voting shall be announced on the spot at the meeting, and a record shall be made of the vote.

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

XVI. Except as otherwise provided in the Company Act and 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 (proxies). The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairperson.

XVII. When there is an amendment or an alternative to a proposal, the chairperson shall determine 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. A shareholder shall be entitled to one vote for each share held. With the exception of a trust enterprise or a shareholder services agent approved by the competent authority of securities affairs, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

XIX. The resolutions of the Shareholders' Meeting shall be recorded in the minutes, documenting the date and time, venue, number of outstanding shares represented by the attending shareholders and name of chairperson, as well as summarizing the proceedings and results of the meeting. The minutes shall be signed or stamped by the chairperson.

The aforementioned minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System. The attendance book (sign-in card) of attending shareholders and proxy forms shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189, the Company Act, the ballots shall be retained until the litigation concludes.

XX. The chairperson may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband or other identifiable apparel.

XXI. The Company shall undertake matters not provided by these Rules and Procedures in accordance with the Company Act, Articles of Incorporation and other relevant law and regulations.

XXII. These Rules and Procedures, and any amendments hereto, shall be implemented after approval by a Shareholders' Meeting.

- Article 1 Unless otherwise provided by laws and regulations or the Articles of Incorporation, elections of directors of the Company shall be conducted in accordance with these Procedures.
- Article 2 The qualifications of independent directors shall comply with Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies Article 24 of "Corporate Governance Best-Practice Principles".
- Article 3 Elections of directors of the Company shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.
If the number of directors is less than five after directors resign from office, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancy in the Board of Directors reaches one-third of the number specified in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting for by-election within 60 days from the date of occurrence of the fact.
If the number of independent directors falls below that specified in the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act and requirements set forth in the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the Company shall hold a by-election at the most recent shareholders' meeting. When all independent directors have been dismissed, an extraordinary shareholders' meeting shall be convened within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- Article 4 The single registered cumulative voting method is adopted for the election of the Company's directors. Each share has the same voting rights as the number of directors to be elected, and may be cast for a single candidate or allocated to a number of candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers
- Article 5 During the ballot counting, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 6 The number of directors of the Company is determined by the Articles of Incorporation. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 7 Ballots shall be prepared by the Board of Directors, and shall be distributed to each shareholder in accordance with the number of persons to be elected (subject to one person per vote).
- Article 8 Voters shall indicate the account name and account number at the "Candidate" column on the ballot. However, when the candidate is a governmental organization or corporate shareholder, the name of the governmental organization or corporate shareholder shall be indicated at the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or corporate shareholder and the name of its representative may be indicated. When there are multiple representatives, the names of each respective representative shall be indicated.

Article 9: A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by a person with the right to convene.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot does not conform to the director candidate list.
- V. Other words or marks are entered in addition to the number of voting rights allotted.
- VI. Two or more candidates are entered on the same ballot.

Article 10 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

Article 11 The Board of Directors shall issue notifications to the persons elected as directors.

Article 12 These Procedures shall be implemented after the approval of the shareholders' meeting, and shall be amended in the same manner.

Article 13 Amendment history.

Formulated on June 24, 1989. Amended on April 12, 1994. Amended on June 12, 2002. Amended on June 12, 2012. Revised on June 17, 2015. Revised on June 23, 2018. Amended on July 21, 2021

Associated Industries China, Inc.
Shareholdings of Directors and Independent Directors

Appendix 5

Book closure date: April 20, 2026

Title	Name	Number of shares held
Chairman	Hua-Chung Pi	3,635,541
Director	Hung-Chun Yu	400,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	2,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd., Yun Yu	2,000
Independent Director	Kuo-Hua Chen	0
Independent Director	(Vacancy)	-
Independent Director	(Vacancy)	-
Total of all directors:		4,037,541

Note:

1. Total shares issued by the Company: 54,170,569 shares.
2. The minimum number of shares to be held by all directors of the Company: 5,417,057 shares.
3. The Company has established the Audit Committee. As such, the provisions on the minimum percentage requirements for the shareholding of Supervisors shall not apply.
4. The representatives of Directors has placed their shares in centralized custody, totaling 1,317,757 shares. The number of shares held by Directors is recorded in accordance with the law and regulations.
5. Explanation of changes: Independent Director Ms. Sha-Wei Chang was dismissed on March 24, 2026, due to her passing; Independent Director Mr. Chien Yang resigned effective March 31, 2026. Of the aforesaid vacancies, one Independent Director is proposed to be by-elected at this Annual Shareholders' Meeting.