

Stock Code: 1234

Hey Song Corporation  
2022 General Shareholders Meeting  
  
Handbook

Convening method: Physical shareholder meeting

June 23, 2022

No. 178, Zhongyuan Road, Zhongli District, Taoyuan City  
(Zhongli Factory)

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# Hey Song Corporation 2022 General Shareholders Meeting Agenda

Convening method: Physical shareholder meeting

Time: June 23, 2022 (Thursday) at 9:00 a.m. sharp

Venue: No. 178, Zhongyuan Road, Zhongli District, Taoyuan City (Zhongli Factory)

I. Calling of the meeting to order (reporting the number of shares in attendance)

II. Chair's Remarks

III. Report Matters

1. 2021 Business Report
2. 2021 Audit Committee Review Report
3. 2021 Distribution of employee Compensation and Director Remuneration

IV. Acknowledgement Matters

1. 2021 Business Report And Financial Statement.
2. 2021 Distribution Of Earnings.

V. Discussion and Election Matters

Discussion Matters (1):

1. Revision of certain provisions of the Company's "Articles of Incorporation."
2. Revision of certain provisions of the Company's "Acquisition or Disposal of Assets Handling Procedures."

Election Matter:

Election of directors for the 27th Board of Directors (including independent directors).

Discussion Matter (2):

Lifting of the non-compete restrictions for some newly elected directors (including independent directors) and their representatives.

VI. Extempore Motions

VII. Adjourning of the Meeting

## Reporting Matters

1. 2021 Business Report (Please refer to Appendix 1~P7~P9 of this Handbook).
2. 2021 Audit Committee Review Report (Please refer to Appendix 2~P10 of this Handbook).
3. 2021 Distribution of Employee Compensation and Director Remuneration (Please refer to Appendix 3~P11 of this Handbook).

## Acknowledgement Matters

### **Agenda Item 1**

**Proposed by the Board of Directors**

Proposal: The 2021 Business Report And Financial Statements are submitted for acknowledgment.

Description:

1. The Company's 2021 financial statements together with the business report have been approved by the Company's Board of Directors, and the audit thereof has been completed by the accountants Kuo Nai-Hua and Chi Jui-Cuan of Deloitte & Touche Taiwan, who issued an accountant's audit report. The Audit Committee has also completed the audit thereof and issued an audit report, recognizing that there is no inconsistency.
2. For the Company's business report and financial statements, please refer to Appendix 1 (P7~P9 of this Handbook) and Appendix 4 (P12~P30 of this Handbook).
3. This proposal is hereby submitted for acknowledgement.

Resolution:

### **Agenda Item 2**

**Proposed by the Board of Directors**

Proposal: The 2021 Distribution of Earnings is submitted for acknowledgment.

Description:

1. The Company's 2021 distribution of earnings has been approved by the resolution of the 23rd meeting of the 26th Board of Directors on March 22, 2022. (Please refer to Appendix 5 ~P31 of this Handbook)
2. It is proposed to distribute the cash dividend at NT\$1.7 per share. The cash dividend will be calculated according to the payout ratio and rounded off to the nearest integer. The sum of each fractional payment that is less than NT\$1 will be adjusted in the sequence of the decimal place value from the largest to the smallest as well as the shareholder account number from the smallest to the largest until it matches the total distributed amount of the cash dividend.
3. This proposal is hereby submitted for acknowledgement.

Resolution:

## Discussion and Election Matters

### **Discussion Matters (1)**

#### **Agenda Item 1**

**Proposed by the Board of Directors**

Proposal: The revision of certain provisions of the Company's "Articles of Incorporation" is submitted for a resolution.

Description:

1. In response to the relevant regulatory amendments as well as the needs of practical operations, it is proposed to revise certain provisions of the Company's "Articles of Incorporation." (Please refer to Appendix 6~P32~P34 of this Handbook)
2. This proposal is hereby submitted for a resolution.

Resolution:

#### **Agenda Item 2**

**Proposed by the Board of Directors**

Proposal: The revision of certain provisions of the Company's "Acquisition or Disposal of Assets Handling Procedures" is submitted for a resolution.

Description:

1. In response to the relevant regulatory amendments as well as the needs of practical operations, it is proposed to revise certain provisions of the Company's "Acquisition or Disposal of Assets Handling Procedures." (Please refer to Appendix 7 ~P35~P64 of this Handbook).
2. This proposal is hereby submitted for a resolution.

Resolution:

**Election Matter:****Proposed by the Board of Directors**

Proposal: Election of directors for the 27th Board of Directors (including independent directors).

**Description:**

1. The current term of directors (including independent directors) will expire on June 23, 2022, and a re-election will be held at this General Shareholders Meeting.
2. According to Article 18 of the Company's Articles of Incorporation as well as the resolution adopted at the 23rd meeting of the 26th Board of Directors on March 22, 2022, a total of 10 ordinary directors and 3 independent directors shall be elected for a term of 3 years.
3. For the list of director candidates (including independent directors) reviewed and approved at the 24th meeting of the 26th Board of Directors on May 5, 2022, please refer to Appendix 8 (P65~P68 of this Handbook).
4. The term of office of the original directors (including independent directors) of the Company will end at the conclusion of this General Shareholders Meeting. The newly elected directors (including independent directors) will take office immediately after the General Shareholders Meeting, and the term of office will run from June 23, 2022 to June 22, 2025.
5. This re-election is conducted in accordance with the Company's "Rules for the Election of Directors."
6. This proposal is hereby submitted for a voting.

**Election results:**

**Discussion Matter (2):****Proposed by the Board of Directors**

Proposal: The lifting of the non-compete restrictions for some newly elected directors (including independent directors) and their representatives is submitted to a resolution.

**Description:**

1. According to Article 209 of the Company Act, “A director who acts for him/her/itself or on behalf of another person within the scope of the Company's business shall explain to the Shareholders Meeting about the essential content of such an act and obtain its approval”.
2. It is proposed to lift the non-compete restriction of the elected directors (including independent directors) and their representatives for the 27th term of the Board of Directors in accordance with the provisions of Article 209 of the Company Act; the elected directors (including independent directors) and their representatives are themselves or others who belong to the Company. The essential content of the acts of the elected directors (including independent directors) and their representatives performed for him/her/itself or on behalf of another person within the scope of the Company’s business will be supplemented and explained according to the election result when this proposal is being discussed at the General Shareholders Meeting.
3. This proposal is hereby submitted for a resolution.

**Resolution:**

Extraordinary Motions

Meeting adjourned



## Business Report

### **Dear shareholders, ladies and gentlemen,**

Looking back on the year 2021, the impacts of the novel coronavirus pandemic have remained. Although there has been progress made towards vaccine research and development and widespread vaccination, the virus has been constantly mutating, making it difficult to achieve an expectation of a “return to normal life.” Various pandemic prevention measures have not only changed consumers’ shopping habits, they have also affected the global logistics supply chain. Factors such as the lack of workers, port congestion, climate anomalies, as well as the dual control of energy consumption and energy intensity in mainland China have affected the supply of raw materials, causing international freight rates, raw material, and energy prices to soar dramatically, pushing up inflation. Under circumstances where the recovery of terminal demand is limited and the cost transfer is difficult, enterprises are facing great pressure and challenges in their operations. However, our management team was still able to adjust operating practices in a timely manner in this severe operating environment, so as to stabilize the Company’s performance in 2021. The net operating income reached NT\$8.197 billion, an increase of 0.45%; the operating profit was NT\$593 million, an increase of 1.83%; the profit after tax was NT\$800 million, a decline of 10.49%; the profit after tax per share was NT\$1.98, a decrease of NT\$0.24 from that in the previous year.

### **Operating performance**

Adhering to our three operating principles of “Life Brand,” “Beyond Agency” and “Evolutionary Sales,” in addition to continuing to develop our wine and spirits agency business, we also accelerated the layout of biotechnology and health care products, activated channel commercialization, and are continuing to expand our operational capacity.

### **Creating a variety of products to respond to the rapid and changing market pulse**

In addition to expanding the flavor of existing products, new products such as “HeySong Camellia Green Tea (First flush)” and “Wincafe Caramel Coffee” were launched. In order to satisfy consumers’ taste for early adopters, in April 2021, we launched a cross-category blend of grape juice, C&C yogurt-flavored shaved ice with konjac pearls, together with a rich, light cream-flavored ice cream bar, to create our “HeySong C&C Grape Ice Bar (Lactobacillus added)” which gives a rich and varied taste and texture. We also teamed up with a well-known Japanese soft candy brand to create a dream combination drink, the “HeySong C&C x Puré Sparkling Drink (Gummy Grape)” which perfectly transformed the grape gummy from something we eat to something we can now drink, bringing fans of both parties a new sensation on the palate.

In addition, the HeySong Biotec H<sup>+</sup> brand also launched both the “HeySong Ginseng Essence” and “HeySong Lutein Essence” in small, on-the-go liquid packets designed to make it more

convenient to drink. The “HeySong Guei-lu Collagen Essence Capsule” is not only used by seniors, but also provides all-around key health benefits for young adults who love engaging in outdoor sports and activities.

### **Joining forces for mutual cooperation and expanding new milestones for strategic alliances**

Through the strategies of “multiple products,” “all-channel distribution,” and “building brand value,” we have broken through the original model of agency sales, and have used a professional brand management team to deepen the sales performance and product value of various agency wine brands in the Taiwan market.

After our wine business formed an alliance with the New World wine leader, Accolade Wines Group, HeySong introduced a series of products from well-known wine brands such as “Hardys,” “Banrock Station” and “Kumala,” and expanded all channels with a more complete product portfolio at different pricing points. In terms of Kinmen Kaoliang liquor, HeySong innovatively launched “58% 1000-Day Aged Kinmen Kaoliang Liquor,” which enhances the value of aged spirits with the rarity of “one bottle drunk, one bottle less” and the convenience of “enjoying good spirits without waiting.” While CHOYA has expanded its sales base in the HeySong multi-channel layout, the CHOYA Umeshu sales have grown by over 20% for two consecutive years, and Taiwan has become one of the top two exporting countries for Japan’s CHOYA output. Meanwhile, with the theme of June as CHOYA Month, the “CHOYA Month of Drinking Buddies” event was planned to shape up an atmosphere of drinking nothing but CHOYA in June. Furthermore, through sponsorship of events such as large-scale banquets, cross-field integration was carried out to gradually strengthen CHOYA’s position in the Taiwanese alcohol market.

### **Fulfill corporate social responsibility**

In October 2021, HeySong Soda collaborated with Family Mart and the Chi Po-lin Foundation to launch four styles of “See Taiwan Cans for the 90th Anniversary of HeySong Soda.” Four selected video works by the late director Chi Po-lin were used for the design inspiration of the can bodies. We also initiated the public welfare activity, “HeySong donates NT\$5 for each can sold,” and donated a total of more than NT\$400,000 to support the Chi Po-Lin Foundation in deepening environmental education and raising people’s awareness concerning the environment.

Based on the United Nations Sustainable Development Goals, HeySong’s planning also focuses on the environment, health, and community service. In the environmental aspect, we ensure the effective improvement of energy efficiency and continue to increase the use of renewable energy; improve various water-saving facilities, and increase the utilization rate of water recycling. In the health aspect, we gradually reduced the amount of sugar content in our carbonated drinks and fruit juices, and developed small-packaging carbonated products. In the community service aspect,

the operating funds of the HeySong Education Foundation have been increased year by year, and NT\$9 million had been invested in 2021. Through the “HeySong Love Land Environmental Proposal Competition,” “HeySong Green<sup>+</sup> Campus Program,” and “HeySong Search - Ploughing Curriculum Program” to promote environmentally characteristic education.

### **Future outlook**

We will comprehensively promote the “digital transformation,” including intelligent production, re-evolution of vending machines, strengthening of virtual channel deployment, etc., to create corporate business momentum. In the beverage industry, in addition to the phased establishment of an intelligent production management system to improve product quality and production efficiency, digital acceleration is used to respond to issues of labor shortages / material shortages / energy shortages, and to grasp business opportunities through virtual channels. For vending machines, we expect to complete the installation of 1,400 sets of machines with a receipt-issuing function by the end of 2022. The digital interaction will be carried out in a series to enhance the consumer experience, and the promotion mechanism will be added to enhance the competitiveness of the machines. In addition to deepening brand management and grasping the growth trend of e-commerce, the health care business uses the existing distribution network to operate group purchases and direct sales.

In addition, improving energy efficiency and reducing greenhouse gas emissions and water consumption are also our continuous goals. Apart from updating carbonated drinks production equipment, we combine information-based production management to improve operational efficiency, and build a solar power generation system to reduce production energy consumption and carbon emissions, so as to continue to move towards the goal of sustainable development.

Thanks to all our shareholders for your trust and support of Hey Song, and we will continue to create better investment interests for all shareholders.

**Finally, we wish all our shareholders**

**good health, peace, and prosperity**

Chair : Chang Pin-Tang

President : Chang Pin-Tang

Accounting Supervisor : Tu Chu-Tsan

Hey Song Corporation  
Audit Committee Review Report

The Board of Directors has prepared the 2021 business report, financial statements, the earnings distribution statement, etc., of the Company, among which the audit of the financial statements have been completed by the Deloitte & Touche Taiwan, which also issued the audit report. The Audit Committee has reviewed the aforementioned business report, financial statements, and earnings distribution statement and believes that there is no inconsistency. This report is hereby made in accordance with the provisions of Article 14-4 of the Securities and Exchange Act as well as Article 219 of the Company Act, and is submitted for your review.

Submitted to:

2022 General Shareholders Meeting of Hey Song Corporation

Hey Song Corporation

Audit Committee meeting convenor: Lin Huo-Tang

March 22, 2022

## 2021 Distribution Status of Employee Compensation and Director Remuneration

1. It is proceeded in accordance with Article 32 of the Company's Articles of Incorporation.
2. The Company's profits before tax for the year 2021 prior to deducting the distribution of employee compensation and director remuneration is in the amount of NT\$953,263,894. It is planned for employee compensation to be distributed in cash in the amount of NT\$9,532,639 and director remuneration to be distributed in cash in the amount of NT\$28,597,917 for the year 2021. There is no variance in the NT\$9,532,639 as estimated for employee compensation in the account, as well as the NT\$28,597,917 as estimated for director remuneration in the account.

## Independent Auditors' Report

The Board of Directors and Shareholders  
Hey Song Corp.

**Opinion**

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

In our opinion, based on our audits and the reports of the other auditors, as described in the other matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 of Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norms of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, and we do not provide a parent opinion on these matters.

Key audit matters of the Company's parent only financial statements for the year ended December 31, 2021 is stated as follows:

**The authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor**

As a part of the Company's 2021 operating revenue from sale of Kinmen Kaoliang Liquor products had a significant impact on the Company's net operating revenue, the truthfulness of sales revenue from and the shipment of such products were identified as key audit matters. For accounting policies for revenue recognition, please refer to Note 4 (13) in the separate financial statements.

We audited the sales revenue from and shipment of the aforesaid Kinmen Kaoliang Liquor products pursuant to the following audit procedures:

1. After we understood the design and implementation of the internal control system for the process of earning the said sales revenue, the effectiveness of the control implementation was evaluated.
2. We obtained the detailed items of sales revenue from the Kinmen Kaoliang Liquor products and performed sampling for evaluation. The relevant supporting shipment documents and the recovery of loans were also checked to verify the truthfulness of the sale revenue and shipment.

### **Responsibility of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an 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 auditing principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. These are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 and its 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 parent company only financial statements (including the notes to the statements), and whether or not the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo Nai-Hua

Independent Accountants

Chih Jui-Chuan

Deloitte & Touche, Taiwan  
Republic of China  
March 22, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



HEY SONG CORP.  
PARENT COMPANY ONLY BALANCE SHEET  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 535,533	3	\$ 322,169	2
1110	Financial assets measured at fair value through profit or loss – current (Notes 4 and 7)	50,024	-	180,057	1
1150	Notes receivables (Notes 4 and 8)	4,796	-	51,871	-
1160	Notes and accounts receivable (Notes 4, 8, and 27)	78	-	142,318	1
1170	Accounts receivable (Notes 4 and 8)	167,148	1	93,642	-
1180	Accounts receivable - related parties (Notes 4, 8 and 27)	772,820	4	523,019	3
1200	Other receivables (Note 8 and 27)	89,137	-	80,793	-
130X	Inventory (Notes 4 and 9)	5,075,026	24	4,911,799	24
1410	Pre-payment (Note 27)	24,759	-	32,502	-
1470	Other current assets	12,034	-	14,793	-
11XX	Total current assets	<u>6,731,355</u>	<u>32</u>	<u>6,352,963</u>	<u>31</u>
	<b>Non-current assets</b>				
1550	Investments accounted for using the equity method (Notes 4, 10 and 27)	8,413,229	40	8,229,168	41
1600	Property, plants and equipment (Notes 4, 11, and 28)	5,340,811	26	5,555,390	27
1755	Right-of-use assets (Notes 4 and 20)	82,279	-	17,869	-
1801	Computer software (Note 4)	3,419	-	4,542	-
1840	Deferred tax assets (Notes 4 and 22)	42,234	-	38,777	-
1915	Prepayment for equipment purchase (Notes 14 and 29)	119,263	1	14,303	-
1920	Refundable security deposit (Notes 15 and 28)	176,808	1	176,894	1
15XX	Total non-current assets	<u>14,178,043</u>	<u>68</u>	<u>14,036,943</u>	<u>69</u>
1XXX	Total assets	<u>\$ 20,909,398</u>	<u>100</u>	<u>\$ 20,389,906</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 15)	\$ 1,100,000	5	\$ 850,000	4
2170	Accounts payable (Note 16)	325,487	2	212,781	1
2200	Other payables (Notes 17 and 27)	395,192	2	445,855	2
2230	Income tax liabilities in the current period (Notes 4 and 22)	95,762	-	33,885	-
2280	Leasehold liabilities - current (Note 12)	16,344	-	15,742	-
2300	Other current liabilities (Note 27)	42,622	-	58,717	1
21XX	Total current liabilities	<u>1,975,407</u>	<u>9</u>	<u>1,616,980</u>	<u>8</u>
	<b>Non-current liabilities</b>				
2570	Deferred tax liabilities (Notes 4 and 22)	620,481	3	619,417	3
2580	Lease liabilities - non-current (Note 12)	66,051	-	2,437	-
2640	Net defined benefit liabilities -non-current (Notes 4 and 18)	101,677	1	80,567	-
2645	Cash on receipt	1,870	-	1,870	-
25XX	Total non-current liabilities	<u>790,079</u>	<u>4</u>	<u>704,291</u>	<u>3</u>
2XXX	Total liabilities	<u>2,765,486</u>	<u>13</u>	<u>2,321,271</u>	<u>11</u>
	<b>Equity (Note 19)</b>				
3110	Ordinary shares	4,018,711	19	4,018,711	20
3200	Capital reserve	186,078	1	185,139	1
	Retained earnings				
3310	Legal reserve	2,488,871	12	2,401,656	12
3320	Special reserve	4,357,281	21	4,413,676	22
3350	Undistributed earnings	7,026,005	34	6,994,977	34
3300	Total retained earnings	<u>13,872,157</u>	<u>67</u>	<u>13,810,309</u>	<u>68</u>
3400	Other equity	66,966	-	54,476	-
3XXX	Total equity	<u>18,143,912</u>	<u>87</u>	<u>18,068,635</u>	<u>89</u>
	Total liabilities and equity	<u>\$ 20,909,398</u>	<u>100</u>	<u>\$ 20,389,906</u>	<u>100</u>

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

**HEY SONG CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Notes 20 and 27)				
4110	Sales revenue	\$ 8,450,812	103	\$ 8,491,438	104
4170	Sales return	( 1,660 )	-	( 7,269 )	-
4190	Sales discounts and allowances	( 251,703 )	( 3 )	( 323,808 )	( 4 )
4000	Net sales revenue	8,197,449	100	8,160,361	100
5000	Operating costs (Notes 9 and 21)	( 6,180,020 )	( 75 )	( 6,117,673 )	( 75 )
5900	Gross profit	2,017,429	25	2,042,688	25
5910	Unrealized profit involving subsidiaries	( 47,584 )	( 1 )	( 51,251 )	( 1 )
5920	Realized profit involving subsidiaries	51,251	1	41,848	1
5950	Realized operating gross profit	2,021,096	25	2,033,285	25
	Operating expenses (Notes 21 and 27)				
6100	Selling and marketing expenses	( 1,188,202 )	( 15 )	( 1,209,087 )	( 15 )
6200	General and administrative expenses	( 188,307 )	( 2 )	( 187,216 )	( 2 )
6300	Research and development expenses	( 52,053 )	( 1 )	( 56,594 )	( 1 )
6450	Expected credit impairment (reversal profit)	-	-	1,478	-
6000	Total operating expense	( 1,428,562 )	( 18 )	( 1,451,419 )	( 18 )
6900	Operating income	592,534	7	581,866	7
	Non-operating income and expenses				
7100	Interest income (Note 21)	47	-	98	-
7010	Other incomes (Notes 21 and 27)	33,371	-	35,125	-
7020	Other profits (losses) (Note 21)	( 6,107 )	-	( 28,148 )	-
7050	Financial cost (Note 21)	( 7,627 )	-	( 11,316 )	-
7060	Share of profit of subsidiaries and associates under the equity method (Note 10)	302,915	4	363,372	5
7000	Total non-operating income and expense	322,599	4	359,131	5
7900	Profit before income tax	915,133	11	940,997	12
7950	Income tax expense (Notes 4 and 22)	( 118,324 )	( 1 )	( 50,834 )	( 1 )
8200	Net profit for the year	796,809	10	890,163	11

(Continued)

Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive profit and loss				
8310	Items not reclassified as profit and loss				
8311	Re-measurement of defined benefit plan (Note 18)	( \$ 22,241 )	-	( \$ 18,771 )	-
8331	Re-measurement of defined benefit plan of subsidiaries and associates	6,119	-	( 2,996 )	-
8336	Unrealized profit/loss on equity instruments of the associates measured at fair value through other comprehensive income recognized under the equity method	13,183	-	( 24,160 )	-
8349	Income tax related to items not reclassified	4,448	-	3,755	-
8360	Items likely be reclassified as profit and loss in the future				
8361	Exchange difference from conversion of financial statements of foreign operations	( 1,316 )	-	25,189	-
8381	Exchange difference from conversion of financial statements of subsidiaries' and associates' foreign operations recognized under the equity method	360	-	1,386	-
8399	Income tax related to items likely to be reclassified as profit and loss	<u>263</u>	-	( <u>5,037</u> )	-
8300	Other comprehensive income in total	<u>816</u>	-	( <u>20,634</u> )	-
8500	Total comprehensive income in current period	<u>\$ 797,625</u>	<u>10</u>	<u>\$ 869,529</u>	<u>11</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 1.98</u>		<u>\$ 2.22</u>	
9810	Diluted	<u>\$ 1.98</u>		<u>\$ 2.21</u>	

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

(Concluded)

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

Code		Capital Stock		Retained earnings			Other equity		Total equity	
		Number of shares (thousand shares)	Capital Stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations		Unrealized profit and loss of financial assets at fair value through comprehensive profit and loss
A1	Balance at January 1, 2020	401,871	\$ 4,018,711	\$ 185,118	\$ 2,316,989	\$ 4,413,676	\$ 6,890,674	(\$ 52,307)	\$ 109,405	\$ 17,882,266
	Earning distribution in 2019									
B1	Legal reserve	-	-	-	84,667	-	( 84,667 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 683,181 )	-	-	( 683,181 )
C3	Due to donated assets received	-	-	21	-	-	-	-	-	21
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	890,163	-	-	890,163
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	( 18,012 )	21,538	( 24,160 )	( 20,634 )
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	872,151	21,538	( 24,160 )	869,529
Z1	Balance at December 31, 2020	401,871	4,018,711	185,139	2,401,656	4,413,676	6,994,977	( 30,769 )	85,245	18,068,635
	Earning distribution in 2020									
B1	Legal reserve	-	-	-	87,215	-	( 87,215 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 723,368 )	-	-	( 723,368 )
B17	Special reserves reversed as per the law, which were related to the first-time adoption of IFRSs	-	-	-	-	( 56,395 )	56,395	-	-	-
C7	Changes in associates and joint ventures recognized under the equity method	-	-	939	-	-	81	-	-	1,020
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	796,809	-	-	796,809
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 11,674 )	( 693 )	13,183	816
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	785,135	( 693 )	13,183	797,625
Z1	Balance at December 31, 2021	401,871	\$ 4,018,711	\$ 186,078	\$ 2,488,871	\$ 4,357,281	\$ 7,026,005	(\$ 31,462)	\$ 98,428	\$ 18,143,912

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

HEY SONG CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operation		
A10000	Profit before income tax	\$ 915,133	\$ 940,997
A20010	Profit and loss items		
A20100	Depreciations	297,559	294,692
A20200	Amortizations	3,640	3,535
A20300	Expected credit impairment (reversal profit)	-	( 1,478 )
A20400	Net profit on financial assets and liabilities measured at fair value through profit or loss	( 266 )	( 380 )
A20900	Financial cost	7,627	11,316
A21200	Interest income	( 47 )	( 98 )
A22300	Share of profit of subsidiaries and associates under the equity method	( 302,915 )	( 363,372 )
A22500	Gain on disposal and scrapping of property, plant, and equipment	( 301 )	( 583 )
A23800	Profit from reversal of inventory devaluation and obsolescence loss	( 1,471 )	( 366 )
A23900	Unrealized profit involving subsidiaries	47,584	51,251
A24000	Realized profit involving subsidiaries	( 51,251 )	( 41,848 )
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	189,431	302,075
A31150	Accounts receivable	( 323,423 )	( 168,459 )
A31180	Other receivables	( 8,344 )	( 57,976 )
A31200	Inventory	( 161,756 )	244,601
A31230	Pre-payments	7,743	6,987
A31240	Other current assets	2,759	10,634
A32150	Accounts payable	112,706	( 105,526 )
A32180	Other payables	( 9,814 )	9,912
A32230	Other current liabilities	( 16,095 )	48,263
A32240	Net defined benefit liabilities - non-current	( 1,131 )	( 7,807 )
A33000	Cash inflow from operations	707,368	1,176,370
A33300	Interest paid	( 7,460 )	( 11,078 )
A33500	Income taxes paid	( 53,819 )	( 18,610 )
AAAA	Net cash inflow from operating activities	<u>646,089</u>	<u>1,146,682</u>

(Continued)

Code		2021	2020
	Cash flow from investment		
B00100	Acquisition of financial assets designated to be measured at fair value through profit or loss	(\$ 350,000)	(\$ 470,000)
B00200	Disposal of financial assets designated to be measured at fair value through profit or loss	480,299	410,343
B01800	Acquisition of long-term equity investments under the equity method	( 175,500)	( 15,000)
B02400	Refunds from liquidation of the invested company under the equity method	2,297	21,036
B02700	Acquisition of property, plant and equipment	( 108,821)	( 183,029)
B02800	Proceeds from disposal of property, plant and equipment	2,072	959
B03700	Increase in refundable deposit	-	( 206)
B03800	Decrease of refundable security deposits	86	-
B04500	Acquisition of intangible assets	( 2,517)	( 1,859)
B07100	Increase of prepayment for equipment purchase	( 104,960)	-
B07200	Decrease in prepayment for equipment purchase	-	46,648
B07500	Interest received	47	98
B07600	Dividend of associates received	<u>314,780</u>	<u>345,579</u>
BBBB	Net cash inflow from investments	<u>57,783</u>	<u>154,569</u>
	Cash flow from financing		
C00100	Increase in short-term borrowings	250,000	-
C00200	Decrease in short-term borrowings	-	( 550,000)
C03000	Increase in deposits received	-	410
C04020	Retirement of principal for lease	( 17,140)	( 16,935)
C04500	Allocation of cash dividends	( <u>723,368</u> )	( <u>683,181</u> )
CCCC	Net cash outflow from financing	( <u>490,508</u> )	( <u>1,249,706</u> )
EEEE	Increase of cash and cash equivalents in current period	213,364	51,545
E00100	Balance of cash and cash equivalents at the beginning of the period	<u>322,169</u>	<u>270,624</u>
E00200	Balance of cash and cash equivalents at the ending of the period	<u>\$ 535,533</u>	<u>\$ 322,169</u>

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

(Concluded)

## **Independent Auditors' Report**

The Board of Directors and Shareholders  
Hey Song Corp.

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### **The authenticity of sale revenue and shipment of Kinmen Kaoliang Liquor**

As a part of the Group's 2021 operating revenue from the sale of Kinmen Kaoliang Liquor products had a significant impact on the Group's net operating revenue, the truthfulness of sales revenue from and the shipment of such products were identified as key audit matters. For accounting policies for revenue recognition, please refer to Note 4 (14) in the consolidated financial statements.

We audited the sales revenue from and shipment of the aforesaid Kinmen Kaoliang Liquor products pursuant to the following audit procedures:

1. After we understood the design and implementation of the internal control system for the process of earning the said sales revenue, the effectiveness of the control implementation was evaluated.
2. We obtained the detailed items of sales revenue from the Kinmen Kaoliang Liquor products and performed sampling for evaluation. The relevant supporting shipment documents and the recovery of loans were also checked to verify the truthfulness of the sale revenue and shipment.

### **Other matters**

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

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

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

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

Those charged with governance, including 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 auditing principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. These 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 and separate financial statements.

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

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



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 and its 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the notes to the statements), and whether or not the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo Nai-Hua

Independent Accountants

Chih Jui-Chuan

Deloitte & Touche, Taiwan  
Republic of China  
March 22, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,231,471	6	\$ 1,273,440	6
1110	Financial assets measured at fair value through profit and loss - current (Notes 4, 7 and 28)	50,024	-	180,057	1
1136	Financial assets measured at amortized cost – current (Notes 4, 8 and 9)	226,100	1	-	-
1150	Notes receivable (Notes 4 and 10)	29,599	-	67,856	-
1170	Accounts receivable (Notes 4 and 10)	707,909	3	595,111	3
1200	Other receivables (Note 10)	91,947	-	81,873	-
130X	Inventory (Notes 4 and 11)	5,208,808	23	5,041,712	23
1410	Prepayments	40,690	-	39,361	-
1470	Other current assets	19,978	-	22,659	-
11XX	Total current assets	<u>7,606,526</u>	<u>33</u>	<u>7,302,069</u>	<u>33</u>
<b>Non-current assets</b>					
1510	Financial assets measured at fair value through profit and loss - non-current (Notes 4, 7 and 28)	658	-	658	-
1535	Financial assets measured at amortized cost – non-current (Notes 4, 8 and 9)	215,964	1	-	-
1550	Investment accounted for using the equity method (Notes 4 and 13)	850,028	4	735,732	3
1600	Property, plant and equipment (Note 4 and 14)	6,001,232	26	6,227,346	28
1755	Right-of-use assets (Note 15)	113,852	1	23,617	-
1760	Investment property (Notes 4, 16 and 30)	7,632,311	33	7,664,461	35
1801	Computer software (Note 4)	4,086	-	5,679	-
1840	Deferred tax assets (Notes 4 and 25)	46,753	-	43,578	-
1915	Prepayment for equipment purchase (Note 31)	128,876	1	19,150	-
1920	Refundable deposit (Notes 17 and 30)	188,110	1	189,101	1
15XX	Total non-current assets	<u>15,181,870</u>	<u>67</u>	<u>14,909,322</u>	<u>67</u>
1XXX	Total assets	<u>\$ 22,788,396</u>	<u>100</u>	<u>\$ 22,211,391</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
2100	Short-term loans (Note 18)	\$ 1,100,000	5	\$ 850,000	4
2150	Notes payable (Note 19)	3,409	-	4,412	-
2170	Accounts payable (Note 19)	364,773	2	247,636	1
2200	Other payables (Note 20)	458,281	2	470,566	2
2230	Income tax liabilities in current period (Notes 4 and 25)	135,828	-	80,113	1
2280	Lease liabilities - current (Note 15)	28,661	-	16,939	-
2300	Other current liabilities - others (Note 23)	60,513	-	72,959	-
21XX	Total current liabilities	<u>2,151,465</u>	<u>9</u>	<u>1,742,625</u>	<u>8</u>
<b>Non-current liabilities</b>					
2570	Deferred tax liabilities (Notes 4 and 25)	2,133,763	9	2,131,751	10
2580	Lease liabilities - non-current (Note 15)	85,440	-	7,190	-
2640	Net defined benefit liabilities – non-current (Notes 4 and 21)	145,400	1	132,292	1
2645	Cash on receipt	128,416	1	128,898	-
25XX	Total non-current liabilities	<u>2,493,019</u>	<u>11</u>	<u>2,400,131</u>	<u>11</u>
2XXX	Total liabilities	<u>4,644,484</u>	<u>20</u>	<u>4,142,756</u>	<u>19</u>
<b>Equity (Note 22)</b>					
Equity attributable to the owners of the Company					
3110	Ordinary shares	4,018,711	18	4,018,711	18
3200	Capital reserve	186,078	1	185,139	1
Retained earnings					
3310	Legal reserve	2,488,871	11	2,401,656	11
3320	Special reserve	4,357,281	19	4,413,676	20
3350	Undistributed earnings	7,026,005	31	6,994,977	31
3300	Total retained earnings	<u>13,872,157</u>	<u>61</u>	<u>13,810,309</u>	<u>62</u>
3400	Other equity	66,966	-	54,476	-
3XXX	Total equity	<u>18,143,912</u>	<u>80</u>	<u>18,068,635</u>	<u>81</u>
Total liabilities and equity		<u>\$ 22,788,396</u>	<u>100</u>	<u>\$ 22,211,391</u>	<u>100</u>

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

**HEY SONG CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Note 23)				
4110	Sales revenue	\$ 9,589,070	104	\$ 9,655,217	105
4170	Sales return	( 12,294 )	-	( 20,924 )	-
4190	Sales discounts and allowances	( <u>353,902</u> )	( <u>4</u> )	( <u>429,348</u> )	( <u>5</u> )
4000	Net sales revenue	9,222,874	100	9,204,945	100
5000	Operating cost (Notes 11 and 24)	( <u>6,662,016</u> )	( <u>72</u> )	( <u>6,569,791</u> )	( <u>71</u> )
5900	Gross profit	<u>2,560,858</u>	<u>28</u>	<u>2,635,154</u>	<u>29</u>
	Operating expense (Notes 24 and 29)				
6100	Selling and marketing expenses	( 1,329,682 )	( 14 )	( 1,361,175 )	( 15 )
6200	General and administrative expenses	( 573,557 )	( 6 )	( 602,847 )	( 6 )
6300	Research and development expenses	( 52,053 )	( 1 )	( 56,594 )	( 1 )
6450	Expected credit impairment (reversal profit)	<u>374</u>	<u>-</u>	<u>998</u>	<u>-</u>
6000	Total operating expense	( <u>1,954,918</u> )	( <u>21</u> )	( <u>2,019,618</u> )	( <u>22</u> )
6900	Operating income	<u>605,940</u>	<u>7</u>	<u>615,536</u>	<u>7</u>
	Non-operating income and expenses				
7100	Interest income (Note 24)	6,956	-	6,736	-
7010	Other incomes (Notes 24 and 29)	563,427	6	563,842	6
7020	Other profits and (losses) (Note 24)	( 143,288 )	( 2 )	( 174,966 )	( 2 )
7050	Financial cost (Note 24)	( 8,793 )	-	( 12,700 )	-
7060	Share of profit/loss of associates under equity method (Note 13)	( <u>23,121</u> )	<u>-</u>	<u>36,641</u>	<u>-</u>
7000	Total non-operating income and expense	<u>395,181</u>	<u>4</u>	<u>419,553</u>	<u>4</u>

(Continued)

Code		2021		2020	
		Amount	%	Amount	%
7900	Profit before income tax	\$ 1,001,121	11	\$ 1,035,089	11
7950	Income tax expense (Notes 4 and 25)	( 204,312 )	( 2 )	( 144,926 )	( 2 )
8200	Net profit for the year	<u>796,809</u>	<u>9</u>	<u>890,163</u>	<u>9</u>
	Other comprehensive profit and loss				
8310	Items not reclassified as profit and loss				
8311	Remeasurement of defined benefit plan (Note 21)	( 16,754 )	-	( 21,690 )	-
8321	Remeasurement of defined benefit plan of associates recognized under the equity method	1,729	-	( 660 )	-
8326	Unrealized loss on valuation of the associates measured at fair value through other comprehensive income recognized under the equity method	13,183	-	( 24,160 )	-
8349	Income tax related to items not reclassified (Note 25)	3,351	-	4,338	-
8360	Items likely to be reclassified as profit and loss in the future				
8361	Exchange difference from conversion of financial statements of foreign operations	( 1,316 )	-	25,189	-
8371	Exchange difference from conversion of financial statements of associates' foreign operations recognized under the equity method	360	-	1,386	-
8399	Income tax related to items likely to be reclassified as profit and loss (Note 25)	<u>263</u>	<u>-</u>	( <u>5,037</u> )	<u>-</u>
8300	Other comprehensive income (after tax) for the year	<u>816</u>	<u>-</u>	( <u>20,634</u> )	<u>-</u>
8500	Total comprehensive income in current period	<u>\$ 797,625</u>	<u>9</u>	<u>\$ 869,529</u>	<u>9</u>

(Continued)

<u>Code</u>		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8610	Net income attributable to : Owners of the Company	<u>\$ 796,809</u>	<u>9</u>	<u>\$ 890,163</u>	<u>10</u>
8710	Total comprehensive income attributable to: Owners of the Company	<u>\$ 797,625</u>	<u>9</u>	<u>\$ 869,529</u>	<u>9</u>
9710	Earnings per share (Note 26) Basic	<u>\$ 1.98</u>		<u>\$ 2.22</u>	
9810	Diluted	<u>\$ 1.98</u>		<u>\$ 2.21</u>	

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

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

Code		Capital stock		Retained earnings			Other equity items		Total equity	
		Number of shares (1,000 shares)	Capital stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations		Unrealized profit and loss of financial assets at fair value through comprehensive income
A1	Balance at January 1, 2020	401,871	\$ 4,018,711	\$ 185,118	\$ 2,316,989	\$ 4,413,676	\$ 6,890,674	(\$ 52,307)	\$ 109,405	\$17,882,266
	Earnings distribution in 2019									
B1	Legal reserve	-	-	-	84,667	-	( 84,667 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 683,181 )	-	-	( 683,181 )
C3	Due to donated assets received	-	-	21	-	-	-	-	-	21
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	890,163	-	-	890,163
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	( 18,012 )	21,538	( 24,160 )	( 20,634 )
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	872,151	21,538	( 24,160 )	869,529
Z1	Balance at December 31, 2020	401,871	4,018,711	185,139	2,401,656	4,413,676	6,994,977	( 30,769 )	85,245	18,068,635
	Earnings distribution in 2020									
B1	Legal reserve	-	-	-	87,215	-	( 87,215 )	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	( 723,368 )	-	-	( 723,368 )
B17	Special reserves reversed as per the law, which were related to the first-time adoption of IFRSs	-	-	-	-	( 56,395 )	56,395	-	-	-
C7	Changes in associates and joint ventures recognized under the equity method	-	-	939	-	-	81	-	-	1,020
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	796,809	-	-	796,809
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 11,674 )	( 693 )	13,183	816
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	785,135	( 693 )	13,183	797,625
Z1	Balance at December 31, 2021	401,871	\$ 4,018,711	\$ 186,078	\$ 2,488,871	\$ 4,357,281	\$ 7,026,005	(\$ 31,462)	\$ 98,428	\$18,143,912

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

HEY SONG CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A10000	Profit before income tax	\$ 1,001,121	\$ 1,035,089
A20010	Profit and loss items		
A20100	Depreciation	349,008	345,069
A20200	Amortization	6,957	8,093
A20300	Profit from reversal of expected credit impairment	( 374)	( 998)
A20400	Profit from financial assets at fair value through profit and loss	( 551)	( 486)
A20900	Financial cost	8,793	12,700
A21200	Interest income	( 6,956)	( 6,736)
A21300	Dividends income	( 61)	( 61)
A22300	Share of losses (profits) from associates under the equity method	23,121	( 36,641)
A22500	Gain on disposal and scrapping of property, plant, and equipment	( 544)	( 491)
A23800	Inventory devaluation and obsolescence loss (gain from price recovery)	948	( 471)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	38,373	( 4,503)
A31150	Accounts receivable	( 112,540)	98,051
A31180	Other receivables	( 8,399)	( 70,840)
A31200	Inventory	( 168,023)	236,698
A31230	Pre-payments	( 1,329)	7,422
A31240	Other current assets	2,681	10,360
A32130	Notes payable	( 1,003)	246
A32150	Accounts payable	117,137	( 98,513)
A32180	Other payables	28,564	( 427)
A32230	Other current liabilities	( 12,446)	49,262
A32240	Net defined benefit liabilities	( 3,646)	( 9,793)
A33000	Cash inflow from operations	1,260,831	1,573,030
A33300	Interest paid	( 8,480)	( 12,406)
A33500	Income tax paid	( 147,821)	( 127,885)
AAAA	Net cash inflow from operating activities	<u>1,104,530</u>	<u>1,432,739</u>

(Continued)

Code		2021	2020
	Cash flow from investment		
B00040	Acquisition of financial assets at amortized cost	(\$ 442,064)	\$ -
B00100	Acquisition of financial assets at fair value through profit and loss	( 1,050,000)	( 630,000)
B00200	Sale of financial assets at fair value through profit and loss	1,180,584	570,667
B01800	Acquisition of long-term equity investments under the equity method	( 148,500)	-
B02700	Proceeds from acquisition of property, plant, and equipment	( 117,355)	( 188,162)
B02800	Proceeds from disposal of property, plant and equipment	6,533	1,564
B03700	Increase in refundable deposit	-	( 3,018)
B03800	Decrease in refundable deposit	991	-
B04500	Acquisition of intangible assets	( 5,370)	( 5,359)
B07100	Increase in prepayment for equipment purchase	( 109,726)	-
B07200	Decrease in prepayment for equipment purchase	-	42,861
B07500	Interest received	6,956	6,736
B07600	Dividends received	<u>27,436</u>	<u>54,811</u>
BBBB	Net cash outflow from investment	<u>( 650,515)</u>	<u>( 149,900)</u>
	Cash flow from financing		
C00100	Increase in short-term borrowings	250,000	-
C00200	Decrease in short-term borrowings	-	( 550,000)
C03100	Decrease in deposit received	( 482)	( 1,398)
C04020	Repayment of principal for lease	( 20,776)	( 17,983)
C04500	Allocation of cash dividends	<u>( 723,368)</u>	<u>( 683,181)</u>
CCCC	Net cash outflow from financing	<u>( 494,626)</u>	<u>( 1,252,562)</u>
DDDD	Effect of changes in exchange rate on cash and cash equivalents	<u>( 1,358)</u>	<u>20,180</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 41,969)	50,457
E00100	Balance of cash and cash equivalents at the beginning of period	<u>1,273,440</u>	<u>1,222,983</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 1,231,471</u>	<u>\$ 1,273,440</u>

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

(Concluded)



**Hey Song Corporation**  
**Earnings Distribution Schedule**  
**2021**

Unit: NTD

Item	Amount			Description
	Earnings before 1997	Earnings after 1998	Subtotal	
<b>I. Distributable amount</b>				
1. Unappropriated earnings of the previous period	593,513,375.02	5,590,881,115.89	6,184,394,490.91	
2. Net profits after tax for the period		796,809,560.88	796,809,560.88	
3. Other comprehensive income (actuarial gains and losses on defined benefit plans) included in retained earnings		(11,674,866.00)	(11,674,866.00)	
4. Changes in equity-accounted associated companies and joint ventures		81,115.00	81,115.00	
5. Reversal of special reserves associated with first-time adoption of IFRSs		56,394,881.00	56,394,881.00	
<b>Total</b>	<b>593,513,375.02</b>	<b>6,432,491,806.77</b>	<b>7,026,005,181.79</b>	
<b>II. Distribution item</b>				
1. Legal reserve		84,161,069.00	84,161,069.00	
2. Cash dividends		683,180,860.00	683,180,860.00	
<b>Total</b>		<b>767,341,929.00</b>	<b>767,341,929.00</b>	Cash dividends of \$1.70 per share
<b>III. Closing balance</b>				
1. Unappropriated earnings at the end of the period				
<b>Total</b>	<b>593,513,375.02</b>	<b>5,665,149,877.77</b>	<b>6,258,663,252.79</b>	

Note 1: NT\$767,341,929 to be distributed from 2021 earnings, and including provision of legal reserve and the distribution of cash dividends to shareholders, the undistributed earnings for 2021 amounted to NT\$74,268,762.

## Hey Song Corporation

## Comparison Chart of Revision of the Articles of Incorporation

Article	Revised Provisions	Current Provisions	Description
Article 12-1	<p><b><u>The Shareholders Meeting of the Company may be held by means of video conference or other means as announced by the central competent authority. However, in the event of natural disasters, incidents, or other force majeure events, the central competent authority may announce that the Company may hold a meeting by means of video conference or other means thereby announced within a certain period of time without being prescribed in the Articles of Incorporation. When a Shareholders Meeting is held by means of video conference, the shareholder who participates in the meeting by video conference shall be deemed to have attended the meeting in person. If the conditions to be met, operating procedures, and other matters to be complied with for the provisions in the preceding two paragraphs are otherwise stipulated by the competent authority for securities, such stipulations shall prevail.</u></b></p>	None	<ol style="list-style-type: none"> <li>1. This article is newly added.</li> <li>2. In response to the added Article 172-2 to the Company Act, this article is added to facilitate the Shareholders Meeting in adopting video conferencing when necessary to proceed with the meeting.</li> </ol>
Article 32-1	If there is a surplus in the annual final accounts of the	If there is a surplus in the annual final accounts of	1. Accordance to Article 240,

Article	Revised Provisions	Current Provisions	Description
	<p>Company, it shall pay taxes according to law and make up for the accumulated losses first, and then set aside 10% thereof as the statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital limit, it may not be set aside anymore, and then the remaining surplus shall be set aside or reversed as special surplus reserves according to laws and regulations. If there is still any remaining balance, for which together with the accumulated undistributed surplus, the Board of Directors shall formulate a surplus distribution proposal to be submitted to the Shareholders Meeting for a resolution to distribute dividends to shareholders.</p> <p><b><u>The Company authorizes the Board of Directors to distribute dividends and bonuses in the form of cash with the attendance of two thirds or more of the directors and the resolution of more than half of the directors in attendance, which shall be reported to the Shareholders Meeting.</u></b></p> <p>The Company's dividend policy is in line with the Company's sustainable development plan, considering the investment environment, capital needs,</p>	<p>the Company, it shall pay taxes according to law and make up for the accumulated losses first, and then set aside 10% thereof as the statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital, it may not be set aside anymore, and then the remaining surplus shall be set aside or reversed as special surplus reserves according to laws and regulations. If there is still any remaining balance, for which together with the accumulated undistributed surplus, the Board of Directors shall formulate a surplus distribution proposal to be submitted to the Shareholders Meeting for a resolution to distribute dividends to shareholders.</p> <p>The Company's dividend policy is in line with the Company's sustainable development plan, considering the investment environment,</p>	<p>Paragraph 5 of the Company Act, which clearly prescribes that the Company may authorize the board of directors by the articles of incorporation to distribute dividends and bonuses in cash with the attendance of two thirds or more of the directors and the resolution of more than half of the directors in attendance, which shall also be reported to the Shareholders Meeting, Paragraph 2 of this article is hereby added.</p> <p>2. The current Paragraph 2 is relocated to Paragraph 3.</p>

Article	Revised Provisions	Current Provisions	Description
	<p>domestic and foreign competition conditions, as well as the taking account of interests of shareholders and other factors. The dividends to shareholders each year is in principle distributed at a rate of not less than 50% of the earnings after tax for the current year; dividends to shareholders may be distributed in cash or shares, of which cash dividends shall in principle be not less than 30% of the total dividends.</p>	<p>capital needs, domestic and foreign competition conditions, as well as taking account of interests of shareholders and other factors. The dividends to shareholders each year is in principle distributed at a rate of not less than 50% of the earnings after tax for the current year; dividends to shareholders may be distributed in cash or shares, of which cash dividends shall in principle be not less than 30% of the total dividends.</p>	
<p>Article 35</p>	<p>The Articles of Incorporation was formulated on November 30, 1969, which has undergone various revisions by resolutions of Shareholders Meetings, has been successively submitted to the competent authority for approval of registration, and recorded in the file. It was hereby further revised by the <b><u>48<sup>th</sup> session</u></b> of the General Shareholders Meeting <b><u>on June 23, 2022</u></b> and then implemented after the revision was passed.</p>	<p>The Articles of Incorporation was formulated on November 30, 1969, which had undergone various revisions by resolutions of Shareholders Meetings, has been successively submitted to the competent authority for approval of registration, and recorded in the file. It was hereby further revised by the 47<sup>th</sup> session of the General Shareholders Meeting on June 23, 2020 and then implemented after the revision was passed.</p>	<p>The date of revision and the number of times of revision are hereby added and revised.</p>

**Hey Song Corporation**  
**Acquisition or Disposal of Assets Handling Procedures**  
**Revision Comparison Chart**

Revised Provisions	Current Provisions	Description
<p>Article 6: Appraisal procedures and operating procedures for acquiring or disposal of real estate, equipment or its right-of-use assets</p> <p>The Company's acquisition or disposal of real estate, equipment or its right-of-use assets shall be handled in accordance with the real estate, factory, and equipment cycle procedures of the Company's internal control system.</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (Paragraphs 1 and 2 are omitted)</p>	<p>Article 6: Appraisal procedures and operating procedures for acquiring or disposal of real estate, equipment or its right-of-use assets</p> <p>The Company's acquisition or disposal of real estate, equipment or its right-of-use assets shall be handled in accordance with the real estate, factory, and equipment cycle procedures of the Company's internal control system.</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (Paragraphs 1 and 2 are omitted)</p>	<ol style="list-style-type: none"> <li>1. Considering that the relevant provision has been revised to add the requirements for external experts to follow the self-regulatory rules of the trade association they belong to when issuing opinion letters, which has covered the procedures to be executed by accountants for issuing opinion letters, the text in Article 6, Subparagraph 3 that accountants shall follow the provisions of the Valuation Standards Gazette No. 20 issued by the Accounting Research and Development Foundation of the Republic of China is hereby deleted.</li> <li>2. Considering that trade associations to which external experts belong have relevant rules in place for the relevant business they undertake, for example, professional appraisers are subject to relevant self-regulatory rules for real estate appraisal when issuing appraisal reports, trade associations to which</li> </ol>

Revised Provisions	Current Provisions	Description
<p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged <b><u>to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u></b> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) where the discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(Paragraphs 4 and 5 are omitted)</p> <p>6. Professional appraisers shall carry out <b><u>the self-regulatory rules of the trade association to which they respectively belong as well as</u></b></p>	<p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged <b><u>to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u></b> and render a specified opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) where the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) where the discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(Paragraphs 4 and 5 are omitted)</p> <p>6. Professional appraisers shall carry out the following matters when issuing appraisal reports:</p>	<p>other external experts belong shall also revise their relevant self-regulatory rules for issuing appraisal reports by their member companies or professionals in accordance with the "Practical Guidelines for Experts Issuing Opinion Letters" issued by the Taiwan Stock Exchange Corporation or incorporate such guidelines into their rules. In order to clarify the procedures and responsibilities that external experts should follow, when professional appraisers and their staff appraisers, accountants, lawyers, or securities underwriters issue appraisal reports or opinion letters, in addition to handling such matters in accordance with current various subparagraphs, they shall also handle such matters in compliance with the self-regulatory rules of their respective trade associations.</p> <p>3. In view of the fact that the cases for issuing appraisal reports or reasonableness opinion letters undertaken or</p>

Revised Provisions	Current Provisions	Description
<p>the following matters when issuing appraisal reports:</p> <p>(1) Before undertaking a case, it shall carefully evaluate its professional capability, practical experience, and independence.</p> <p>(2) <b><u>When executing</u></b> a case, it shall properly plan and implement the appropriate operating procedures to form a conclusion and issue a report or opinion letter based on it; and record the implemented procedures, collected data, and conclusions in the case working papers in detail.</p> <p>(3) For the data sources, parameters and information used, the appropriateness and reasonableness of each item shall be evaluated as the basis for issuing a valuation report or opinion letter.</p> <p>(4) Statements shall include the professionalism and independence of relevant personnel, the fact that the information used has been assessed to be <b><u>appropriate and</u></b> reasonable, and in conformity with relevant laws and regulations.</p>	<p>(1) Before undertaking a case, it shall carefully evaluate its professional capability, practical experience, and independence.</p> <p>(2) When auditing a case, it shall properly plan and implement the appropriate operating procedures to form a conclusion and issue a report or opinion letter based on it; and record the implemented procedures, collected data, and conclusions in the case working papers in detail.</p> <p>(3) For the data sources, parameters and information used, the completeness, correctness, and reasonableness of each item shall be evaluated as the basis for issuing a valuation report or opinion letter.</p> <p>(4) Statements shall include the professionalism and independence of relevant personnel, the fact that the information used has been assessed to be reasonable and correct, and in conformity with relevant laws and regulations.</p>	<p>executed by the forgoing external experts in accordance with these Procedures do not refer to the audit work for financial reports, the wording thereof is hereby revised from “audit” cases to “execute” cases.</p> <p>4. In consideration of the actual evaluation in terms of data sources, parameters, and information used by external experts, as well as taking account of relevant wording regarding data sources, appropriateness and reasonableness of parameters, etc., in Article 9, Paragraph 4, Subparagraph 4, Item 3-5 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the interpretation letter No.: (2014)-Chih-Mi-Tzu-0000298 issued by the Accounting Research and Development Foundation of the Republic of China on December 25, 2014, and Article 27 of Valuation Standards Gazette No. 8, the wording in Paragraph 6, Subparagraph 6 is hereby revised to be in line with</p>

Revised Provisions	Current Provisions	Description
		the reality.
<p>Article 7: Evaluation procedures and operating procedures for acquiring or disposal of securities investments</p>	<p>Article 7: Evaluation procedures and operating procedures for acquiring or disposal of securities investments</p>	<p>The reason for the revision is the same as that in the description of Point 1 of Article 6.</p>
<p>The Company's acquisition or disposal of securities shall be handled in accordance with the Company's internal control system and investment cycle procedures.</p>	<p>The Company's acquisition or disposal of securities shall be handled in accordance with the Company's internal control system and investment cycle procedures.</p>	
<p>In acquiring or disposing of securities and prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount is 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, such requirement shall not apply to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>In acquiring or disposing of securities and prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount is 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <b><u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u></b> However, such requirement shall not apply to publicly quoted prices of securities</p>	



Revised Provisions	Current Provisions	Description
	that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
<p>Article 8: Evaluation procedures and operating procedures for acquiring or disposal of intangible assets or their right-of-use assets or membership certificates</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership certificates and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Article 8: Evaluation procedures and operating procedures for acquiring or disposal of intangible assets or their right-of-use assets or membership certificates</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership certificates and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <b><u>the CPA shall also handle the matter in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u></b></p>	<p>The reason for the revision is the same as that in the description of Point 1 of Article 6.</p>
<p>Article 10: Appraisal procedures and operating procedures for acquiring or disposal of assets from or to related parties</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the relevant resolutions are adopted in</p>	<p>Article 10: Appraisal procedures and operating procedures for acquiring or disposal of assets from or to related parties</p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the relevant resolutions are adopted in</p>	<p>1. In order to strengthen the management of related party transactions and protect the rights of minority shareholders of the Company to express their opinions on transactions between the Company and related parties, we took account</p>

Revised Provisions	Current Provisions	Description
<p>accordance with Article 6 and this article and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of Article 6. The calculation of the foregoing transaction amount shall be made in accordance with Article 8-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in the trading of domestic government bonds or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until</p>	<p>accordance with Article 6 and this article and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of Article 6. The calculation of the foregoing transaction amount shall be made in accordance with Article 8-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in the trading of domestic government bonds or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until</p>	<p>of the provisions of major international capital markets such as Singapore, Hong Kong, etc., to regulate transactions with significant related parties; such transactions shall be submitted to the Shareholders Meeting for approval in advance; in addition, in order to prevent the Company from conducting significant transactions with related parties through its subsidiaries that are not public companies, the relevant materials must be submitted to the Shareholders Meeting for approval for such avoidance. The provisions are hereby clearly stipulated herein that where the Company or its subsidiary that is not a domestic public company intends to acquire or dispose of assets with a related party with the transaction amount reaching 10% or more of the total assets of the Company, the Company shall also submit the relevant materials to the Shareholders Meeting for approval before implementing the</p>

Revised Provisions	Current Provisions	Description
<p>the following matters have been approved by one half or more of all members of the Audit Committee and the approval of the Board of Directors. If it is not approved by one half or more of all members of the Audit Committee, it may be implemented with the consent of two thirds or more of all directors, with the resolution of the Audit Committee being recorded in the meeting minutes of the Board of Directors. All members of the Audit Committee and all directors shall be counted on the basis of the actual incumbents:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 5, Subparagraphs 1 and 2 of this article.</li> <li>4. The date and price at which the related party originally acquired the asset, the transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from</li> </ol>	<p>the following matters have been approved by one half or more of all members of the Audit Committee and the approval of the Board of Directors. If it is not approved by one half or more of all members of the Audit Committee, it may be implemented with the consent of two thirds or more of all directors, with the resolution of the Audit Committee being recorded in the meeting minutes of the Board of Directors. All members of the Audit Committee and all directors shall be counted on the basis of the actual incumbents:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a transaction counterparty.</li> <li>3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 5, Subparagraphs 1 and 2 of this article.</li> <li>4. The date and price at which the related party originally acquired the asset, the transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from</li> </ol>	<p>transaction. In case of the matter to be submitted to the Shareholders Meeting for approval by a subsidiary, it shall be carried out by the Company.</p> <ol style="list-style-type: none"> <li>2. In consideration of the need for overall business planning between the Company and its subsidiaries, or between its subsidiaries, as well as taking into account the exemption regulations of the foregoing major international capital markets, the relaxation rules that transactions between such companies are exempted from being submitted to shareholders meetings for resolutions are hereby added in the proviso.</li> <li>3. In addition, if the foregoing significant transactions with related parties fall under the circumstances specified in Article 185, Paragraph 1, Subparagraphs 1 to 3 of the Company Act, the resolution of the Shareholders Meeting shall be made in accordance with Article 185 of the Company Act concerning a special resolution, and shall be carried out in accordance</li> </ol>

Revised Provisions	Current Provisions	Description
<p>the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with the preceding paragraph.</p> <p>7. Restrictive terms and conditions as well as other important agreements associated with that transaction.</p>	<p>the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with the preceding paragraph.</p> <p>7. Restrictive terms and conditions as well as other important agreements associated with that transaction.</p>	<p>with the foregoing provisions as well as the relevant provisions of the Company Act.</p> <p>4. In response to the relevant addition, the revision is hereby made that the calculation of the transaction amount shall be included in the transaction as required to be submitted to the Shareholders Meeting for approval.</p>
<p><b><u>If the Company or its subsidiary engages in a transaction in Paragraph 2 with the transaction amount reaching 10% or more of the Company’s total assets, the Company shall submit the materials set out in Paragraph 2 to the Shareholders Meeting for approval prior to signing a transaction contract and issuing of payments. However, such provisions shall not apply if the transaction is made between the Company and its subsidiaries, or between its subsidiaries.</u></b></p> <p>The calculation of the aforementioned transaction amounts <b><u>in Paragraphs 2 and 3</u></b> shall be done in accordance with Article 14, Paragraph 2 herein, and the so-called “within the preceding year” shall refer to the year preceding the date of occurrence of</p>	<p>The calculation of the aforementioned transaction amounts shall be done in accordance with Article 14, Paragraph 2 herein, and the so-called “within the preceding year” shall refer to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the Board of Directors for approval and to the supervisor for recognition in accordance with the provisions of these Procedures are exempted from re-counting need not be counted toward the transaction amount again.</p>	

Revised Provisions	Current Provisions	Description
<p>the current transaction. Items that <b><u>have been approved by the Audit Committee and submitted to the Board of Directors and the Shareholders Meeting for approval in accordance with the provisions of these Procedures need not be counted toward the transaction amount again.</u></b></p> <p>When the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital conducted the following types of transactions, the Company's Board of Directors may authorize the chair to decide on such matters in advance when the transaction amount is NT\$100 million or less, which shall be submitted to the latest board meeting for retroactive recognition in accordance with Article 4, Subparagraph 2:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>(Paragraphs 5 to 9 are omitted)</p>	<p>When the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital conducted the following types of transactions, the Company's Board of Directors may authorize the chair to decide on such matters in advance when the transaction amount is NT\$100 million or less, which shall be submitted to the latest board meeting for retroactive recognition in accordance with Article 4, Subparagraph 2:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>2. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p>(Paragraphs 5 to 9 are omitted)</p>	
<p>Article 14: Filing and announcement procedures</p> <p>Where the acquisition or disposal of assets by the Company falls under any of the following</p>	<p>Article 14: Filing and announcement procedures</p> <p>Where the acquisition or disposal of assets by the Company falls under any of the following</p>	<ol style="list-style-type: none"> <li>1. Considering that currently public companies have been exempted from filing and making announcements for their trading of domestic public</li> </ol>

Revised Provisions	Current Provisions	Description
<p>circumstances, it shall publicly announce and file the relevant information on the FSC's designated website in the format as prescribed by regulations according to the nature thereof within 2 days from the date of occurrence of the event: (Subparagraphs 1 to 5 are omitted)</p> <p>6. Asset transactions other than the preceding five subparagraphs, claims disposed of by financial institutions, or investment in the mainland China area, where the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million or more, except for the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than our country's sovereign rating.</u></p> <p>(2) Where transactions are made by professional investors, the securities trading on securities exchanges or OTC markets, or subscription for <u>foreign government bonds,</u> ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust</p>	<p>circumstances, it shall publicly announce and file the relevant information on the FSC's designated website in the format as prescribed by regulations according to the nature thereof within 2 days from the date of occurrence of the event: (Subparagraphs 1 to 5 are omitted)</p> <p>6. Asset transactions other than the preceding five subparagraphs, claims disposed of by financial institutions, or investment in the mainland China area, where the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million or more, except for the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Where transactions are made by professional investors, the securities trading on securities exchanges or OTC markets, or subscription for ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.</p>	<p>bonds, the relevant provision is hereby revised to relax the requirement so that trading of foreign public bonds with an issue rating not lower than our country's sovereign rating is also exempted from filing and making announcements.</p> <p>2. Considering that the nature of foreign public bonds is simple, and the creditworthiness is generally better than that of foreign ordinary corporate bonds, as well as that the product nature of exchange traded notes and exchange traded funds is similar, the relevant provision is hereby revised to relax the requirement so that the subscription for foreign government bonds, and the subscription or sellback of exchange traded notes in the primary market conducted by investment professionals are also exempted from filing and making announcements.</p>

Revised Provisions	Current Provisions	Description
<p>funds, <b><u>or subscription or redemption of exchange traded notes.</u></b></p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Paragraphs 2 to 7 are omitted)</p>	<p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(Paragraphs 2 to 7 are omitted)</p>	
<p>Article 19 Supplementary Provisions</p> <p>These Handling Procedures were formulated on May 29, 1989 and revised for the first time on November 29, 1991; revised for the second time on May 25, 1995; revised for the third time on November 15, 1999; revised for the fourth time by the Board of Directors on March 26, 2003 and implemented after the approval of the General Shareholders Meeting on June 23, 2003; revised for the fifth time by the Board of Directors on March 22, 2006 and implemented after the approval of the General Shareholders Meeting on June 14, 2006; revised for the sixth time by the Board of Directors on March 21, 2007 and implemented after the approval of the General Shareholders Meeting on June 15, 2007; revised for the seventh time by the Board of Directors on March 21, 2012 and implemented after the approval of the General Shareholders Meeting</p>	<p>Article 19 Supplementary Provisions</p> <p>These Handling Procedures were formulated on May 29, 1989 and revised for the first time on November 29, 1991; revised for the second time on May 25, 1995; revised for the third time on November 15, 1999; revised for the fourth time by the Board of Directors on March 26, 2003, and implemented after the approval of the General Shareholders Meeting on June 23, 2003; revised for the fifth time by the Board of Directors on March 22, 2006 and implemented after the approval of the General Shareholders Meeting on June 14, 2006; revised for the sixth time by the Board of Directors on March 21, 2007 and implemented after the approval of the General Shareholders Meeting on June 15, 2007; revised for the seventh time by the Board of Directors on March 21, 2012 and implemented after the approval of the General Shareholders Meeting</p>	<p>The date of the passing of the revision is hereby revised.</p>

Revised Provisions	Current Provisions	Description
<p>on June 22, 2012; revised for the eighth time by the Board of Directors on March 19, 2014 and implemented after the approval of the General Shareholders Meeting on June 24, 2014, revised for the ninth time by the Board of Directors on March 24, 2017 and implemented after the approval of the General Shareholders Meeting on June 22, 2017; revised for the tenth time by the Board of Directors on March 22, 2019, and implemented after the approval of the General Shareholders Meeting on June 24, 2019, <b><u>and revised for the eleventh time by the Board of Directors on March 22, 2022, and implemented after the approval of the General Shareholders Meeting on June 23, 2022.</u></b></p>	<p>on June 22, 2012; revised for the eighth time by the Board of Directors on March 19, 2014 and implemented after the approval of the General Shareholders Meeting on June 24, 2014; revised for the ninth time by the Board of Directors on March 24, 2017, and implemented after the approval of the General Shareholders Meeting on June 22, 2017; revised for the tenth time by the Board of Directors on March 22, 2019, and implemented after the approval of the General Shareholders Meeting on June 24, 2019.</p>	



# Hey Song Corporation

## Handling Procedures for the Acquisition or Disposal of Assets

Rule number: B - 0 0 0 4 – F N

Applicable following adoption by the Shareholders Meeting held on June 24, 2019

### Article 1 Basis of formulation

In order to protect the interests of investors and implement information disclosure, the Company has formulated these Handling Procedures in accordance with the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the Financial Supervisory Commission (hereinafter referred to as the FSC).

### Article 2 Range of assets

The scope of application of assets referred to in these Procedures is as follows:

1. Marketable securities: including investments in stocks, government bonds, corporate bonds, financial bonds, marketable securities representing interests in a fund, depositary receipts, call (put) warrants, beneficial interest marketable securities, and asset-backed marketable securities.
2. Real property (including land, houses and buildings, and investment property) and equipment.
3. Membership cards.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with a merger, demerger, acquisition, or transfer of shares from another company in accordance with the law.
8. Other major assets

### Article 3 Definition of terms

1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term “forward contracts” shall not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) contracts.
2. Assets acquired or disposed of through the merger, demerger, acquisition, or transfer of shares from another company in accordance with the law: refer to

assets acquired or disposed of through the merger, demerger, or acquisition conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, and other laws, or shares acquired from another company due to the transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as “Transfer of shares from another company”) under Article 156-3 of the Company Act.

3. Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other persons duly authorized by the law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer of ownership, date of the board resolution, or other dates that are sufficient to confirm the counterparty and transaction amount, whichever date is earlier; provided that, with regard to investments for which approval of the competent authority is required, the earlier of the foregoing dates or the date of receipt of the approval of the competent authority shall apply.
6. Investment in the Mainland Area: refers to investments in the Mainland Area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. The requirement concerning 10% of total assets: to be calculated based on the amount of total assets in the most recent individual financial report as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
8. Investment professional: refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, marketable securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, marketable securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
9. Securities exchange: when regarding domestic securities exchanges, refers to the Taiwan Stock Exchange Corporation; and when regarding foreign securities

exchanges, refers to any organized securities exchange market that is regulated by the competent marketable securities authority of the jurisdiction in which it is located.

10. Over-the-counter venue (“OTC Venue”, “OTC”): refers to a venue for OTC trading provided by the marketable securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange when referring to a domestic OTC Venue; a foreign OTC Venue refers to a venue at a financial institution that is regulated by a foreign competent authority and that is permitted to conduct marketable securities business.

#### Article 4 Authorization range and hierarchy

The acquisition or disposal of assets by the Company shall be handled according to the asset class and in accordance with the following authorization hierarchy:

1. The acquisition or disposal of real estate such as land and buildings shall be submitted to the Board of Directors for approval or recognition.
2. The acquisition or disposal of machinery and equipment, transportation equipment, business-operating equipment, miscellaneous equipment, and others, as well as right-of-use assets shall be handled in accordance with the Company’s “Asset Management Guidelines.” Where the transaction amount is NT\$100 million or less, the unit in charge shall report such a transaction to the chair or chief executive officer for approval before implementation; where the transaction amount exceeds NT\$100 million, it shall be reported to the Board of Directors for approval or recognition.
3. The acquisition or disposal of marketable securities investments, except for the original share subscription investment (including establishment subscription and cash capital increase subscription), shall be submitted to the Board of Directors for approval or recognition. In addition, where the transaction amount is NT\$100 million or less, the unit in charge shall report such a transaction to the chair for approval before implementation; where the transaction amount exceeds NT\$100 million, it shall be submitted to the Board of Directors for approval or recognition.

However, the subscription or repurchase of money market funds issued by domestic securities investment trust enterprises shall be submitted to the chair by the unit in charge for approval before implementation.

4. The Company does not, in principle, engage in derivative transactions. Should it be necessary to conduct derivative transactions, such transactions shall be reported to the Board of Directors for approval to authorize the chair to implement such transactions.
5. For the acquisition or disposal of membership cards, intangible assets, and other major assets, of which the transaction amount is NT\$100 million or less, the unit in charge shall report such transactions to the chair for approval before

implementation. When the transaction amount exceeds NT\$100 million, it shall be submitted to the Board of Directors for approval or recognition.

6. For the acquisition or disposal of assets set out in this article that falls under circumstances specified in Article 185 of the Company Act (transfer of all or a substantial part of the business or property, or transfer of the entire business or property of another person, which has a significant impact on the operation of the Company), it shall be submitted to the Shareholders Meeting for approval in accordance with the regulations prior to implementation.
7. Where the acquisition or disposal of assets by the Company shall be approved by the Board of Directors in accordance with the prescribed handling procedures or other laws and regulations, in the case of an objection raised by a director with a record or written statement, such objection materials regarding the director's objection shall be submitted to each of the independent directors of the Audit Committee.

Major transactions of assets or derivatives shall be approved by one half or more of all members of the Audit Committee and submitted to the Board of Directors for approval. If such transactions are not approved by one half or more of all members of the Audit Committee, they may be implemented with the consent of two thirds or more of all directors, and the resolution of the Audit Committee shall be clearly recorded in the minutes of the board meeting. All members of the Audit Committee and all directors shall be counted on the basis of the actual incumbents.

#### Article 5 Implementation Unit

The acquisition or disposal of assets by the Company shall be implemented by the unit in charge based on the power and responsibility stipulated in the Company's "Organizational Division of Duties Guidelines" and in accordance with the operating procedures stipulated in the Company's "Internal Control System" as well as by means of price inquiry, price negotiations, price comparison, public bidding, etc.

#### Article 6 Appraisal procedures and operating procedures for the acquisition or disposal of real estate, equipment, or right-of-use assets thereof

The acquisition or disposal of real estate, equipment, or right-of-use assets thereof by the Company shall be handled in accordance with the cycle procedures for property, factories, and equipment, of the Company's internal control system.

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions, except for transacting with domestic government agencies, engaging others to build on the Company's own land, engaging others to build on rented land, or the acquiring or disposing of equipment or right-of-use assets thereof held for business use:

1. In principle, the type of appraisal price shall be the normal price. Where it is

necessary to give a limited price, specified price, or special price as a reference basis for the transaction price due to special reasons, the transaction shall be submitted to the Board of Directors for approval in advance; the same procedures shall also be followed whenever there is any subsequent change in the terms and conditions of the transaction.

2. Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained; Different professional appraisers or appraisal personnel shall not be related parties or have substantive relationships with each other or among themselves.
3. Where any one of the following circumstances applies with respect to the appraisal results issued by professional appraisers, unless all the appraisal results of the assets to be acquired are higher than the transaction amount, or all the appraisal results of the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be consulted to perform the appraisal in accordance with the provisions of Statement on Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as “ARDF”) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that the publicly announced present value for the same period is used and no more than 6 months have elapsed, an opinion letter may still be issued by the original professional appraiser.
5. The professional appraiser and their appraisal personnel engaged by the Company and the party to the transaction shall not be related or substantively related parties, and the professional appraiser and their appraisal personnel shall not be subject to criminal convictions and sentencing that have become final and binding or rendered a criminal judgement with penalties.
6. When issuing an appraisal report, professional appraisers shall comply with the following requirements:
  - (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
  - (2) When examining a case, they shall appropriately plan and execute adequate working procedures in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion letter; and the related working procedures, data collection, and conclusion shall be fully and accurately recorded in the working paper of the case.

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

Article 7 Appraisal procedures and operating procedures for the acquisition or disposal of marketable securities investments

The acquisition or disposal of marketable securities by the Company shall be handled in accordance with the cycle procedures for investment of the Company's internal control system.

To acquire or dispose of marketable securities, the most recent financial statements of the target company that have been audited, attested or reviewed by a certified public accountant shall be obtained prior to the date of occurrence of the event as a reference for evaluating the transaction price. In addition, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, a certified public accountant shall be consulted to issue an opinion on the reasonableness of the transaction price prior to the date of occurrence. If the accountant needs to use an expert report, such matter shall be handled in accordance with the provisions of the Statement on Auditing Standards No. 20 published by the ARDF. However, such provisions shall not apply if the said marketable securities are publicly quoted in an active market or it is otherwise stipulated by the FSC.

Article 8 Appraisal procedures and operating procedures for the acquisition or disposal of intangible assets or right-of-use assets thereof or membership cards

Where the transaction amount of the acquisition or disposal of intangible assets or right-of-use assets thereof or membership cards reach 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, a certified public accountant shall be consulted to issue the opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The accountant shall proceed therewith in accordance with the provisions of the Statement on Auditing Standards No. 20 published by the ARDF.

Article 8-1 The calculation of the transaction amount referred to in the preceding three articles shall be conducted in accordance with Article 14, Paragraph 2 hereof. In addition, the term "within the preceding year" shall refer to the one year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an opinion issued by a certified public account has been obtained in accordance with the provisions of these Procedures shall not be required to count toward the transaction amount once again.

Article 9 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary document issued by the court may be substituted for the appraisal report or an accountant's opinion.

Article 10 Appraisal procedures and operating procedures for the acquisition or disposal of assets with related parties

When the Company acquires or disposes of assets from or to its related parties, it shall undergo the relevant resolution procedures and evaluation of the reasonableness of transaction conditions in accordance with the provisions of Article 6 and this Article. In addition, where the transaction amount exceeds 10% of the Company's total assets, an appraisal report issued by the professional appraiser or an accountant's opinion shall also be obtained in accordance with the provisions of Article 6. The calculation of the aforementioned transaction amount shall be conducted in accordance with the provisions of Article 8-1. In addition, when judging whether the transaction counterparty is a related party, in addition to paying attention to the legal form thereof, the substantive relationship shall also be considered.

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party, of which the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except for the trading of domestic government bonds, or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following materials have first been approved by one half or more of all members of the Audit Committee and then have been submitted to and approved by the Board of Directors. If such transactions are not approved by one half or more of all members of the Audit Committee, they may be implemented with the consent of two thirds or more of all directors, and the resolution of the Audit Committee shall be clearly recorded in the minutes of the board meeting. All members of the Audit Committee and all directors shall be counted on the basis of the actual incumbents.

1. The purpose, necessity, and anticipated benefit(s) of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the intended transaction terms and conditions in accordance with Paragraph 5, Subparagraphs 1 and 2 of this Article.
4. The date on and price at which the related party originally acquired the assets, the transaction counterparty, and the relationship between the transaction counterparty and the Company, as well as the related party.

5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction as well as the reasonableness of the fund utilization.
6. An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with the preceding paragraph.
7. Restrictive conditions and other important agreements associated with this transaction.

The calculation of the aforementioned transaction amount shall be conducted in accordance with Article 14, Paragraph 2 hereof. In addition, the term "within the preceding year" shall refer to the one year preceding the date of occurrence of the current transaction. Items that have been submitted to the Board of Directors for approval and to the supervisor for recognition in accordance with the provisions of these Procedures shall not be required to count toward the transaction amount once again.

With respect to the transactions set out below conducted between the Company and its subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the Board of Directors may authorize the chair to decide on such matters in advance for the transaction amount within NT\$100 million or less in accordance with Article 4, Subparagraph 2, of which matters shall afterwards be submitted to the most recent Board of Directors for retroactive recognition:

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

Assessment of reasonableness of transaction costs:

1. When the Company acquires real property or right-of-use assets thereof from a related party, it shall assess the reasonableness of the transaction costs by using the following methods:
  - (一) Based upon the transaction price of the related party plus necessary interest on funds and the costs to be duly borne by the buyer. The term "necessary cost of interest on funds" shall be calculated based on the weighted average interest rate of the borrowings in the year in which the Company purchased the assets; provided that such rates shall not be higher than the maximum borrowing rate for non-financial industries announced by the Ministry of Finance.
  - (二) The total appraised value for the loan from a financial institution where the related party has previously created a mortgage on the said subject matter as security for the loan; provided that the actual cumulative amount loaned by the financial institution against the said subject matter shall reach 70 percent or more of the total appraised value of the loan from a financial institution and the period of the loan shall have been one year or more. However, such provisions shall not apply where the



financial institution is a related party of one of the transaction counterparties.

2. For the combined purchase or lease of the land and building in the same subject matter, the transaction cost for the land and building may be appraised respectively by any of the methods set out in the preceding subparagraph.
3. When the Company acquires real property or right-of-use assets thereof from a related party, it shall appraise the cost of the real property or right-of-use assets thereof in accordance with the preceding two subparagraphs, and shall also consult an accountant to review the appraisal and issue a specific opinion.
4. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of Paragraph 2 of this article, and the provisions of the preceding three subparagraphs shall not apply:
  - (一) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - (二) More than five years will have elapsed from the time the related party signed the contract to acquire the real property or right-of-use assets thereof to the date of the signing of the contract for this transaction.
  - (三) The real property was acquired through the signing of a joint development contract with the related party, or through engaging a related party to build the structure, either on the Company's own land or on rented land.
  - (四) The acquisition of real property right-of-use assets for business use is conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

When the price in all the appraisal results of the Company's acquisition of real property or right-of-use assets thereof from a related party conducted in accordance with Paragraph 5, Subparagraphs 1 and 2 of this article are lower than the transaction price, it shall be handled in accordance with Paragraph 7 of this article. However, such provisions shall not apply if the following circumstances exist and objective evidence has been provided with specific opinions on the reasonableness having been obtained from a professional real property appraiser and an accountant:

1. Where the related party acquired undeveloped land or leased land for development, for which evidence may be provided to prove that one of the following conditions has been met:
  - (1) Where the undeveloped land is appraised using the method specified in Paragraph 3 of this Article while the structure is appraised based on the related party's construction cost plus reasonable construction profit, the total of both of which exceeds the actual transaction price. The so-called "reasonable construction profit" shall refer to the average gross operating profit margin of the related party's construction division over the most recent

3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Where according to previous transaction cases of other unrelated parties within the preceding year for other floors or the adjacent area of the same subject property, the area of the property for both is similar; and the transaction conditions for both are found to be equivalent after appraising the reasonable price discrepancy in various floors or areas based on the practice of real estate sales or leases.
2. Where the Company proves that with regard to the real estate purchased or real estate right-of-use assets obtained out of the lease from the related party, the transaction conditions thereof are related to previous transaction cases of other non-related parties in the adjacent area within the preceding year and the area for both is similar; the aforementioned term “previous transaction cases in the adjacent area” shall in principle refer to the ones on the same or an adjacent block and within a radius of no more than 500 meters from the subject matter of the transaction, or the ones with the equivalent present value announced; the so-called “similar area” shall in principle refer to the area in the previous transaction cases by other unrelated parties that is no less than 50 percent of the subject matter of the transaction; and the aforementioned term “within the preceding year” shall refer to the one year preceding the date of occurrence of the acquisition of the real property or right-of-use assets thereof in this transaction.

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of the appraisal conducted in accordance with Paragraph 5, Subparagraphs 1 and 2 of this Article indicate a value lower than the transaction price, the following matters shall be proceeded therewith:

1. The Company A shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of the real property or right-of-use assets thereof, and shall not distribute dividends or use it for capital increase and share allotment. Where an investor that is a public company uses the equity method to account for its investment in the Company, a special reserve shall also be set aside in accordance with, Article 41, Paragraph 1 of the Securities and Exchange Act with the amount set aside to be in proportion to its shareholding ratio.
2. The members of the Audit Committee who are independent directors shall proceed in compliance with the provisions of Article 218 of the Company Act.
3. The handling status pursuant to the preceding two subparagraphs shall be reported to the Shareholders Meeting, and the details of the transaction shall be disclosed in the annual report and the investment prospectus.

Where the Company has set aside a special reserve pursuant to the aforementioned provisions, it shall not utilize the said special reserve only until it has recognized a

loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Securities and Futures Bureau has also given its consent thereto.

When the Company acquires real property or right-of-use assets thereof from a related party and there is other evidence indicating that the transaction does not conform to the common business practice, it shall also proceed in compliance with the provisions in the preceding two paragraphs.

Article 11 Evaluation procedures and operating procedures for engaging in derivatives transactions

The Company does not intend to engage in derivatives transactions for the time being. It will formulate the operating procedures by then in accordance with relevant regulations if it intends to engage in such transactions in the future.

Article 12 Evaluation procedures and operating procedures for business merger, demerger, acquisition, and transfer of shares from another company

When the Company intends to undertake a merger, demerger, acquisition, transfer of shares from another company, or other operations, it shall consult an accountant, lawyer, or securities underwriter prior to convening the Board of Directors for a resolution 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 approval. However, the requirement of obtaining the opinion on the reasonableness issued by the aforesaid experts may be exempted in the case of a merger of the Company with its subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, or in the case of a merger between the subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

The Company shall prepare a document made known to shareholders detailing important content of the contract and matters related to the merger, demerger, or acquisition prior to the Shareholders Meeting, and deliver it along with the expert opinion referred to in the preceding paragraph as well as the notice of the Shareholders Meeting to shareholders for reference in deciding whether to consent to the said merger, demerger, or acquisition. However, such provisions shall not apply if it is provided by other laws and regulations that the convening of a Shareholders Meeting to approve the merger, demerger, or acquisition is exempted.

Where the Shareholders Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the Shareholders Meeting, the companies participating in the merger, demerger, or acquisition shall immediately explain to the public the reason thereof, the follow-up

handling operations, and the date scheduled to convene the next Shareholders Meeting.

A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and Shareholders Meeting on the same day to resolve matters related to the merger, demerger, or acquisition, unless it is otherwise provided by the law or regulations or due to special reasons which have been reported to and approved by the Securities and Futures Bureau in advance.

A company participating in the transfer of shares from another company shall convene a Board of Directors meeting on the same day, unless it is otherwise provided by the law or regulations or due to special reasons which has been reported to and approved by the Securities and Futures Bureau in advance.

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

1. Basic personnel information: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons participating in the planning or implementation of the merger, demerger, acquisition, or transfer of shares from another company prior to disclosure of the information.
2. Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and meeting minutes: including the merger, demerger, acquisition, and transfer of shares from another company plans, the letter of intent or memorandum of understanding, important contracts, minutes of Board of Directors meetings, etc.

When participating in a merger, demerger, acquisition, or transfer of shares from another company, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days upon adoption of the resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs 1 and 2 of the preceding paragraph to the Securities and Futures Bureau for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares from another company is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such a company whereby the latter is required to abide by the provisions of Paragraphs 6 and 7.

All persons participating in or aware of the plan for merger, demerger, acquisition, or transfer of shares from another company shall issue a written undertaking of confidentiality, and shall not disclose the content of the plan prior to public disclosure of the information. Neither shall they trade, in their own name or under

the name of another person, in any stock or other equity marketable securities of any company related to the plan for merger, demerger, acquisition, or transfer of shares from another company.

The share exchange ratio or acquisition price for the merger, demerger, acquisition, or transfer of shares from another company may not be arbitrarily altered unless it falls under the following circumstances. The circumstances under which such alteration is permitted shall be stipulated in the contract for the merger, demerger, acquisition, or transfer of shares from another company:

1. Undertaking of cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based marketable securities.
2. An action, such as the disposal of major assets, that affects the Company's financial operations.
3. An event causing major damage or major change in technology, etc., that affects shareholder equity or the marketable securities price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. A change of the entities or an increase or decrease in the number of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company.
6. Other terms and conditions that may be altered, which have been stipulated in the contract and have been publicly disclosed.

The contract for participation in a merger, demerger, acquisition, or transfer of shares from another company shall specify the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, and shall also specify the following matters:

1. The handling of breach of contract.
2. The principles for the handling of equity marketable securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for the handling thereof.
4. The handling method for changes of the entities or an increase or decrease in the number of participating companies.
5. The implementation progress scheduled for the plan, and the anticipated date of completion.
6. The scheduled date for convening the legally mandated Shareholders Meeting if the plan fails to be completed prior to the deadline, and the relevant handling procedures.

After public disclosure of the information, if any party of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company intends to carry out another merger, demerger, acquisition, or transfer of shares from another company with another company, all of the participating companies shall carry out anew, the procedures or legal actions that had previously been completed toward the original merger, demerger, acquisition, or transfer of shares from another company; except where the number of participating companies is decreased and the participating company's Shareholders Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating companies may be exempted from convening another Shareholders Meeting to resolve on the matter anew.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares from another company is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraphs 4 through 9, and Paragraph 12.

**Article 13 Limits on the acquisition of real estate or marketable securities by the Company and its subsidiaries for non-business use**

The Company and its subsidiaries may individually purchase real estate that is not for business use, the total amount of which shall not exceed 50% of the respective company's paid-in capital; the total amount of marketable securities purchased by each individual company with short-term funds shall not exceed 20% of the respective company's paid-in capital; however, the investment limit for individual marketable securities shall not exceed 10% of the respective company's paid-in capital.

**Article 14 Public announcement and filing procedures**

In the acquisition or disposal of assets, the Company shall, under any of the following circumstances, publicly announce and file the relevant information on the website designated by the Securities and Futures Bureau in the appropriate format as prescribed by the regulations according to the nature thereof within 2 days upon the date of occurrence of the event:

1. The acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or the acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided that such provisions shall not apply to the trading of domestic government bonds, or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Undertaking of a merger, demerger, acquisition, or transfer of shares from another company.
3. Losses from derivatives transactions reaching the upper limits on aggregate

losses or losses on individual contracts set out in the procedures adopted by the Company.

4. The acquisition or disposal of equipment or right-of-use assets thereof for business use, of which the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
5. The acquisition of real estate 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, of which the transaction counterparty is not a related party, and the transaction amount estimated to be invested therein reaches NT\$500 million or more.
6. The asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of claims by a financial institution, or an investment in the Mainland Area, of which the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more; provided that such provisions shall not apply under the following circumstances:
  - (1) Trading of domestic government bonds.
  - (2) The marketable securities trading by professional investors on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are subscribed, offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.
  - (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The transaction amount in the preceding paragraph shall be calculated in the following manners:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of underlying asset of a like nature with the same transaction counterparty within the preceding year.
- (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof of 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 marketable securities within the preceding year.

The term "within the preceding year" in the preceding paragraph shall refer to the year preceding the date of occurrence of this transaction. Items that have been duly announced in accordance with these Procedures Regulations shall not be required to count toward the transaction amount once again.

The Company shall compile monthly reports on the status of derivatives transactions engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies, and enter the information in the prescribed format on the information reporting website designated by the Securities and Futures Bureau by the 10th day of each month. If there are errors or omissions in the announcement which should be corrected or supplemented for the items to be announced in accordance with the regulations, the Company shall re-announce all the items within two days upon acknowledgment of such errors or omissions.

With regard to the acquisition or disposal of assets, the Company shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports, and opinion letters issued by the accountant, lawyer, or securities underwriter at the place of the Company, where they shall be retained for 5 years unless it is otherwise provided by other laws.

After the Company announces and files a transaction in accordance with the aforementioned provisions, if any one of the following circumstances exists, it shall, within two days upon the date of occurrence of the fact, announce and file the relevant information on the website designated by the Securities and Futures Bureau:

- (1) The relevant contracts signed in the original transaction are subject to changes, termination, or cancellation.
- (2) The merger, demerger, acquisition, or transfer of shares from another company fails to be completed by the scheduled date set forth in the contract.
- (3) The content of the original announcement has been changed.

**Article 15 Control procedures, public announcement and filing of the acquisition or disposal of assets by subsidiaries**

1. The responsible persons of the Company's subsidiaries are all directly or indirectly appointed by the Company. The subsidiaries shall also report to the Company on a monthly basis the status of the acquisition and disposal of assets. If the transaction amount exceeds the limit as announced, they shall report such matter to the Company immediately.
2. When a subsidiary acquires or disposes of assets, it shall consult experts to issue opinions in accordance with Article 6.
3. For a subsidiary that is not a public company, if the acquisition or disposal of assets falls within the scope that the announcement and filing is required pursuant to Article 14 of these Handling Procedures, the Company shall handle the announcement and filing on its behalf.
4. With regard to the provisions of reaching 20% of the paid-in capital or 10% of the total assets in the announcement and filing criteria for the subsidiary, the so-called "reaching 20% of the paid-in capital or 10% of the total assets" shall refer to the Company's paid-in capital or total assets.
5. The subsidiary of the Company shall formulate the "Handling Procedures for



the Acquisition or Disposal of Assets” in accordance with the aforementioned provisions, of which the procedures shall be submitted to the Board of Directors of the subsidiary for approval and then reported to the Shareholders Meeting of the subsidiary. The same procedures shall apply in the case of revision thereof.

Article 16 Disclosure of financial statements

For the acquisition or disposal of assets that falls within the scope that the announcement and filing is required pursuant to Article 14 of these Handling Procedures and the transaction counterparty is a substantively related party, the Company shall disclose the content of the announcement in the notes of the financial statements and submit a report to the Shareholders Meeting.

Article 17 Penalty

If the relevant personnel of the Company violate the provisions of these Handling Procedures in undertaking the acquisition and disposal of assets, they shall be disciplined and punished in accordance with the provisions of the Company’s work rules.

Article 18 Implementation and revision

The formulation or revision of the Company’s “Handling Procedures for the Acquisition or Disposal of Assets” shall be approved by one half or more of all members of the Audit Committee, adopted by the Board of Directors, and then submitted to the Shareholders Meeting for approval. When they are submitted to the Board of Directors for discussion, if any director raises an objection which is supported by a record or a written statement, the Company shall also submit the objection material of the concerned director to each independent director of the Audit Committee.

With regard to the proposal mentioned in the preceding paragraph, if it is not approved by one half or more of all the members of the Audit Committee, it may be implemented with the consent of two thirds or more of all the directors, and the resolution adopted by the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all directors shall be counted on the basis of the actual incumbents.

Article 19 Supplementary provisions

These Procedures were formulated on May 29, 1989, and the first revision was made on November 29, 1991, the second revision was made on May 25, 1995, the third revision was made on November 15, 1999, the fourth revision was made by the Board of Directors on March 26, 2003 and implemented after the approval of the Regular Shareholders Meeting held on June 23, 2003, the fifth revision was made by the Board of Directors on March 22, 2006 and implemented after the approval of the Regular Shareholders Meeting held on June 14, 2006, the sixth revision was made by the Board of Directors on March 21, 2007 and implemented after the approval of the Regular Shareholders Meeting held on June 15, 2007, the seventh revision was made by the Board of Directors on March 21, 2012 and implemented after the approval of the Regular Shareholders Meeting held on June

22, 2012, the eighth revision was made by the Board of Directors on March 19, 2014 and implemented after the approval of the Regular Shareholders Meeting held on June 24, 2014, the ninth revision was made by the Board of Directors on March 24, 2017 and implemented after the approval of the Regular Shareholders Meeting held on June 22, 2017, and the tenth revision was made by the Board of Directors on March 22, 2019 and implemented after the approval of the Regular Shareholders Meeting held on June 24, 2019.

**Hey Song Corporation**  
**List of Director (Including Independent Directors)**  
**Candidates for the 27th Term of Board of Directors**

1. List of director (including independent director) candidates (nomination by the Board of Directors)

No.	Type	Name	Educational background	Work experience	Number of shares held (Note)
1	Director	Chang Pin-Tang	<ol style="list-style-type: none"> <li>1. Master of Food Science, University of Florida in the United States</li> <li>2. Master of Information Management, University of Texas at Dallas, United States</li> </ol>	<ol style="list-style-type: none"> <li>1. Chair and concurrently serving as the president of Hey Song Corp. (current positions)</li> <li>2. Chair of Laiheng Investment Co. Ltd. (current position)</li> <li>3. Director of Taiwan Chlorella Manufacturing Co., Ltd. (current position)</li> <li>4. Chair of Hey Song Education Foundation (current position)</li> <li>5. Chair of Taiwan Food Industry Foundation (current position)</li> </ol>	12,555,446 shares
2	Director	Tai De Invest Co.,			5,563,005 shares
		Representative: Tsai Tsai-Yun	Department of Accounting, Tamkang University	<ol style="list-style-type: none"> <li>1. Chief financial officer of Breeze Development Co., Ltd. (current position)</li> <li>2. Director of Hey Song Corporation (current position)</li> </ol>	39,258 shares
3	Director	Tai De Invest Co.,			5,563,005 shares
		Representative: Yang Sheng-Chieh	MBA, Nankai University	<ol style="list-style-type: none"> <li>1. Director general of Chinese Art, Culture, Economics, and Trade Association</li> <li>2. Director of Chang-Qiao Investment &amp; Development Co. Ltd.</li> <li>3. Vice president (Works) of Breeze Group (maintenance) (current position)</li> <li>4. Director of Hey Song Corporation (current position)</li> </ol>	0 shares
4	Director	Dao Hee Investment Co., Ltd.		Director of Hey Song Corporation (current position)	3,272,973 shares
5	Director	Wen Ying Investment Co., Ltd.		Director of Hey Song Corporation (current position)	1,947,449 shares

No.	Type	Name	Educational background	Work experience	Number of shares held (Note)
6	Director	Hsin Yuan Investment Co., Ltd.		Director of Hey Song Corporation (current position)	5,943,247 shares
7	Director	Leg Horn Investment Co., Ltd.		Director of Hey Song Corporation (current position)	6,189,000 shares
8	Director	Chang Cheng-Hsing	Army Ordnance School	1. Director of Shouli Construction Co. Ltd. (current position) 2. Director of Li Fong Carbon Dioxide Co., Ltd. (current position) 3. Director of Hey Song Corporation (current position)	2,763,157 shares
9	Director	Hsin Bon Investment Co., Ltd.		Director of Hey Song Corporation (current position)	6,434,433 shares
10	Director	Chung Yen Investment Co., Ltd.		Director of Hey Song Corporation (current position)	6,411,418 shares
11	Independent director	Lin Huo-Dang	1. Master of Information Management, National Chengchi University 2. Department of Law, National Taiwan University	1. Vice president of Taiwan Stock Exchange 2. President of Taiwan Stock Exchange 3. Chair of Grand Fortune Securities Co. Ltd. (current position) 4. Independent director, member of Compensation and Remuneration Committee, and the member of Audit Committee of Hey Song Corp. (current position)	0 shares
12	Independent director	Lee Feng-Ao	Master of Laws of Mainland China, in-service master's program, Department of Law, Soochow University	1. Principal attorney of Jun Heng Law Firm (current position) 2. Independent director, member of Compensation and Remuneration Committee, and the member of Audit Committee of Hey Song Corp. (current position) 3. Independent director, member of Compensation and Remuneration Committee, and the member of Audit Committee of Tecom Co. Ltd. (current position) 4. Director of Spring Trees Technology Co. Ltd. (current position)	0 shares

No.	Type	Name	Educational background	Work experience	Number of shares held (Note)
13	Independent director	Chien Min-Chiu	Master of Commerce, Department of Accounting, Soochow University	<ol style="list-style-type: none"> <li>1. Adjunct lecturer at Soochow University</li> <li>2. Auditor of Deloitte &amp; Touche Accounting Firm</li> <li>3. Accountant of Jinghua Accounting Firm</li> <li>4. Temporary administrator of Pacific Liu Tong Investment Co. Ltd. (SOGO)</li> <li>5. Principal accountant of Qinmin Accounting Firm (current position)</li> <li>6. Independent director of Redwood Group Ltd. (current position)</li> <li>7. Independent director, member of Compensation and Remuneration Committee, and the member of Audit Committee of Hey Song Corp. (current position)</li> <li>8. Independent Director of Lian Fa International Dining Business Corporation (current position)</li> <li>9. Independent director of Guochuang Co. Ltd. (current position)</li> <li>10. Supervisor of China Trust Investment Co. Ltd.</li> </ol>	0 shares

Note: The number of shares held on the date of book closure (April 25, 2022) for the General Shareholders Meeting.

2.List of director (including independent directors) candidates (nominated by shareholders holding 1% or more of the shares)

No.	Type	Name	Educational background	Work experience	Number of shares held (Note)
1	Director	Yu Sheng Investment Co., Ltd.		Director of Hey Song Corporation (current position)	3,656,820 shares
		Representative: Chang Chih-Hung	Master of Engineering, Science, and Technology Entrepreneurship Excellence Program, University of Notre Dame, United States	1. Director of Hey Song Corporation (current position) 2. Supervisor of Hey Song Corporation	69,000 shares
2	Director	Yu Sheng Investment Co., Ltd.		Director of Hey Song Corporation (current position)	3,656,820 shares
		Representative: Chang Chih-Chuan	Master of Finance, Purdue University	1. Assistant vice president of MUFJ Bank Ltd. (current position) 2. Director of Hey Song Corporation (current position)	0 shares
3	Independent director	Wei Chun-Chih	Master of Accounting, Finance and Taxation, National Taipei University of Business	Accountant of Deli United Accounting Firm (current position)	0 shares
4	Independent director	Hsieh Chih-Yan	Master of Laws, Institute of Legal Studies, Northwestern University, United States Institute of Law	1. Attorney at K&L Gates Law Firm 2. Principal attorney at Ruixin Law Firm (current position)	0 shares

Note: The number of shares held on the date of book closure (April 25, 2022) for the General Shareholders Meeting.

## Hey Song Corporation

### Rules of Procedure for Shareholders Meetings

1. The procedures for the Company's Shareholders Meetings, except as otherwise provided by laws and regulations or the Articles of Incorporation, shall be carried out in accordance with these Rules.
2. The Company shall specify in its Shareholders Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters requiring attention.

The time during which shareholder attendance registrations are accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences; the place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

The Company shall furnish the attending shareholders with an attendance book to sign in, or attending shareholders may hand in a sign-in card in lieu of a signature.

The number of shares in attendance shall be calculated based on the number of shares indicated on the attendance book or the sign-in card handed in, plus those of which voting rights are exercised by correspondence or electronically.

3. Attendance at Shareholders Meetings as well as the voting thereof shall be calculated based on the number of shares.
4. The place for convening a Shareholders Meeting shall be held at the place of business of the Company, or any other place convenient for attendance by shareholders and suitable for holding said meeting. The time for commencing said meeting shall not be earlier than 9 o'clock in the morning or later than 3 o'clock in the afternoon.
5. The chair of a Shareholders Meeting
  - (1) If a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the chair. When the chair is absent for any reason, the chair shall designate one director to act on their behalf. If no designation is made, the directors shall elect one person among themselves to act on behalf thereof. Where a director acts on behalf of the chair as a chair, they shall be a director who has served for six months or more and is familiar with the Company's financial and business conditions; the same shall apply should the chair be the representative of the corporate director.
  - (2) If a Shareholders Meeting is convened by any other person with the right to convene the meeting apart from the Board of Directors, such a person with the right to convene the meeting shall serve as the chair of the meeting; where there are two or more such persons with the right to convene the meeting, one person shall be selected between or among themselves to serve as the chair of the meeting.

6. The Company may appoint its lawyer, certified public accountant, or other relevant persons to participate in the Shareholders Meeting.

The personnel who handle the affairs of Shareholders Meetings shall wear an identification card or an armband.

7. The Company shall, beginning from the time it accepts shareholder attendance registrations, make an uninterrupted audio and video recording of the entire process of the shareholder attendance registrations, the proceeding of Shareholders Meetings, as well as the voting and vote counting.

The recorded materials in the preceding paragraph shall be retained for at least one year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, such recorded materials shall be retained until the closure of litigation.

8. The chair shall call the meeting to order immediately when the scheduled meeting time has started and shareholders representing more than half of the total number of issued shares are in attendance, and announce at the same time the information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.

- (1) When the scheduled meeting time has elapsed and the shareholders in attendance do not represent at least a majority of the total number of issued shares, the chair may announce a postponement of the meeting, provided that the postponement of the said meeting shall be limited no more than twice, and the total time postponed shall not exceed one hour.

- (2) If the meeting has been postponed twice, but the number of shareholders in attendance still do not constitute the aforementioned quorum but rather those in attendance represent at least one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act with regard to a “tentative resolution adopted by shareholders in attendance representing a majority of the total number of issued shares.”

- (3) Before the close of said meeting, if the shareholders in attendance represent a majority of the total number of issued shares, the chair may re-submit the tentative resolution so adopted earlier to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.

9. Agenda of Shareholders Meetings:

- (1) If a Shareholders Meeting is convened by the Board of Directors, the agenda of the meeting shall be drawn up by the Board of Directors. Relevant proposals shall all be voted on in succession. The meeting shall be proceeded according to the scheduled agenda, which shall not be changed without a resolution adopted by the Shareholders Meeting.

- (2) If a Shareholders Meeting is convened by any other person with the right to convene the meeting apart from the Board of Directors, the provisions of the preceding paragraph shall be applied mutatis mutandis to the said meeting.

- (3) The chair shall not declare the meeting adjourned without a resolution prior to the conclusion of the agenda that have been scheduled to be discussed therein (including



extraordinary motions). If the chair violates the rules of procedure and announces the adjournment of the meeting, one person may be elected with the consent of the shareholders in attendance representing more than half of the votes to act as the chair and to continue the meeting.

- (4) After the meeting is adjourned, shareholders shall not elect another chair to hold another meeting at the same place or at any other place to continue the discussion, except for the circumstances specified in the preceding paragraph.

10. A shareholder wishing to speak at a Shareholders Meeting shall first fill out a slip, specifying therein the major points of the speech, the shareholder account number (or attendance card number), and the account name, and the chair shall determine the order for making a speech.

- (1) A shareholder who submits their slip for a speech but does not actually speak shall be considered as not having made a speech. If the content of their speech is not consistent with that specified on the slip, the content of their speech shall prevail.
- (2) When a shareholder speaks, the other shareholders shall not interrupt by making a speech unless they have obtained prior consent from the chair and the said shareholder. The chair shall prevent others from interrupting.
- (3) A shareholder shall not speak more than two times within one motion without the consent of the chair, and each speech shall not exceed 5 minutes.
- (4) If a shareholder speaks for longer than permitted or outside the scope of the motion, the chair may prevent them from speaking.

11. When a corporate shareholder attends the Shareholders Meeting:

- (1) A corporate shareholder being entrusted to attend in a Shareholders Meeting may designate only one representative to attend the meeting on behalf thereof.
- (2) When a corporate shareholder appoints two or more representatives to attend the Shareholders Meeting on its behalf, only one of the representatives so designated may speak on any one motion. The maximum number of representatives appointed by corporate shareholders shall be limited to the number of directors in the current session.

12. After an attending shareholder has made a speech, the chair may respond in person or designate a relevant person to respond.

13. When the chair is of the opinion that a proposal has been discussed sufficiently to be put to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

14. Except as otherwise provided in the Company Act and the Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the votes represented by the shareholders in attendance.

- (1) Each shareholder of the Company shall have one vote for each share, except for restricted shares or non-voting shares as stipulated in Article 179 of the Company Act.
- (2) When a shareholder entrusts a proxy to attend the Shareholders Meeting, it shall be handled in accordance with Article 177 of the Company Act as well as the

“Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” stipulated by the competent authority.

- (3) When the Company holds a shareholder meeting, the voting rights shall be exercised by means of electronic transmission or in writing. When voting rights are exercised by means of electronic transmission or in writing, the method of exercise shall be specified in the notice of the Shareholders Meeting. Shareholders that exercise their voting rights by means of electronic transmission or in writing shall be deemed to have attended the meeting in person. However, they shall be deemed to have waived their rights with respect to the extraordinary motions as well as the revision of original motions of the said Shareholders Meeting.
- (4) A shareholder intending to exercise voting rights by means of electronic transmission or in writing, the expression of such intent shall be delivered to the Company two days prior to the date of the Shareholders Meeting. When duplicate expressions of intent are delivered, the one received earliest shall prevail, except when an expression is made to revoke the previous expression of intent.
- (5) If a shareholder that has exercised their voting rights in writing or by means of electronic transmission intends to attend the Shareholders Meeting in person, they shall, two days prior to the date of the Shareholders Meeting and in the same manner as previously used in exercising their voting rights, revoke their expression of intent made to exercise the voting rights in the preceding paragraph; in the absence of a timely revocation of the previous expression of intent, the voting rights exercised in writing or by means of electronic transmission shall prevail. If a shareholder has exercised their voting rights in writing or by means of electronic transmission and has also authorized a proxy to attend the Shareholders Meeting, then the voting rights exercised by the authorized proxy shall prevail.
- (6) When there is a revision of or an alternative to a motion, the chair shall decide the order in which both the original motion as well as the revised or altered motion will be put to a vote. When any one of such motions is passed, the other motions shall then be deemed rejected, and no further voting shall be carried out in this regard.
- (7) The scrutineer and tallier for the voting on motions or motions relating to election shall be designated by the chair, provided that the scrutineer be a shareholder.
- (8) Vote counting operations for the voting on motions or motions relating to election at Shareholders Meetings shall be conducted in a public area within the venue of the Shareholders Meeting. After the vote counting has been completed, the results of the voting, including the statistical tally of the number of votes, shall be announced on the spot at the meeting, and a record of such shall be made.
- (9) The election of directors is carried out at a Shareholders Meeting, it shall be proceeded in accordance with the applicable election and appointment rules adopted by the Company, and the election results shall be announced on the spot, including the list of directors-elect and the number of votes with which they are elected, as well as the list of directors not elected and the number of votes they received.
- (10) Where the motion to conduct a general re-election of directors as well as the date of

assumption of office have been clearly stated in the reason for convening the Shareholders Meeting, the date of assumption of office shall not be changed at the same meeting by means of extortionary motions or others after the re-election has been completed at the said Shareholders Meeting.

15. In the process of the meeting, the chair may announce a break as necessary at their discretion. If the agenda cannot go through at one meeting, another meeting may be scheduled at the assembly to continue the discussion within five days without a notice and announcement.
16. During the meeting, if there is an air raid alarm, the meeting shall be suspended immediately. The attendees shall be evacuated from the venue by themselves until the meeting resumes one hour after the alarm has been lifted.
17. The chair may direct the proctors (or security personnel) to maintain order at the meeting. When assisting in maintaining the order on-site, the proctors (or security personnel) shall wear an armband bearing the wording “proctor.”
18. Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, as well as other relevant laws and regulations.
19. These Rules were formulated at the first Extraordinary Shareholders Meeting on November 30, 1980; the 12<sup>th</sup> revision of these Rules was implemented after being passed at the Regular Shareholders Meeting on August 6, 2021.

# Hey Song Corporation Articles of Incorporation

## Chapter 1 General Principles

- Article 1 The Company is organized pursuant to the provisions of the company limited by shares under the Company Act and named Hey Song Corporation. Its English name is HEY SONG CORPORATION.
- Article 2 The business scope of the Company is set out as follows:
1. C110010 Beverage Manufacturing
  2. F102040 Wholesale of Nonalcoholic Beverages
  3. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
  4. F203020 Retail Sale of Tobacco and Alcohol
  5. F102170 Wholesale of Food and Grocery
  6. F203010 Retail sale of Food and Grocery
  7. C102010 Manufacture of Dairy Products
  8. C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food
  9. C104010 Manufacturing of Sugar Confectionery
  10. C104020 Manufacture of Bakery and Steam Products
  11. C106010 Flour Milling
  12. C199010 Noodle Food Manufacturing
  13. C199020 Noodle Food Manufacturing
  14. C199990 Manufacture of Other Food Products Not Elsewhere Classified
  15. C601030 Paper Containers Manufacturing
  16. C805030 Plastic Daily Necessities Manufacturing
  17. C805050 Industrial Plastic Products Manufacturing
  18. C805990 Other Plastic Products Manufacturing
  19. CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
  20. F102020 Wholesale of Edible Fat and Oil
  21. F108040 Wholesale of Cosmetics
  22. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
  23. F203030 Retail Sale of Alcohol
  24. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
  25. F205040 Retail Sale of Furniture, Bedding, Kitchen Utensils and Fixtures
  26. F206020 Retail Sale of Articles for Daily Use
  27. F207990 Retail Sale of Other Chemical Products
  28. F208040 Retail Sale of Cosmetics

29. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
30. F210010 Retail Sale of Watches and Clocks
31. F213010 Retail Sale of Household Appliance
32. F301020 Supermarkets
33. F399010 Convenience Stores
34. F399040 Retail Business Without Shop
35. F399990 Retail sale of Others
36. F401010 International Trade
37. F401171 Alcohol Products Importation
38. F501030 Coffee/Tea Shops and Bars
39. F501050 Public Houses and Beer Halls
40. G801010 Warehousing
41. G202010 Parking area Operators
42. H701010 Housing and Building Development and Rental
43. H701020 Industrial Factory Development and Rental
44. H701040 Specific Area Development
45. H701060 New Towns, New Community Development
46. H703090 Real Estate Business
47. H703100 Real Estate Leasing
48. I301010 Software Design Services
49. I301030 Digital Information Supply Services
50. J701040 Recreational Activities Venue
51. J701070 Information Recreational
52. JB01010 Conference and Exhibition Services
53. JZ99030 Photographic Studios
54. C114010 Food Additives Manufacturing
55. F121010 Wholesale of Food Additives
56. F221010 Retail of Food Additives
57. I101070 Agriculture, Forestry, Fishing and Livestock Consulting
58. I101090 Food Consulting
59. J101050 Environmental Testing Services
60. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1 The Company may reinvest in other businesses as necessary for its business operations, and may become a limited liability shareholder of another company upon a resolution of the Board of Directors. The total investment amount may not be subject to the restrictions on the reinvestment limit stipulated in Article 13 of the Company Act.

Article 2-2 The Company may be engaged in the endorsement of and guarantee of external parties as necessary for its business operations, provided that it shall be handled in accordance with the “Procedural Guidelines for Loaning

Funds and Making of Endorsements and Guarantees” of the Company.

Article 3 The Company was established in Taipei City, and branches may be set up in appropriate locations at home and abroad as necessary for its business operations.

Article 4 (Deleted)

## Chapter 2 Shares

Article 5 The total capital of the Company is in the amount of NT\$6 billion, which is divided into 600 million shares to be issued in installments. All such shares are ordinary shares, each in an amount of NT\$10.

Article 6 All share certificates of the Company shall be registered and numbered with the names of the chair and two or more directors being signed thereon or their seals affixed thereto, as well as the seal of the Company affixed thereto, and issued after being attested by the competent authority or its approved issuance registration agency.

When the Company issues new shares, the printing of the total number of the share certificates may be consolidated for the said issuance. The Company shall also contact the central marketable securities depository for safekeeping, and the requirement that share certificates shall be numbered in the preceding paragraph shall not apply.

The Company may be exempt from printing share certificates for shares it issues, and shall contact the central marketable securities depository for registration. The requirements in the preceding two paragraphs shall not apply.

Article 7 The stock affairs of the Company shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the securities regulatory authority.

Article 8 (Deleted)

Article 9 (Deleted)

Article 10 (Deleted)

Article 11 Within 60 days prior to each session of the Regular Shareholders Meeting or within 30 days prior to each session of the Extraordinary Shareholders Meeting or within five days prior to the record date decided by the Company to distribute dividends, bonuses or other benefits, the transfer of shares from another company shall be suspended.

## Chapter 3 Shareholders Meeting

Article 12 The Shareholders Meeting is divided into two types: the Regular Shareholders Meeting and the Extraordinary Shareholders Meeting, both of which shall be convened by the Board of Directors unless otherwise stipulated by the Company Act.

The Regular Shareholders Meeting shall be convened once a year and shall be convened within six months after the end of each fiscal year, unless

there are legitimate reasons and it is submitted to and approved by the competent authority. The Extraordinary Shareholders Meeting shall be convened in accordance with the law when necessary.

The convening of the Regular Shareholders Meeting shall be notified 30 days in advance and the convening of the Extraordinary Shareholders Meeting shall be notified 15 days in advance to all shareholders containing information on the date, venue and reason for convening of the meeting. However, for shareholders holding less than 1,000 registered shares, they may be notified thereof by public announcement.

Article 13 When a shareholder is unable to attend the Shareholders Meeting for any reason, they may issue a proxy printed and issued by the Company in accordance with Article 177 of the Company Act, specifying the scope of authorization in order to entrust a proxy to attend the Shareholders Meeting. The handling of such matters shall be subject to the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the securities regulatory authority.

Article 14 Where the Shareholders Meeting is convened by the Board of Directors, the chair shall serve as the chair. When the chair is absent for any reason, the chair shall designate one of the directors to act on their behalf. In case of absence of such designation, one person shall be selected from among the directors to act on behalf thereof.

Where the Shareholders Meeting is convened by a person with the right to convene other than the Board of Directors, the said person with the right to convene shall serve as the chair of the meeting. When there are two or more persons with the right to convene, one person shall be elected from among them to serve as the chair of the meeting.

Article 15 Each shareholder of the Company shall have one vote per share, except for circumstances in which the shares do not have voting rights as stipulated in Article 179 of the Company Act.

Article 15-1 The election of directors of the Company shall adopt the cumulative voting method. Each share shall have the same number of votes as the number of directors to be elected. Such votes may be cast for a single candidate or split among multiple candidates. The candidates for whom the ballots cast represent a prevailing number of votes shall be the directors elect. The election of independent directors and non-independent directors shall be carried out at the same time, while the number of their seats shall be counted separately.

Article 15-2 The election of directors of the Company shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act. Matters related to the acceptance method and announcement of nominations to director candidates shall be handled in accordance with the Company Act, the Securities and Exchange Act, as well as relevant laws and

regulations.

Article 16 Unless otherwise stipulated by the relevant laws and regulations, resolutions of Shareholders Meetings shall be adopted with the attendance of shareholders representing more than half of the total shares and with the consent of more than half of the voting rights of the shareholders in attendance.

Article 17 Resolutions adopted by the Shareholders Meetings shall be recorded in the meeting minutes, which shall be affixed with the signature or seal of the chair, and be distributed to all shareholders within 20 days after the meeting.

The distribution of the meeting minutes in the preceding paragraph may be replaced by a public announcement.

#### Chapter 4 Board of Directors

Article 18 The Company shall have 9 to 15 directors, who are elected by the Shareholders Meeting from among persons with capacity. The term of office shall be three years, and may be renewed through re-election. The shareholding ratio of all directors shall be handled in accordance with regulations of the securities regulatory authority. Following the election, the Company may take out liability insurance for its board members with a resolution adopted by the Board of Directors.

The number of board seats in the preceding paragraph shall include three or more independent directors, which shall also account for one fifth or more of the number of board seats. The professional qualifications of independent directors, restrictions on shareholding and part-time engagements, determination on independence, nomination and selection methods, and other matters to be complied with shall be handled in accordance with the Securities and Exchange Act as well as the relevant laws and regulations.

Article 18-1 The Company shall set up an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, and the Audit Committee or members of the Audit Committee shall be responsible for implementing the functions and powers of supervisors stipulated by the Company Act, the Securities and Exchange Act, as well as other laws and regulations.

The Audit Committee shall be composed of all independent directors, with at least three members, one of whom shall be the convener, and at least one of whom shall possess accounting or financial expertise.

Article 19 The Board of Directors shall be composed of directors, who shall elect one person from among themselves to serve as the chair, with the attendance of two thirds or more of the directors and with the consent of more than half of the directors in attendance. The chair shall represent the Company externally. When the chair is on leave or is unable to exercise their



functions and powers for any reason, the chair shall designate a director to act on their behalf. In case of absence of such designation, one person shall be selected from among the directors to act on behalf thereof.

Article 19-1 The Company's Board of Directors may set up the Audit Committee, Compensation and Remuneration Committee, or other functional committees according to the needs of business operations, and the organizational rules thereof shall be formulated by the Board of Directors.

Article 20 The Board of Directors shall exercise its functions and powers in accordance with laws and regulations in order to implement the company business, Articles of Incorporation, and resolutions of Shareholders Meetings. The functions and powers of the Board of Directors shall be as follows:

1. Approve business objectives and business strategies.
2. Draw up a proposal for capital increase.
3. Review annual budgets, annual financial reports and semi-annual financial reports, unless semi-annual financial reports are not required to be audited and attested by the certified public accountant according to applicable laws and regulations.
4. Draw up a proposal for earnings distribution.
5. Approve the purchase, sale, swap, creation of real rights, and all other dispositions with regard to real estate.
6. Approve an investment plan for new plants.
7. Approve a reinvestment plan.
8. Appoint and dismiss the president, vice president, assistant manager, division director, factory general manager, and the financial, accounting or internal audit supervisor.
9. Implement resolutions of Shareholders Meetings.
10. Formulate or revise the internal control system, and evaluate the effectiveness of the internal control system.
11. Formulate or revise the handling procedures for the acquisition or disposal of assets, engagement in derivative transactions, loaning funds to others, making endorsement or providing guarantee for others, and other significant financial or business conduct.
12. Offer publicly, issue, or offer a private placement of marketable securities of equity nature.
13. Matters that shall be resolved by the Shareholders Meeting or submitted to the Board of Directors in accordance with relevant laws and regulations or the Articles of Incorporation, or significant matters prescribed by the competent authority.

Article 21 The Board of Directors shall be convened by the chair, and all directors shall be notified in writing of the date, venue, and reasons for the meeting seven days prior to the meeting. However, when there is an emergency, the

meeting may be convened at any time.

The notice in the preceding paragraph may be given by electronic means such as fax and e-mail.

The first board meeting of each term of the Board of Directors shall be convened within 15 days after the re-election by the director winning the votes representing the most voting rights. When a director is unable to attend the board meeting for any reason, they shall issue a proxy each time, specifying the scope of authorization for the reason for the convening, in order to entrust another director to act on their behalf. One director shall be limited to be a proxy of only one of the other directors.

When a board meeting is held by video conferencing, its directors that participate in the meeting by video conferencing shall be deemed to have attended the meeting in person.

Article 22 The Board of Directors shall be chaired by the chair. When the chair is absent, the chair shall designate one of the directors to act on their behalf. In case of absence of such designation, one person shall be selected from among the directors to act on behalf thereof.

Article 23 Unless otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted with the attendance of more than half of the directors and the consent of more than half of the directors in attendance. The discussion conducted by the Board of Directors shall be recorded in meeting minutes, which shall be affixed with the signature or seal of the chair, safekept in the Company, and distributed to all directors within 20 days after the meeting.

Article 24 (Deleted)

Article 25 (Deleted)

Article 26 (Deleted)

Article 27 The Board of Directors shall be authorized to determine director remuneration taking account the industry standard, regardless of the Company's operating profits or losses.

The Board of Directors shall be authorized to determine as appropriate, the remuneration of independent directors, which shall be a monthly fixed remuneration that differs from that of non-independent directors; they do not participate in the distribution of director remuneration.

## Chapter 5 Important Personnel and Staff

Article 28 The Company shall have one president, as well as a number of managers such as the vice president, assistant manager, division director, and the factory general manager. The appointment, dismissal and remuneration thereof shall be handled in accordance with the provisions of Article 29 of the Company Act.

Article 29 The president shall comprehensively manage the daily business of the

Company in line with resolutions of the Board of Directors as well as in adherence to the orders of the chair, and be assisted by the vice president, assistant manager, division director, and the factory general manager.

## Chapter 6 Final Accounts and Earnings Distribution

Article 30 The Company's fiscal year is determined to be from January 1 to December 31 every year according to the national calendar, and the final accounts shall be prepared after the end of the year.

Article 31 After the end of the fiscal year, the Board of Directors of the Company shall prepare the various books and statements as follows, which shall be submitted to the Audit Committee for review 30 days prior to the Regular Shareholders Meeting, and then submitted to the Regular Shareholders Meeting for recognition.

1. Business report.
2. Financial statements.
3. Proposal for earnings distribution or loss appropriation.

Article 32 If the Company makes a profit in the year, it shall allocate no less than 1% thereof as employee compensation, which shall be distributed as stock or in cash with the resolution of the Board of Directors. The target of such distribution may include employees of subordinate companies that meet certain conditions; The Board of Directors may adopt a resolution to allocate an amount that is no more than 3% of the foregoing profit as the director remuneration. The report on proposals for the distribution of employee compensation and director remuneration shall be submitted to the Shareholders Meeting.

However, when the Company still has accumulated losses, it shall reserve the amount in advance to make up for such losses, and then allocate the amount for employee compensation and director remuneration according to the percentage specified in the preceding paragraph.

Article 32-1 If the Company has a surplus in the annual final accounts, it shall pay taxes in accordance with the law, make up for the accumulated losses, and then set aside 10% thereof as the statutory surplus reserve. However, when the amount of the statutory surplus reserve has reached that of the Company's paid-in capital, the statutory surplus reserve may be exempt from being set aside; for the remaining part thereof, the special surplus reserves shall be set aside or reversed in accordance with relevant laws and regulations; if there is still a balance, it shall be combined with the accumulated undistributed surplus, and the Board of Directors shall draw up a surplus distribution proposal to be submitted to the Shareholders Meeting for a resolution to distribute such dividends to shareholders.

The Company's dividend policy is in alignment with the Company's sustainable development plan, in consideration of the investment

environment, capital needs, and domestic and foreign competition conditions, as well as taking account of the interests of shareholders and other factors. The distribution of dividends to shareholders every year shall be in principle at a rate of not less than 50% of the earnings after taxes in the current year, and may be distributed in cash or as stock, among which the cash dividend shall in principle not be less than 30% of the total dividends.

### Chapter 7 Supplementary Provisions

- Article 33 Matters not stipulated in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act as well as relevant laws and regulations.
- Article 34 The Company continues to operate by changing the company name from Hey Song Beverage Co., Ltd.
- Article 35 The Articles of Incorporation were formulated on November 30, 1969, which have gone through various revisions with the resolutions of the Shareholders Meetings and have been successively submitted to the competent authority for approval and registration. The 47<sup>th</sup> revision of the Articles of Incorporation was hereby made and submitted to the Regular Shareholders Meeting held on June 23, 2020, and has been implemented after the revision was approved thereby.

## Hey Song Corporation Rules for Election of Directors

- Article 1 The election of directors and independent directors of the Company (hereinafter referred to as the Election of Directors) shall be conducted at the Shareholders Meeting in accordance with the provisions of these Rules.
- Article 2 In the Election of Directors of the Company, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. The name of the elector may be replaced with the shareholder account number or attendance card number.
- Article 3 The number of board seats for the Election of Directors of the Company shall be determined in accordance with the Company's Articles of Incorporation and the resolution adopted by the Shareholders Meeting. The candidate to whom the ballots cast represent a prevailing number of votes shall be the director-elect in sequence. The election of independent directors and non-independent directors shall be held simultaneously, while their votes as well as the number of seats shall be counted separately. When two or more candidates receive the same number of votes, thus exceeding the specified number of seats, they shall draw lots to determine the winner, with the chair drawing lots on behalf of such candidates not in attendance.
- Article 4 The ballot shall be prepared by the Board of Directors and be filled in with the shareholder account number or attendance card number as well as the number of votes.
- Article 5 At the beginning of the election, the chair shall designate a number of scrutineers and talliers to perform various related duties.
- Article 6 The Election of Directors of the Company shall adopt the candidate nomination system. The ballot shall be filled in with the name of the candidates in the column of the "Name of Candidate" with reference to the List of candidates, except for shareholders that exercise their voting rights through electronic voting.
- Article 7 A ballot shall be considered invalid under any of the following circumstances:
1. A ballot that has not been put into the ballot box.
  2. The ballot is not prepared by a person with the right to convene the meeting.
  3. A blank ballot is placed in the ballot box.
  4. The number of candidates entered on the ballot exceeds the specified number of seats to be elected.
  5. The candidate whose name is entered on the ballot does not conform to the list of director candidates.
  6. Other words, marks, or patterns are entered on the ballot in addition to the number of votes allotted.
  7. The handwriting entered on the ballot is unclear and illegible or has been altered.

8. The total number of votes entered on the ballot exceeds the number of votes.

Article 8 After the polling is over, the votes shall be counted on the spot under the supervision of the scrutineer, and the election and vote counting results shall be announced by the chair.

Article 9 Matters not stipulated in these Rules shall be handled in accordance with the provisions of the Company Act as well as the relevant laws and regulations.

Article 10 These Rules were formulated at the Special Shareholders Meeting on November 30, 1980, and implemented after the seventh revision thereof was passed at the Regular Shareholders Meeting on August 6, 2021.

Hey Song Corporation  
Shareholding Status of directors

1. The Company's paid-in capital is NT\$4,018,710,940, and the number of issued shares is 401,871,094 shares.
2. The statutory minimum number of shares to be held by all directors: 16,000,000 shares.
3. The shareholding status of individual directors and all directors recorded in the shareholder register as of the record date of this coming Regular Shareholders Meeting (April 25, 2022) are as follows: (Having been in line with the percentage requirement stipulated in Article 26 of the Marketable securities and Exchange Act)

Record date: April 25, 2022

Title	Name	Date of selection	Term	Shares held at the time of election		Number of shares held as recorded in the shareholder register on the record date	
				Number of shares	Percentage	Number of shares	Percentage
Chair	Chang Pin-Tang	2019.6.24	3 years	12,555,446	3.12%	12,555,446	3.12%
Director	Yu Sheng Investment Co., Ltd.	2019.6.24	3 years	3,656,820	0.91%	3,656,820	0.91%
Director	Tai De Invest Co., Representative: Tsai Tsai-Yun	2019.6.24	3 years	5,563,005	1.38%	5,563,005	1.38%
Director	Tai De Invest Co., Representative: Yang Sheng-Chieh	2019.6.24	3 years	5,563,005	1.38%	5,563,005	1.38%
Director	Kuo Yuan Investment Co., Ltd.	2019.6.24	3 years	6,200,000	1.54%	6,300,000	1.57%
Director	Dao-Hee Investment Co., Ltd.	2019.6.24	3 years	3,272,973	0.81%	3,272,973	0.81%
Director	Leg Horn Investment Co., Ltd.	2019.6.24	3 years	6,189,000	1.54%	6,189,000	1.54%
Director	Hsin Yuan Investment Co., Ltd.	2019.6.24	3 years	5,939,247	1.48%	5,943,247	1.48%
Director	Cheng-Hsing Chang	2019.6.24	3 years	2,953,157	0.73%	2,763,157	0.69%
Director	Hsin Bon Investment Co., Ltd.	2019.6.24	3 years	6,434,433	1.60%	6,434,433	1.60%
Director	Chung Yen Investment Co., Ltd.	2019.6.24	3 years	6,411,418	1.60%	6,411,418	1.60%
Independent director	Lin Huo-Dang	2019.6.24	3 years	0	0.00%	0	0.00%
Independent director	Lee Feng-Ao	2019.6.24	3 years	0	0.00%	0	0.00%
Independent director	Chien Min-Chiu	2019.6.24	3 years	0	0.00%	0	0.00%
Total				59,175,499	14.72%	59,089,499	14.70%

Thank you for attending the Regular Shareholders Meeting!

Please feel free to let us know at any time should you have any  
comments or advice!