

Stock Code: 3294



Megaforce Company Limited

Advancement, Accessibility, and Sustainability

2023 Annual General Shareholders' Meeting Handbook (Translation)

Meeting type : Physical meeting

Time : 9:30 a.m., June 7, 2023

Place : 14F., No.16, Jian 8th Rd., Zhonghe Dist., New Taipei City
(The Company's conference room)

Note :

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

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Megaforce Company Limited

2023 Annual General Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairman's Remarks
- III. Report Items
- IV. Proposed Resolutions
- V. Discussion Items
- VI. Special Motions
- VII. Meeting Adjourned

Megaforce Company Limited
2023 Annual General Shareholders' Meeting Agenda

Time : 9:30 a.m., June 7, 2023

Place : 14F., No.16, Jian 8th Rd., Zhonghe Dist., New Taipei City

(The Company's Conference Room)

Attendance : All Shareholders and their Proxy Holders

Chairman : Wen-Lin, Hsu, Chairman of the Board of Directors

- I. Call Meeting to Order
- II. Chairman's Remarks
- III. Report Items
 - (I) 2022 Business Report
 - (II) Audit Committee's Review Report
 - (III) Report on the amendments to the "Sustainable Development Best Practice Principles"
 - (IV) Other Report
- IV. Proposed Resolutions
 - (I) The 2022 Business Report and Financial Statements
 - (II) The 2022 Deficit Offsetting Proposal

Voting for each proposed resolution
- V. Discussion Items
 - (I) The Amendments to the "Procedures for Derivatives Trading"

Voting for each discussion item
- VI. Special Motions
- VII. Meeting Adjourned

Report Items

I. 2022 business report (Proposed by the Board of Directors)

Explanation : Please refer to Annex I for the 2022 business report in details.

II. Audit Committee's Review Report (Proposed by the Board of Directors)

Explanation : The 2022 financial reports have been reviewed by the Audit Committee members with a report issued. Please refer to Annex II for the Audit Committee's Review Report in details.

III. Report on the amendments to the "Sustainable Development Best Practice Principles" (Proposed by the Board of Directors)

Explanation : The amendment to the "Sustainable Development Best Practice Principles" is implemented in cooperation with the Company's practical operation, which is resolved and approved by the Board of Directors. Please refer to Annex III for the comparison table of the amendments before and after.

Proposed Resolutions

I. Adoption of the 2022 business report and financial statements (Proposed by the Board of Directors)

Explanation : The Company's 2022 parent company only financial statements and consolidated financial statements have been audited and attested by CPA Mei-Yan, Chen and CPA Yu-Feng, Hsu of KPMG in Taiwan. The business report and the parent company only financial statements and consolidated financial statements have been reviewed by the Audit Committee members with an Audit Committee's Review Report issued, which is resolved and approved by the Board of Directors accordingly. Please refer to Annex I and IV for details.

Resolutions :

II. Adoption of the 2022 deficit offsetting proposal (Proposed by the Board of Directors)

Explanation : The Company's 2022 final account is without any earnings resulted; therefore, common stock dividends and cash dividends, as well as employee remuneration and director remuneration will not be distributed. The Company's 2022 deficit offsetting proposal has been reviewed by the Audit Committee and approved by the Board of Directors. Please refer to Annex V for details.

Resolutions :

Discussion Items

I. Discussion of the amendments to the “Procedures for Derivatives Trading” (Proposed by the Board of Directors)

Explanation : The amendments to the “Procedures for Derivatives Trading” is proposed in cooperating with the Company’s practical operation. Please refer to Annex VI for the comparison table of the amendments before and after.

Resolutions :

Special motions

Meeting adjourned

Megaforce Company Limited 2022 Business Report

Operating strategy

- Use the core value to establish a trending industry.
- Solicit international customers continuously to increase market share.
- Provide comprehensive services to strategic customers.
- Enhance resource integration and support for strategic products.
- Improve competitiveness with innovative approaches and thinking, and develop niche businesses with industry advantages.
- Disperse operational risks with regional production by establishing new factories and duplicating and improving the management model.
- Activate assets to maximize the efficiency of the group resources.
- Promote smart mold processes to improve efficiency and reduce cost.
- Refine technology to promote industrial value-added operation.
- Promote cross-industry cooperation to expand the industrial ecosystem.
- Emphasize the importance of talent retention and cultivation, and enhance competitiveness.
- Construct system integration and technology development capability to help the Group transform from a component manufacturer to a system integration solution provider in order to enhance value-added services and create revenue and profits.

Operating results and financial condition

The Company's 2022 consolidated operating revenue was NT\$4,835 million, and the operating gross profit was NT\$483 million. However, due to the impact of Shanghai's lockdown in 2022 Q2, the annual consolidated net loss was NT\$157 million. The important financial ratios are analyzed as follow :

Analysis items		2022	2021
Financial structure	Ratio of debt to assets (%)	56.37	58.90
	Ratio of long-term fund to property, plant and equipment (%)	284.18	299.10
Solvency	Current ratio (%)	160.36	163.47
	Quick ratio (%)	136.07	135.37
Profitability	Return on assets (%)	(2.45)	0.70
	Return on shareholders' equity (%)	(6.74)	0.99
	Ratio of net income before tax to paid-in capital (%)	(1.12)	5.83
	Profit ratio (%)	(3.35)	0.45
	Earnings per share (NTD)	(1.20)	0.18

Research and development status

◎ R&D achievements

- Successful development of the antibacterial and special soft touch oil of LSR
- Successful development of the integrated design, development, and trial production of micron-grade operating room filtration and voltage stabilization system
- Successful design, development, and trial production of the minimally invasive surgical instruments
- Completed the integrated design and development and (automated) testing and verification of medical testing and diagnostic equipment systems
- Successful integrated design, development, and trial production of energy storage system
- Mass production and sales of EzARGO 720P AR display device
- Completed the EzARGO 1080P AR display device EVT test and ready for mass production
- Sample sales of AR LBS and LBS monochrome commercial materials
- Completed the sample for HOE 1st LBS
- The custom-made LBS optical-mechanical module was successfully designed and developed for wearable multimedia devices
- Successful design and development of the high-brightness AR HUD with LBS solution
- The successful integrated design and development of the commercial touch smart interactive whiteboard system

◎ Future research and development plans

- Development for magnetic engineering plastic and low contraction engineering plastic
- Introduction, development, and trial production of skin-friendly and hand-touch material application products
- Integrated product design, development, testing, and verification of medical temperature sensing system
- Integrated product testing and verification of medical imaging equipment system
- Mass production of EzARGO 1080P and development of LBS AR products
- LCOS AR Camera / Wireless product development
- μ LED+HOE G color mass production plan
- Full color μ LED + HOE sample completed

Outlook

The world had gone through a dramatic change in global economy and politics in the year of 2022. Many countries in the world have gradually emerged from the shadow of COVID-19 pandemic; however, under the threat of inflation, the central banks of many countries are increasing interest rates, causing the economy to worsen; also, the geopolitics has caused difficulty to the macroeconomy and chaos to the supply chain. China imposed a lockdown in Shanghai in the second quarter of last year due to the impact of the pandemic, which affected the Company's overall operations significantly. The production units within the Company had strived to integrate and deploy for overcoming the production delays caused by the pandemic and for reducing the impact on operations. However, the predicament was too severe to be overcome; therefore, the Company

suffered a loss in the year of 2022.

In the prospect of 2023, countries have a new understanding on and response to COVID-19. The lift of lockdown and loose economic policies adopted by China has a good influence on the global economy; therefore, the world is expected to gradually revitalize the negative economy caused by the COVID-19 pandemic and inflation. Furthermore, the supply chain dilemma is gradually resolved and eased, and the International Monetary Fund (IMF) has adjusted up the forecast for global economic growth this year, mainly due to the ease of inflation and unexpected good news of household spending; however, the rising interest rates and the continuing war Russia-Ukraine may still put pressure on economic activity.

Megaforce continues to optimize its global geographical layout in order to disperse operating risks effectively, and hope for the generation of profits eventually. Regarding the planning and execution of new businesses, such as biomedicine, automotive, and optoelectronics, we strive to achieve the set objectives continuously, and look forward to a successful transformation in order to inject new blood into the Group.

We shall remain calm in response to the fast global change. All Megaforce colleagues will work together, manage leanly, make good use of resources, and seize opportunities to jointly open up new situation for Megaforce.

Chairman : Wen-Lin, Hsu

General Manager : Tung-Hui, Chiang

Accounting Supervisor : Jia-Zheng, Zhang

Megaforce Company Limited

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, the Parent Company Only Financial Statements and Consolidated Financial Statements, and Deficit Offsetting Proposal. The Parent Company Only Financial Statements and Consolidated Financial Statements have been audited and attested by CPA Mei-Yan, Chen and CPA Yu-Feng, Hsu of KPMG in Taiwan. The aforementioned documents have been reviewed by the Audit Committee members in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act and with a report prepared and presented for your reference.

Convener of the Audit Committee
Chun-Nan, Pai

March 15, 2023

[Annex III]

Comparison Table of the Amendments to the “Sustainable Development Best Practice Principles”
Before and After

After amendment	Before amendment	Explanations
<u>Article 27-1</u> <u>The Company should invest</u> <u>resources into cultural and</u> <u>artistic activities or cultural and</u> <u>creative industries continuously</u> <u>through donation, sponsorship,</u> <u>investment, procurement,</u> <u>strategic cooperation, corporate</u> <u>voluntary technical services, or</u> <u>other support modes in order to</u> <u>promote cultural development.</u>	(This article is newly added)	Add the new article in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” for promoting sustainable development of culture.



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Independent Auditors' Report

To the Board of Directors

Megaforce Company Limited:

Opinion

We have audited the parent-company-only financial statements of Megaforce Company Limited (“the Company”), which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters that should be communicated in our report.

Share of profit and loss of subsidiaries accounted for using the equity method

Please refer to note (4)(i) for the accounting policies of the investment in subsidiaries, the accounting policy on inventory subsequent valuation of subsidiaries is same with the Company, please refer to note (4)(g) “Inventories”, and note (6)(f) for the related disclosures of investments accounted for using the equity method, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

Inventories are measured at the lower of costs and net realizable values. Due to fierce market competition or change in customer's demands, sales of related products might fluctuate significantly, which could possibly result in an obsolescence of products or no longer meet the market demand, and a significant fluctuation in the sales of the related products, wherein the carrying value of the inventories may exceed its net realizable value. Due to the valuation of inventories of subsidiaries might affect the Company's adoption of equity method to recognize its shares of profit and loss of subsidiaries, therefore, the adoption of the equity method to recognize the share of profit or loss of subsidiaries has been identified as key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the lower of inventory and net realizable value assessments and inventory aging schedules provided by subsidiaries; analyzing the fluctuation of inventory aging; evaluating the most recent sales prices used by the management and reviewing subsequent inventory liquidation to assess the reasonableness of the net value of the subsidiary's inventories to verify the accuracy of the management's estimate of the inventory allowance for losses and adequacy of the disclosure.

Responsibilities 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 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Yen Chen and Yu-Feng Hsu. KPMG.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)
MEGAFORCE COMPANY LIMITED

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021											
		Amount	%	Amount	%	Amount	%								
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$	308,342	7	29,130	1	2100	Short-term borrowings (note 6(i))	\$	1,020,000	23	1,120,000	22		
1170	Notes and accounts receivable, net (notes 6(c) and (q))		312,457	7	354,458	7	2120	Financial liabilities at fair value through profit or loss – current (notes 6(b) and (k))		285	-	-	-		
1180	Receivables from related parties (notes 6(c), (q) and (7))		26,380	1	14,632	-	2130	Contract liabilities – current (note 6(q))		28,563	1	16,319	-		
1210	Other receivables from related parties (notes 6(d) and (7))		9,214	-	14,799	-	2170	Notes and accounts payable		35,937	1	79,074	2		
1310	Inventories (note 6(e))		112,334	2	143,529	3	2180	Payables to related parties (note 7))		420,318	9	414,024	8		
1476	Other financial assets—current (note 6(d))		1,661	-	1,842	-	2200	Other payables (notes 6(r) and (7))		128,052	3	156,556	3		
1479	Other current assets (note 7))		17,461	-	9,752	-	2230	Current income tax liabilities		415	-	2,466	-		
	Total current assets		<u>787,849</u>	<u>17</u>	<u>568,142</u>	<u>11</u>	2280	Lease liabilities – current (notes 6(l) and (7))		741	-	6,786	-		
Non-current assets:								2321	Current portion of bonds payable (note 6(k))		28,907	1	-	-	
1510	Financial assets at fair value through profit or loss – non-current (note 6(b))		-	-	44,262	1	2322	Current portion of long-term debt (notes 6(j) and (8))		114,764	2	81,857	2		
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(b))		21,460	1	7,119	-	2360	Net defined benefit liability—current (note 6(m))		6,000	-	12,252	-		
1550	Investments accounted for using equity method (note 6(f))		3,177,408	71	3,784,505	76	2399	Other current liabilities – other		2,430	-	2,188	-		
1600	Property, plant and equipment (notes 6(g), (7) and (8))		460,553	10	473,493	10		Total current liabilities		<u>1,786,412</u>	<u>40</u>	<u>1,891,522</u>	<u>37</u>		
1755	Right-of-use assets (note 6(h))		927	-	7,367	-	2500	Non-current liabilities:		-	-	240	-		
1780	Intangible assets		2,761	-	3,764	-	2530	Financial liabilities at fair value through profit or loss – non-current (notes 6(b) and (k))		-	-	28,495	1		
1840	Deferred income tax assets (note 6(n))		50,770	1	103,167	2	2540	Bonds payable (note 6(k))		363,236	8	537,714	11		
1990	Other non-current assets		456	-	108	-	2570	Long-term debt (notes 6(j) and (8))		73,744	2	97,452	2		
	Total non-current assets		<u>3,714,335</u>	<u>83</u>	<u>4,423,785</u>	<u>89</u>	2580	Deferred income tax liabilities (note 6(n))		199	-	629	-		
							2640	Lease liabilities – non-current (note 6(l))		45,055	1	64,034	1		
							2670	Net defined benefit liability – non-current (note 6(m))		6	-	-	-		
								Other non-current liabilities		-	-	-	-		
								Total non-current liabilities		<u>482,240</u>	<u>11</u>	<u>728,564</u>	<u>15</u>		
								Total liabilities		<u>2,268,652</u>	<u>51</u>	<u>2,620,086</u>	<u>52</u>		
Equity (notes 6(k) and (o)):															
	Common stock						3100	Common stock		1,320,159	29	1,320,159	26		
	Capital surplus						3200	Capital surplus		830,582	19	830,637	17		
	Retained earnings						3300	Retained earnings		107,321	2	284,718	6		
	Other equity						3400	Other equity		20,375	-	(63,673)	(1)		
	Treasury shares						3500	Treasury shares		(44,905)	(1)	-	-		
	Total equity							Total equity		<u>2,233,532</u>	<u>49</u>	<u>2,371,841</u>	<u>48</u>		
	Total liabilities and equity		<u>\$</u>	<u>4,502,184</u>	<u>100</u>	<u>\$</u>	<u>4,502,184</u>	<u>100</u>		<u>\$</u>	<u>4,502,184</u>	<u>100</u>	<u>\$</u>	<u>4,991,927</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)

MEGAFORCE COMPANY LIMITED**Parent-Company-Only Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (notes (6)(q) and (7))	\$ 1,019,369	100	1,161,025	100
5000	Operating costs (notes (6)(e), (g), (h), (l), (m), (7) and (12))	941,139	92	1,102,766	95
	Gross profit	78,230	8	58,259	5
	Operating expenses (notes (6)(c), (d), (g), (h), (l), (m), (r), (7) and (12)):				
6100	Selling expenses	22,920	2	20,686	1
6200	Administrative expenses	176,761	17	180,463	16
6300	Research and development expenses	77,540	8	79,372	7
6450	Recognized (reversal of) expected credit losses	1,541	-	(322)	-
	Total operating expenses	278,762	27	280,199	24
	Net operating loss	(200,532)	(19)	(221,940)	(19)
	Non-operating income and expenses (notes (6)(f), (k), (l), (s), (t) and (7)):				
7100	Interest income	2,612	-	56	-
7020	Other gains and losses, net	(2,505)	-	24,832	2
7050	Finance costs	(24,720)	(2)	(19,355)	(1)
7070	Share of profit of subsidiaries and associates accounted for using equity method	187,960	18	246,795	21
	Total non-operating income and expenses	163,347	16	252,328	22
7900	Profit (loss) before tax	(37,185)	(3)	30,388	3
7950	Less: Income tax expenses (note (6)(n))	119,382	12	6,394	1
	Profit (loss)	(156,567)	(15)	23,994	2
8300	Other comprehensive income (loss) (notes (6)(f), (m), (n), (o) and (t)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	15,217	1	(7,156)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,139)	-	(1,520)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	3,043	-	-	-
	Items that will not be reclassified subsequently to profit or loss	11,035	1	(8,676)	(1)
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	85,187	8	(16,201)	(1)
8399	Income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Items that will be reclassified subsequently to profit or loss	85,187	8	(16,201)	(1)
8300	Other comprehensive income (loss), net	96,222	9	(24,877)	(2)
8500	Total comprehensive income (loss)	\$ (60,345)	(6)	(883)	-
	Earnings per share (in New Taiwan dollars) (note (6)(p))				
9710	Basic earnings (loss) per share	\$ (1.20)		0.18	
9810	Diluted earnings (loss) per share	\$ (1.20)		0.18	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)
MEGAFORCE COMPANY LIMITED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Total equity
Balance at January 1, 2021	\$ 1,320,159	831,284	44,366	73,815	215,707	333,888	2,439,379
Net profit	-	-	-	-	23,994	23,994	23,994
Other comprehensive income	-	-	-	-	(7,156)	(7,156)	(24,877)
Total comprehensive income	-	-	-	-	16,838	16,838	(883)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	11,256	-	(11,256)	-	-
Special reserve appropriated	-	-	-	(27,863)	27,863	-	-
Cash dividends to shareholders	-	-	-	-	(66,008)	(66,008)	(66,008)
Change in ownership interest in subsidiaries	-	(647)	-	-	-	-	(647)
Balance at December 31, 2021	1,320,159	830,637	55,622	45,952	183,144	284,718	2,371,841
Net loss	-	-	-	-	(156,567)	(156,567)	(156,567)
Other comprehensive income	-	-	-	-	12,174	12,174	96,222
Total comprehensive income	-	-	-	-	(144,393)	(144,393)	(60,345)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	1,684	-	(1,684)	-	-
Special reserve appropriated	-	-	-	17,721	(17,721)	-	-
Cash dividends to shareholders	-	-	-	-	(33,004)	(33,004)	(33,004)
Purchase of treasury share	-	-	-	-	-	-	(44,905)
Change in ownership interest in subsidiaries	-	(55)	-	-	-	-	(55)
Balance at December 31, 2022	\$ 1,320,159	830,582	57,306	63,673	(13,658)	107,321	2,233,532

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial statements Originally Issued in Chinese)

MEGAFORCE COMPANY LIMITED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (37,185)	30,388
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	43,223	34,862
Amortization expense	2,719	5,934
Recognized (reversal of) expected credit loss	1,541	(322)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	14,307	(14,367)
Interest expense	24,720	19,355
Interest income	(2,612)	(56)
Share of profit of subsidiaries and associates accounted for using equity method	(187,960)	(246,795)
Gain on disposal of property, plan and equipment	(7)	-
Gain on disposal of investments accounted for using equity method	-	(6,501)
Total adjustments to reconcile profit (loss)	(104,069)	(207,890)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	41,972	35,295
Receivables from related parties	(13,259)	8,774
Other receivables from related parties	5,585	1,520
Inventories	31,195	(30,477)
Other current assets	(7,459)	(4,824)
Other financial assets — current	203	(356)
Net changes in operating assets	58,237	9,932
Changes in operating liabilities:		
Contract liabilities	12,244	7,757
Notes and accounts payable	(43,137)	20,159
Payables to related parties	6,294	(69,450)
Other payables	(21,186)	18,997
Other current liabilities	242	220
Net defined benefit liability	(10,014)	(11,694)
Net changes in operating liabilities	(55,557)	(34,011)
Total changes in operating assets and liabilities	2,680	(24,079)
Total adjustments	(101,389)	(231,969)
Cash inflow (outflow) generated from operations	(138,574)	(201,581)
Income taxes paid	(96,038)	(39,432)
Net cash flows used in operating activities	(234,612)	(241,013)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(15,480)	(500)
Proceeds from disposal of financial assets designated at fair value through profit or loss	30,000	-
Acquisition of investments accounted for using equity method	(50,000)	(162,596)
Acquisition of property, plant and equipment	(31,536)	(79,855)
Proceeds from disposal of property, plant and equipment	153	-
Acquisition of intangible assets	(1,716)	(2,945)
Decrease (increase) in other non-current assets	11	(15)
Interest received	2,589	56
Dividends received	930,189	430,478
Net cash flows from investing activities	864,210	184,623
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	6,895,000	5,588,992
Repayments of short-term borrowings	(6,995,000)	(5,426,462)
Increase in long-term debt	180,000	510,000
Repayments of long-term debt	(321,571)	(547,429)
Payments of lease liabilities	(7,094)	(6,422)
Increase (decrease) in other non-current liabilities	6	(400)
Cash dividends paid	(33,004)	(66,008)
Payments to acquire treasury shares	(44,905)	-
Interest paid	(23,818)	(18,522)
Net cash flows from (used in) financing activities	(350,386)	33,749
Net increase (decrease) in cash and cash equivalents	279,212	(22,641)
Cash and cash equivalents at beginning of period	29,130	51,771
Cash and cash equivalents at end of period	\$ 308,342	29,130

See accompanying notes to parent-company-only financial statements.



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Independent Auditors' Report

To the Board of Directors of

Megaforce Company Limited:

Opinion

We have audited the consolidated financial statements of Megaforce Company Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2022. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters that should be communicated in our report.

Valuation of inventories

Please refer to notes (4)(h) to the consolidated financial statements for the accounting policies on the valuation of inventories, note (5) for the uncertainties in accounting estimates and assumptions regarding the valuation of inventories, and note (6)(e) for the provision for losses on decline in value of inventories.

Description of key audit matter:

Inventories are measured at the lower of costs and net realizable values. Due to fierce market competition or change in customer's demands, sales of related products might fluctuate significantly, which could possibly result in an obsolescence of products or no longer meet the market demand, and a significant fluctuation in the sales of the related products, wherein the carrying value of the inventories may exceed its net realizable value. Therefore, the valuation of inventories has been identified as key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the lower of inventory and net realizable value assessments and inventory aging schedules provided by the Group; analyzing the fluctuation of inventory aging; evaluating the most recent sales prices used by the management and reviewing subsequent inventory liquidation to assess the reasonableness of the net value of the Group's inventories to verify the accuracy of the management's estimate of the inventory allowance for losses and adequacy of the disclosure.

Other Matter

Megaforce Company Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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



The engagement partners on the audit resulting in this independent auditors' report are Mei-Yen Chen and Yu-Feng Hsu.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021			
		Amount	%	Amount	%	Amount	%
Assets							
Current assets:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,756,579	34	1,841,857	32	2100	Short-term borrowings (note (6)(k))
1170	Notes and accounts receivable, net (notes (6)(c), (s) and (7))	1,387,041	27	1,643,066	28	2120	Financial liabilities at fair value through profit or loss – current (notes (6)(b) and (m))
130X	Inventories (note (6)(e))	496,691	10	660,040	11	2130	Contract liabilities – current (note (6)(s))
1476	Other financial assets – current (note (6)(d))	4,868	-	4,362	-	2170	Notes and accounts payable
1479	Other current assets	66,435	1	66,951	1	2200	Other payables (notes (6)(t) and (7))
	Total current assets	3,711,614	72	4,216,276	72	2230	Current income tax liabilities
Non-current assets:							
1510	Financial assets at fair value through profit or loss – non-current (note (6)(b))	-	-	44,262	1	2280	Lease liabilities – current (note (6)(n))
1517	Financial assets at fair value through other comprehensive income – non-current (note (6)(b))	21,460	1	7,119	-	2321	Current portion of bonds payable (note (6)(m))
1600	Property, plant and equipment (notes (6)(h) and (8))	999,601	19	1,084,470	19	2322	Current portion of long-term debt (notes (6)(l) and (8))
1755	Right-of-use assets (note (6)(i))	193,271	4	188,051	3	2360	Net defined benefit liability – current (note (6)(o))
1780	Intangible assets (notes (6)(g) and (j))	62,338	1	63,482	1	2399	Other current liabilities – other
1840	Deferred income tax assets (note (6)(p))	141,778	3	196,721	4		Total current liabilities
1980	Other financial assets – non-current	16,955	-	14,280	-	2500	Financial liabilities at fair value through profit or loss – non-current (notes (6)(b) and (m))
1990	Other non-current assets	8,259	-	8,229	-	2530	Bonds payable (note (6)(m))
	Total non-current assets	1,443,662	28	1,606,614	28	2540	Long-term debt (notes (6)(l) and (8))
						2570	Deferred income tax liabilities (note (6)(p))
						2580	Lease liabilities – non-current (note (6)(n))
						2640	Net defined benefit liability – non-current (note (6)(o))
						2670	Other non-current liabilities
							Total non-current liabilities
							Total liabilities
Equity attributable to owners of parent (notes (6)(m) and (q)):							
	Common stock					3100	Common stock
	Capital surplus					3200	Capital surplus
	Retained earnings					3300	Retained earnings
	Other equity					3400	Other equity
	Treasury shares					3500	Treasury shares
	Total equity attributable to owners of parent						Total equity attributable to owners of parent
	Non-controlling interests					36XX	Non-controlling interests
	Total equity						Total equity
	Total liabilities and equity	\$ 5,155,276	100	\$ 5,822,890	100		Total liabilities and equity

See accompanying notes to consolidated financial statements.

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

MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (notes (6)(s) and (7))	\$ 4,834,937	100	5,319,553	100
5000	Operating costs (notes (6)(e), (h), (i), (j), (n), (o), (7) and (12))	4,351,713	90	4,693,344	88
	Gross profit	483,224	10	626,209	12
	Operating expenses (notes (6)(c), (d), (h), (i), (j), (n), (o), (t), (7) and (12)):				
6100	Selling expenses	95,179	2	89,345	2
6200	Administrative expenses	331,772	7	356,449	7
6300	Research and development expenses	139,819	3	137,353	3
6450	Recognized (reversal of) expected credit losses	1,336	-	(1,962)	-
	Total operating expenses	568,106	12	581,185	12
	Net operating profit (loss)	(84,882)	(2)	45,024	-
	Non-operating income and expenses (notes (6)(f), (g), (m), (n) and (u)):				
7100	Interest income	17,686	1	13,532	-
7020	Other gains and losses, net	80,282	2	45,497	1
7060	Share of loss of associates accounted for using equity method	-	-	(4,830)	-
7510	Interest expense	(27,937)	(1)	(22,259)	-
	Total non-operating income and expenses	70,031	2	31,940	1
7900	Profit (loss) before tax	(14,851)	-	76,964	1
7950	Less: Income tax expenses (note (6)(p))	146,957	3	53,058	1
	Profit (loss)	(161,808)	(3)	23,906	-
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (note (6)(o))	15,217	-	(7,156)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes (6)(q) and (v))	(1,139)	-	(1,520)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (note (6)(p))	3,043	-	-	-
	Items that will not be reclassified subsequently to profit or loss	11,035	-	(8,676)	-
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (note (6)(q))	85,039	2	(15,637)	-
8370	Share of other comprehensive income of associates accounted for using equity method (notes (6)(f) and (q))	-	-	(795)	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Items that will be reclassified subsequently to profit or loss	85,039	2	(16,432)	-
8300	Other comprehensive income (loss), net	96,074	2	(25,108)	-
8500	Total comprehensive income (loss)	\$ (65,734)	(1)	(1,202)	-
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ (156,567)	(3)	23,994	-
8620	Profit (loss), attributable to non-controlling interests	(5,241)	-	(88)	-
	Profit (loss)	\$ (161,808)	(3)	23,906	-
	Comprehensive loss attributable to:				
8710	Comprehensive loss, attributable to owners of parent	\$ (60,345)	(1)	(883)	-
8720	Comprehensive loss, attributable to non-controlling interests	(5,389)	-	(319)	-
	Total comprehensive loss	\$ (65,734)	(1)	(1,202)	-
	Earnings per share (in New Taiwan dollars) (note (6)(r))				
9750	Basic earnings (loss) per share	\$ (1.20)		0.18	
9850	Diluted earnings (loss) per share	\$ (1.20)		0.18	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity interest						
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	\$ 1,320,159	831,284	44,366	73,815	215,707	333,888	(36,419)	(9,533)	-	2,439,379	13,328	2,452,707
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	11,256	-	(11,256)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(27,863)	27,863	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(66,008)	(66,008)	-	-	-	(66,008)	-	(66,008)
Net profit	-	-	-	-	23,994	23,994	-	-	-	23,994	(88)	23,906
Other comprehensive income	-	-	-	-	(7,156)	(7,156)	(16,201)	(1,520)	-	(24,877)	(231)	(25,108)
Total comprehensive income	-	-	-	-	16,838	16,838	(16,201)	(1,520)	-	(883)	(319)	(1,202)
Change in ownership interest in subsidiaries	-	(647)	-	-	-	-	-	-	-	(647)	647	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	7,564	7,564
Balance at December 31, 2021	1,320,159	830,637	55,622	45,952	183,144	284,718	(52,620)	(11,053)	-	2,371,841	21,220	2,393,061
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,684	-	(1,684)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	17,721	(17,721)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(33,004)	(33,004)	-	-	-	(33,004)	-	(33,004)
Net loss	-	-	-	-	(156,567)	(156,567)	-	-	-	(156,567)	(5,241)	(161,808)
Other comprehensive income	-	-	-	-	12,174	12,174	85,187	(1,139)	-	96,222	(148)	96,074
Total comprehensive income	-	-	-	-	(144,393)	(144,393)	85,187	(1,139)	-	(60,345)	(5,389)	(65,734)
Purchase of treasury share	-	-	-	-	-	-	-	-	(44,905)	(44,905)	-	(44,905)
Change in ownership interest in subsidiaries	-	(55)	-	-	-	-	-	-	-	(55)	55	-
Balance at December 31, 2022	\$ 1,320,159	830,582	57,306	63,673	(13,658)	107,321	32,567	(12,192)	(44,905)	2,233,532	15,886	2,249,418

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MEGAFORCE COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (14,851)	76,964
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	246,827	234,326
Amortization expense	3,846	8,463
Recognized (reversal of) expected credit loss	1,336	(1,962)
Net gain on financial assets or liabilities at fair value through profit or loss	(5,110)	(38,636)
Interest expense	27,937	22,259
Interest income	(17,686)	(13,532)
Share of loss of associates accounted for using equity method	-	4,830
Gain on disposal of property, plant and equipment	(915)	(2,725)
Property, plant and equipment reclassified to expenses	-	33
Gain on disposal of investments accounted for using equity method	-	(6,501)
Total adjustments to reconcile profit (loss)	<u>256,235</u>	<u>206,555</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	272,896	357,615
Inventories	173,167	(69,668)
Other current assets	4,758	(4,639)
Other financial assets	487	10,225
Other non-current assets	(541)	(48)
Net changes in operating assets	<u>450,767</u>	<u>293,485</u>
Changes in operating liabilities:		
Contract liabilities	(6,319)	32,735
Notes and accounts payable	(95,849)	(110,584)
Other payables	(108,023)	(151,919)
Other current liabilities	(10,309)	5,521
Net defined benefit liability	(10,014)	(11,694)
Net changes in operating liabilities	<u>(230,514)</u>	<u>(235,941)</u>
Total changes in operating assets and liabilities	<u>220,253</u>	<u>57,544</u>
Total adjustments	<u>476,488</u>	<u>264,099</u>
Cash inflow generated from operations	461,637	341,063
Income taxes paid	(137,148)	(101,602)
Net cash flows from operating activities	<u>324,489</u>	<u>239,461</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(15,480)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	30,000	-
Acquisition of financial assets at fair value through profit or loss	(2,560,274)	(2,730,854)
Proceeds from disposal of financial assets at fair value through profit or loss	2,594,301	2,747,582
Net cash flow from acquisition of subsidiaries	-	902
Acquisition of property, plant and equipment	(75,704)	(166,912)
Proceeds from disposal of property, plant and equipment	1,578	2,918
Acquisition of intangible assets	(2,671)	(4,798)
Decrease (increase) in other financial assets	(1,857)	496
Interest received	16,778	12,271
Net cash flows used in investing activities	<u>(13,329)</u>	<u>(138,395)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	6,895,000	5,588,992
Repayments of short-term borrowings	(6,995,000)	(5,426,462)
Increase in long-term debt	180,000	510,000
Repayments of long-term debt	(321,571)	(547,429)
Payments of lease liabilities	(78,715)	(51,953)
Increase (decrease) in other non-current liabilities	6	(486)
Cash dividends paid	(33,004)	(66,008)
Payments to acquire treasury shares	(44,905)	-
Interest paid	(23,818)	(18,522)
Net cash flows used in financing activities	<u>(422,007)</u>	<u>(11,868)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>25,569</u>	<u>12,214</u>
Net increase (decrease) in cash and cash equivalents	<u>(85,278)</u>	<u>101,412</u>
Cash and cash equivalents at beginning of period	<u>1,841,857</u>	<u>1,740,445</u>
Cash and cash equivalents at end of period	<u>\$ 1,756,579</u>	<u>1,841,857</u>

See accompanying notes to consolidated financial statements.

[Annex V]

Megaforce Company Limited
Deficit Offsetting Table
2022

Unit : NTD

Item	Amount
Unappropriated earnings in the beginning of 2022	130,734,910
Add :	
Net loss for the year 2022	(156,566,626)
Actuarial gains and losses of the defined benefit plan	15,217,000
Recognize the remeasurement of Defined benefit plans in retained earnings	(3,043,400)
The sum of the net loss plus the items other than the net loss included in the undistributed earnings of the current year	<u>(144,393,026)</u>
Appropriation items :	
Special reserve reversed	<u>63,673,188</u>
Earnings available for distribution for the current period	50,015,072
Distribution items :	
Shareholder dividends	<u>0</u>
Undistributed earnings by the end of 2022	<u><u>50,015,072</u></u>

Note : There is without any earnings resulted this year; therefore, no common stock dividends and cash dividends, as well as employee remuneration and director remuneration will be distributed.

Chairman : Wen-Lin, Hsu

General Manager : Tung-Hui, Chiang

Accounting Supervisor : Jia-Zheng, Zhang

[Annex VI]

Comparison Table of the Amendments to the “Procedures for Derivatives Trading” before and after

After amendment	Before amendment	Explanations
6.3.1 The position of the derivatives held shall be evaluated at least once a week. <u>The commodities that are principal-guaranteed wealth management products may be evaluated once at the end of each month</u> ; however, the hedging transactions arranged for business needs should be evaluated at least twice a month. The evaluation report should be submitted to the senior executives authorized by the board of directors for review.	6.3.1 The position of the derivatives held shall be evaluated at least once a week. However, the hedging transactions arranged for business needs should be evaluated at least twice a month with the evaluation report prepared and submitted to the senior executives authorized by the board of directors for review.	The frequency of evaluating the commodities that are principal-guaranteed wealth management products should be formulated in response to the needs of practical operations.

◎Appendix

[Appendix I]

Megaforce Company Limited Rules of Procedure for Shareholders' Meeting

Approved by the shareholders' meeting on June 8, 2022

- Article 1 For the purpose of establishing a strong governance system, sound supervisory capability, and enhanced management mechanism of the Company's shareholders' meetings, the "Rules of Procedure for Shareholders' Meetings" (hereinafter referred to as the "Rules") is formulated pursuant to Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
- Article 2 The rules of procedures for the Company's shareholders' meetings, unless otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in accordance with the "Rules."
- Article 3 Unless otherwise provided by law and regulation, the Company's shareholders' meetings shall be convened by the board of directors.
- Changes to how the Company convenes the shareholders' meeting shall be resolved by the board of directors, and shall be made no later than the mailing of the shareholders' meeting notice.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the cause of action of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the regular shareholders' meeting date or 15 days before the special shareholders' meeting date. The Company shall prepare electronic versions of the shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS 21 days before the regular shareholders' meeting date or 15 days before the special shareholders' meeting date. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and mainland China shareholders reaches 30% or more as recorded in the shareholder register of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made 30 days before the regular shareholders' meeting. The Company shall have prepared the shareholders' meeting handbook and supplemental meeting materials and made them available for

review by shareholders at any time 15 days before the shareholders' meeting date. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting handbook and supplemental meeting materials as stated in the preceding paragraph available to shareholders for review in the following manner on the shareholders' meeting date :

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and the electronic files shall be shared on the virtual meeting platform.
- III. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. The meeting notice may be given in electronic form with the consent of the addressee.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion; also, the main content may be placed on the website designated by the securities authority or the Company with the website address specified in the meeting notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in the said meeting, such inauguration date may not be altered by any extraordinary motion or in any other manner.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities to be discussed at the meeting. In addition, if a proposal proposed by a shareholder fall in any of the circumstances stated in Article 172-1, paragraph 4 of the Company Act, the

board of directors may not include it as a proposal.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall attend in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article at the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the shareholders' meeting date. When duplicate proxy forms are delivered, the one received earliest shall prevail Unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6 For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

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

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

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting handbook, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 To convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice :

- I. How shareholders attend the virtual meeting and exercise their rights.
- II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, which cover at least the following particulars :
 - (I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.

- (II) Shareholders not having registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (III) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - (IV) Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
- III. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Article 7

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the directors.

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

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the shareholders' meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials as stated 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, the recording shall be retained until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast, and results of votes counted by the Company; also, continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording stated in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the scheduled meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting

online shall re-register with the Company in accordance with Article 6.

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

Article 10 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11 An attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name before actually speaking. The order in which shareholders speak will be set by the chair.

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

A shareholder may not speak more than twice on the same proposal unless with the consent of the chair, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item,

the chair may terminate the speech.

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

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

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

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting in session until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

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

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

The number of shares for which voting rights may not be exercised as stated in the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder is entitled to one vote for each share held, except when the shares are restricted shares or are deemed as non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall exercise voting rights

by electronic means and/or correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. But, has waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; A shareholder intending to exercise voting rights by correspondence or electronic means as stated in the preceding paragraph shall deliver a written declaration of intent to the Company two days before the shareholders' meeting date. When duplicate declarations of intent are delivered, the one received earliest shall prevail Unless, a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised as stated in the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the shareholders' meeting date. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair calls the meeting to order, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ended, otherwise will be deemed abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ended, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

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

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

The meeting minutes as stated in the preceding paragraph may be prepared and

distributed in accordance with Article 183 and Article 230 of the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The meeting minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders' meeting, other than in compliance with the requirements stated in the preceding paragraph, the Company shall specify in the meeting minutes the alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online

Article 16 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. In the event of a virtual shareholders' meeting, the Company shall upload the aforementioned meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by the shareholders at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented by the shareholders at the meeting and a new tally of votes is released during the meeting.

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

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

word “Proctor.”

At the place of a shareholders’ meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair’s correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a *force majeure* event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19 In the event of a virtual shareholders’ meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 When the Company convenes a virtual-only shareholders’ meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 In the event of a virtual shareholders’ meeting, when the meeting is called to order by the chair, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the “Regulations Governing the Administration of Shareholder Services of Public Companies,” if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed in the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares, number of voting rights, and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held according to the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as stated in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the original shareholders' meeting date in accordance with the requirements listed under Article 44-20, paragraph 7 of the "Regulations Governing the Administration of Shareholder Services of Public Companies."

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies," and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the "Regulations Governing the Administration of Shareholder Services of Public Companies," the Company shall handle the matter based on the shareholders' meeting date that is postponed or

resumed under the second paragraph.

Article 22 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a "virtual shareholders' meeting" online.

Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effective in the same manner.

[Appendix II]

Megaforce Company Limited
Articles of Incorporation

Approved by the shareholders' meeting on June 8, 2022

Chapter I General Provisions

Article 1 The Company is organized in accordance with the provisions of the Company Act and named "Megaforce Company Limited."

Article 2 The Company's business scope is as follows :

1. C805050 Industrial Plastic Products Manufacturing
2. F213080 Retail Sale of Machinery and Tools
3. CQ01010 Mold and Die Manufacturing
4. F206030 Retail Sale of Molds
5. F401010 International Trade
6. CC01050 Reproduction and Equipment Manufacturing
7. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
8. F113020 Wholesale of Electrical Appliances
9. F213010 Retail Sale of Electrical Appliances
10. CC01070 Wireless Communication Mechanical Equipment Manufacturing
11. CC01080 Electronics Components Manufacturing
12. I301010 Information Software Services
13. CF01011 Medical Devices Manufacturing
14. F108031 Wholesale of Medical Devices
15. F208031 Retail Sale of Medical Apparatus
16. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company's head office is located in New Taipei City; also, branches may be setup in Taiwan and abroad with the resolution of the board of directors.

Article 4 The Company may provide external guarantees and reinvest in other businesses for business needs. The Company's total reinvestment amount is not subject to the restriction of Article 13 of the Company Act.

Chapter II Shares

Article 5 The total authorized capital stock of the Company is NT\$20 billion with 2 billion shares issued at NT\$10 par and with the board of directors authorized to make multiple issuances.

The Company may issue employee stock warrant and reserve 20,000,000 shares within the total number of shares stated in the preceding paragraph for the issuance of employee stock warrants.

The recipients include employees of the controlled or subordinate companies who meet the conditions set by the board of directors.

Article 6 When the Company applies for the issuance of employee stock warrant at a price lower than the closing price on the date of issuance, it is to be executed by obtaining the consent of at least two-thirds of the voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. It is permitted to register multiple issues over a period of 1 year from the resolution date of the shareholders' meeting.

Article 7 The Company may implement the transfer of treasury shares to employees. The transfer of shares to employees at an average price lower than the actual repurchased shares must be resolved in the latest shareholders' meeting must be with a resolution adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.

The recipients include employees of the controlled or subordinate companies who meet the conditions set by the board of directors.

Article 8 According to Article 267 of the Company Act, the employees who subscribe to the Company's cash capital increase shares and the recipients of new restricted employee shares may include employees of the controlled or subordinate companies who meet the conditions set by the board of directors.

Article 9 The Company's stock shares are ordered and signed or stamped by the directors on behalf of the Company, and are issued after being certified by the bank that is competent to certify shares under the laws. The Company may be exempted from printing certificates for the shares issued, provided that the shares should be registered with a centralized securities depository institution.

Article 10 The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus, or other benefits.

Chapter III Shareholders' Meetings

- Article 11 The shareholders' meeting includes both regular shareholders' meeting that is to be held at least once a year within 6 months at the end of the fiscal year. A special shareholders' meeting is to be held when necessary.
- The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
- Article 12 The chairman of the board of directors shall internally preside the shareholders' meeting. In case the chairman of the board of directors is on leave, the vice chairman shall act on his behalf. In case the vice chairman is also on leave, the chairman of the board of directors shall designate one of the directors, or where there is not a director designated, one of the directors shall be elected to act on the chairman's behalf.
- Article 13 A shareholder shall be entitled to one vote for each share held. Also, shares with less than one voting right will be disregarded. However, shares shall have no voting power under any of the circumstances stated in Article 179 of the Company Act.
- Article 14 The Company should adopt the electronic transmission as one of the methods for shareholders to exercise their voting power in the shareholders' meeting. Shareholders may exercise their voting power in writing or by way of electronic transmission and then they will be regarded as attending the meeting in person. The method of exercising the voting power in writing or by way of electronic transmission should be described in the shareholders' meeting notice.
- When the shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.
- Article 15 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- Article 16 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the shareholders' meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.
- The meeting minutes as stated in the preceding paragraph may be prepared

and distributed in accordance with Article 183 and Article 230 of the Company Act.

Chapter IV Directors

Article 17 The Company's board of directors is with a quorum of 9–11 members. The candidate nomination system is adopted for the election of directors from the list of candidates in the shareholders' meeting for a 3-year term and eligible for re-election.

One juristic person may not take up more than one-third of the director seats, and all juristic persons may not take up more than one-half of the director seats.

The total shares held by all directors of the Company shall be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

Article 18 The election and job responsibilities of the chairman and vice chairman of the board of directors are handled in accordance with the provision of Article 208 of the Company Act.

Article 19 According to the provision of Article 14-2 of the Securities and Exchange Act, there should be not less than two independent directors that accounted for one-fifth of the total number of directors on board; also, they are elected in accordance with the candidate nomination system as stated in Article 192-1 of the Company Act.

Article 20 When the number of directors falls below quorum by one-third, the board of directors shall convene a special shareholders' meeting within 60 days from the date of occurrence lawfully to hold a by-election to fill the vacancies.

Article 21 The board of directors is organized by all directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors to represent the Company externally.

Article 22 Unless otherwise stipulated by the Company Act, the Chairman of the board of directors shall convene and chair the board meeting. However, when the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall

appoint one of the directors to act as chair, or, where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a board meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 23 The Company may convene a special board meeting at any time in case of emergency.

The board meeting notice can be issued to the board directors in writing, by e-mail, or by fax.

Article 24 Resolutions reached by the Company's board of directors shall, unless otherwise provided by the Company Act, be adopted by a majority vote at a board meeting attended by more than one-half of the total number of directors.

In case a director appoints another director to attend the board meeting in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding paragraph of one other director only.

In case a board meeting is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 25 The duties and powers of the board of directors are as follows :

- 1.Decision of business policy and business plan.
- 2.Review of budget and final statements.
- 3.Planning of capital increase.
- 4.Proposal of earnings distribution.
- 5.Other functions and powers conferred by laws and shareholders' meetings

Article 26 The Company sets up an Audit Committee, which shall be composed of all independent directors that are not less than three members, and one of them shall act as the convener; also, at least one of them shall have accounting or financial expertise. The Audit Committee is responsible for implementing the functions and powers of supervisors stipulated in the Company Act, Securities and Exchange Act, and other laws and regulations.

Article 27 Unless otherwise approved by the competent authority, the majority of the Company's directors shall not have any of the following relationships.

I. Spouse

II. Relatives within the second degree of kinship.

Article 28 The Company's board of directors is authorized to determine the remuneration of the Chairman and directors in accordance with the degree of participation in the Company's operations and the value of their contributions, and by referring to the industry standards.

The Company may purchase liability insurance for directors.

Chapter 5 Management and Employees

Article 29 The Company has several managerial officers appointed to serve, including the chief executive officer, vice executive officer, operation officer, etc., to operate businesses in accordance with the resolutions and instructions of the board and whose appointment, dismissal, and remuneration is to be approved by the majority of the board directors.

Chapter 6 Financial statement

Article 30 The Company's fiscal year is from January 1 to December 31 each year. The board of directors shall prepare the following documents at the end of the fiscal year and then submit them to the regular shareholders' meeting for approval :

1. Business report

2. Financial statements

3. Proposal for the earnings distribution or deficit compensation

Article 31 The Company should appropriate 1% or more of the earnings (that is, net income before tax without deducting the distribution of remuneration to employees and directors; and after reserving an amount equivalent to the cumulative loss), if any, as remuneration to employees and 5% or less as remuneration to directors.

The remuneration to employee and directors shall be decided by a majority vote at a board meeting attended by two-thirds of the total number of directors, which should be reported to the shareholders' meeting.

The remuneration to employees as stated in the preceding paragraph can be distributed in the form of shares or in cash. The employees of the controlled companies or subordinate companies that meet the qualification requirements set by the board of directors are entitled to receive the said shares or cash.

Article 32 If there is surplus earning at the end of the fiscal year, the Company shall first pay off taxes, make up for the cumulative losses of the preceding years, and then set aside a legal reserve equivalent to 10% of the net income. However, when such legal reserve amount equals to the total paid-in capital of the Company, this provision shall not apply. The Company may appropriate or reverse special reserve according to the laws and regulations. The remaining earnings, if any, together with the accumulated unappropriated retained earnings, are the distributable earnings. It is necessary to retain part of the earnings depending on the operating conditions. The dividend can be distributed in the form of cash or stock shares. However, the total cash dividends distributed in the aforementioned earnings distribution proposal may not be less than 30% of the total shareholder dividend distributed.

The Company may authorize the board of directors to have the distributable dividends and bonuses paid in cash after a resolution has been adopted by a majority vote at the board meeting attended by two-thirds of the total number of directors in accordance with the provision of Article 240 of the Company Act, or the legal reserve and paid-in capital in whole or in part in accordance with the provision of Article 241 of the Company Act; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If it is implemented with new shares issued, it shall be distributed after the resolution of the shareholders' meeting.

Chapter 7 Supplementary Provisions

- Article 33 The Company's charter is stipulated by the board of directors separately.
- Article 34 The matters not fully addressed in the Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.
- Article 35 The establishment or amendment of the Articles of Incorporation has been implemented after it is submitted to the competent authority for approval and registration.
- Article 36 The Article of Incorporation was formulated on October 11, 1991
The 1st amendment was approved on July 19, 1997
The 2nd amendment was approved on October 1, 2002
The 3rd amendment was approved on May 23, 2003
The 4th amendment was approved on December 18, 2003
The 5th amendment was approved on June 29, 2004
The 6th amendment was approved on June 30, 2005
The 7th amendment was approved on June 16, 2006

The 8th amendment was approved on June 28, 2007
The 9th amendment was approved on June 11, 2008
The 10th amendment was approved on June 4, 2009
The 11th amendment was approved on June 15, 2010
The 12th amendment was approved on June 19, 2012
The 13th amendment was approved on June 23, 2015
The 14th amendment was approved on June 21, 2016
The 15th amendment was approved on June 8, 2018
The 16th amendment was approved on June 27, 2019
The 17th amendment was approved on June 8, 2022

Megaforce Company Limited
Sustainable Development Best Practice Principles(Before Amendment)

Approved by the board of directors on March 18, 2022

Chapter I General Provisions

- Article 1 In order to help realize the Company’s sustainable development, promote economic, environmental, and social progress, and achieve the objective of sustainable development, the “Sustainable Development Best Practice Principles” is formulated for compliance in accordance with the provisions of Taiwan Stock Exchange Co., Ltd. (hereinafter referred to as the “TWSE”) and Taipei Exchange (hereinafter referred to as the “TPEX”).
- Article 2 The “Sustainable Development Best Practice Principles” is applicable to the Company, including the overall business activities of the Company and the Group.
The “Sustainable Development Best Practice Principles” is formulated to encourage the Company to actively realize sustainable development while engaging in business operations in order to meet international development trends, and to enhance national economic contributions, improve the quality of life of employees, communities, and society as a corporate citizen should do, and improve the competitive advantage to realize the objective of a sustainable development.
- Article 3 The Company while promoting sustainable development should be aware of the rights and interests of other stakeholders. The Company should also observe the environmental, social, and corporate governance factors while pursuing sustainable operation and profit, which should be incorporated into the Company’s management policies and operating activities.
The Company shall base on the principle of materiality to assess the risk of the environmental, social, and corporate governance issues related to the Company’s operations, and formulate the relevant risk management policies or strategies.
- Article 4 The Company should implement the practice of sustainable development in accordance with the following principles :
I. Implement corporate governance.
II. Develop a sustainable environment.
III. Safeguard social welfare.
IV. Enhance the disclosure of information on corporate sustainable development.

- Article 5 The Company should consider the relationship between the development trend of sustainability issues in Taiwan and overseas and the core business of the Company, the impact of the overall operating activities of the Company and the Group on stakeholders, etc., to formulate sustainable development policies, systems, or related management guidelines, and specific promotion plan for the approval of the board of directors before presenting it to the shareholders' meeting.
- The board of directors of the Company should review the sustainable development proposals proposed by shareholders and consider having such proposals presented in the shareholders' meeting for discussion.

Chapter II Implementation of Corporate Governance

- Article 6 The Company has established the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of Ethics for Employees, and Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers; also, it constructed an effective corporate governance structure and related ethical standards and matters to improve corporate governance.

- Article 7 The board directors of the Company shall exercise due diligence to supervise the enterprise in substantiating sustainable development, and review the implementation effect and continuous improvement at any time in order to ensure the substantiation of the sustainable development policy. The board of directors of the Company while realizing the objective of sustainable development should fully consider the interests of stakeholders with the following matters taken into account :

- I. Propose the mission or vision of sustainable development, and formulate sustainable development policies, systems, or related management guidelines.
- II. Incorporate sustainable development into the Company's operating activities and development direction; also, approve the specific promotion plans for sustainable development.
- III. Ensure that the information related to sustainable development is disclosed in a timely manner and is accurate.

The board of directors should authorize the senior management of the Company to handle the economic, environmental, and social issues arising from the Company's operating activities; also, the authorized senior management should report the operating result, operating procedure, and the responsible personnel to the board of directors in details.

- Article 8 The Company should organize relevant education and training programs to promote sustainable development regularly, including promoting the matters detailed in paragraph 2 of the proceeding article.
- Article 9 The Company should establish a governance structure to promote sustainable development and to profound the management of sustainable development; also, set up a full-time (part-time) unit to promote sustainable development, to be responsible for proposing and implementing the sustainable development policies, systems, or related management guidelines, and then report it to the board of directors regularly.
- The Company should formulate a reasonable salary and remuneration policy to ensure its meeting the organization’s strategic objectives and the interests of stakeholders.
- The employee performance evaluation system should be combined with the sustainable development policy with a clear and effective reward and punishment system established.
- Article 10 The Company should base on the intent of respecting the rights and interests of stakeholders to identify the stakeholders of the Company, and set up a “stakeholders” section on the Company’s website; also, try to understand the reasonable expectations and needs of stakeholders through appropriate communication channels, and properly respond to their concerns over sustainable development.

Chapter III Developing a Sustainable Environment

- Article 11 The Company shall comply with relevant environmental laws and regulations and relevant international standards to protect the natural environment properly; also, the Company shall strive to achieve the objective of environmental sustainability when implementing operational activities and internal management.
- Article 12 The Company should strive to improve energy efficiency and use recycled materials that have a low impact on the environment in order to have the resources on the earth used sustainably.
- Article 13 The Company should establish a suitable environmental management system according to its industrial characteristics, which should include the following items :
- I. Collect sufficient information in a timely manner to evaluate the

impact of the operating activities on the natural environment.

- II. Establish measurable environmental sustainability objectives, and regularly review the sustainability and relevance of its development.
- III. Formulate implementation measures, such as specific plans or action plans, and regularly review the effectiveness of the plans implemented.

Article 14 The Company should appoint environmental management units or personnel to formulate, promote, and maintain relevant environmental management systems and specific action plans; also, regularly arrange environmental education courses for the managerial officers and employees.

Article 15 The Company should consider the impact of operations on ecological efficiency, promote and propagandize the concept of sustainable consumption, and conduct R&D, procurement, production, operation, service, and other operating activities in accordance with the following principles in order to reduce the impact of company operations on the natural environment and human beings :

- I. Reduce resource and energy consumption of products and services.
- II. Reduce the discharge of pollutants, toxic substances, and waste; also, waste should be properly disposed of.
- III. Improve the recyclability and reuse of raw materials or products.
- IV. Maximize the sustainable use of renewable resources.
- V. Extend the durability of the product.
- VI. Increase the effectiveness of products and services.

Article 16 The Company should properly and sustainably use water resources with the relevant management measures formulated to improve the efficiency of the water resources.

The Company shall construct and reinforce the relevant environmental protection and treatment facilities to prevent polluting water, air, and land; also, it shall strive to reduce adverse effects on human health and the environment, and adopt the best feasible anti-pollution technologies and control measures.

Article 17 The Company should evaluate the current and future potential risks and opportunities arising from the climate change with the corresponding countermeasures adopted respectively.

The Company should adopt domestic and international common standards

or guidelines to implement corporate greenhouse gas inventory and disclosure within the scope of :

- I. Direct greenhouse gas emissions : Greenhouse gas emissions sources are owned or controlled by the Company.
- II. Indirect greenhouse gas emissions : The greenhouse gas emissions resulted from the use of energy, such as electricity, heat, or steam input.
- III. Other indirect emissions : Those emissions resulted from corporate activities are not energy indirect emissions, but come from the emission sources owned or controlled by other companies.

The Company should count greenhouse gas emissions, water consumption, and total waste weight statistically, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management; also, incorporate and promote the acquisition of carbon rights into the Company's carbon reduction strategy planning in order to reduce the impact of the Company's business activities on climate change.

Chapter IV Safeguarding Social Welfare

Article 18 The Company shall comply with relevant laws and regulations, and International Bill of Human Rights, such as gender equality, right to work, and prohibition of discrimination.

The Company should formulate relevant management policies and procedures to fulfill its responsibility of protecting human rights, including :

- I. Propose the corporate human rights policy or statement.
- II. Evaluate the impact of the Company's operating activities and internal management on human rights with the corresponding procedures formulated.
- III. Review the effectiveness of the corporate human rights policies or statements regularly.
- IV. Disclose the procedures for handling the stakeholder who is involved in the human rights violations.

The Company shall comply with the internationally recognized labor human rights, such as freedom of association, right to collective bargaining, care for disadvantaged groups, no child labor, elimination of any form of forced labor, and elimination of discrimination in hiring and employment, and shall confirm that the Company's human resources utilization policy is free of discrimination in gender, race, socioeconomic class, age, and marital and family status in order to substantiate equality and fairness in employment, employment conditions, salary, benefits, training, evaluation, and

promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism for the protection of labor rights and interests, which ensures equality and transparency in the appeal process. The grievance channel should be concise, convenient, and smooth, and the employee's grievance must be properly addressed and responded.

Article 19 The Company should provide employees with information to help them understand the labor laws of the country where they operate and the rights they are entitled to.

Article 20 The Company should provide employees with a safe and healthy working environment, including providing necessary health and first aid facilities, and striving to reduce the hazards to employees' safety and health in order to prevent occupational disasters. The Company should provide safety and health education and training to employees regularly.

Article 21 The Company should create a good environment for the career development of employees, and should establish an effective career development training plan.

The Company should formulate and implement reasonable employee welfare measures (including salaries, vacations, other benefits), and properly reflect business performance or results in employee remuneration so to ensure the recruitment, retention, and encouragement of human resources in order to achieve the objective of sustainable operations.

Article 22 The Company should establish a channel for regular communication and dialogue with employees, so that employees can obtain information and express their opinions on the Company's management activities and decisions.

The Company should respect the rights of employee representatives to negotiate working conditions, and provide employees with necessary information and hardware facilities in order to promote negotiation and cooperation between employers, employees, and employee representatives.

The Company should reasonably notify employees regarding the operational changes that may have a material impact on them.

Article 22-1 The Company should treat customers or consumers of its products or services in a fair and reasonable manner, including contract fairness and

integrity, duty of care and loyalty, truthful advertising solicitation, suitability of products or services, notification and disclosure, remuneration and performance balance, grievance protection, professionalism of sales personnel, etc., with relevant implementation strategies and specific measures formulated.

Article 23 The Company should take full responsibility for its products and services, and should value the importance of marketing ethics. The transparency and security of product and service information is mandatory in carrying out the research and development, procurement, production, operation, and service processes. Formulate and disclose the consumer rights policies, and implement them in operational activities to prevent products or services from harming consumer rights, health, and safety.

Article 24 The Company should ensure the quality of products and services in accordance with government regulations and relevant industrial requirements.

The Company should comply with relevant laws and regulations and international standards to protect customer health and safety, customer privacy, marketing, and labeling of products and services without committing any act of deceit, misguidance, fraud, or any other behavior that undermines consumer trust and damages consumer rights.

Article 25 The Company should evaluate and manage risks that may cause business interruption in order to reduce its impact on consumers and society.

The Company should provide transparent and effective consumer grievance procedures to the consumers of its products and services, handle consumer complaints fairly and immediately, and comply with relevant laws and regulations, such as the Personal Data Protection Act, in order to respect consumers' privacy rights and protect the personal information provided by consumers truthfully.

Article 26 The Company should evaluate the impact of purchasing behavior on the environment and society of the suppliers; also, cooperate with the suppliers to substantiate sustainable development.

The Company should formulate supplier management policies to require suppliers to follow the regulations regarding environmental protection, occupational safety and health, or labor rights. The Company should evaluate whether the suppliers have a record of impacting the environment and society before initiating a business transaction in order to avoid dealing

with those the suppliers that conflict with the Company's sustainable development policy.

The contract to be signed with the Company's main suppliers should include the requirement of complying with the sustainable development policy of both parties, and the contractual clauses can be terminated or rescinded when the supplier violates the policy that has a significant impact on the environment and society of the supplying community.

Article 27 The Company shall evaluate the impact of the Company's operations on the community, and employ local manpower at where it operates appropriately to enhance community recognition.

The Company may invest resources in organizations that solve social or environmental problems through business models, in civic organizations that participate in community development and community education, or in the activities held by charitable public welfare groups and government agencies through equity investment, commercial activities, donations, corporate volunteer services, or other public welfare professional services in order to promote community development.

Chapter V Enhancing information disclosure on sustainable development of enterprises

Article 28 The Company should handle information disclosure in accordance with relevant laws and regulations and the Company's "Corporate Governance Best Practice Principles," and should fully disclose relevant and reliable sustainable development-related information to enhance information transparency.

The Company discloses sustainable development related information as follows :

- I. The sustainable development policies, systems, or related management guidelines and specific promotion plans resolved and approved by the board of directors.
- II. The risks of and impact on the Company's operations and finance resulted from the implementation of corporate governance, the development of sustainable environment, the safeguard of social welfare, etc.
- III. The promotion objectives, measures, and implementation performance formulated by the Company for sustainable development.
- IV. Major stakeholders and the issues of their concern.
- V. Disclosure of management and performance information on major environmental and social issues by major suppliers.

VI. Other sustainable development related information.

- Article 29 The Company should adopt internationally recognized standards or guidelines for the preparation of the sustainability report to disclose the promotion of sustainable development, and to obtain third-party assurance or guarantee in order to improve information reliability. The content should include :
- I. Implement sustainable development policies, systems, or related management guidelines and specific promotion plans.
 - II. Major stakeholders and the issues of their concern.
 - III. The performance and review of the Company's implementing corporate governance, developing sustainable environment, safeguarding social welfare, and promoting economic development.
 - IV. Future improvement directions and objectives.

Chapter VI Supplementary Provisions

- Article 30 The Company should constantly observe the development of relevant standards of sustainable development in Taiwan and overseas and the changes in the corporate environment in order to review and improve the sustainable development system of the Company and to enhance the effectiveness of sustainable development.
- Article 31 The "Sustainable Development Best Practice Principles" shall take effect after having been submitted to and approved by the board of directors, and it must be reported to the shareholders' meeting. Subsequent amendments thereto shall take effect in the same manner.

[Appendix IV]

Megaforce Company Limited Procedures for Derivatives Trading(Before Amendment)

Approved by the shareholders' meeting on June 27, 2019

1. Purpose and basis :

The "Procedures for Derivatives Trading" is specially formulated to effectively manage the Company's income and expenses, assets and liabilities, changes in foreign exchange, interest rates, etc., and the risks arising from the Company's derivatives trading. The matters that are not addressed in the "Procedures for Derivatives Trading" should be handled in accordance with the relevant laws and regulations.

2. Trading principles and guidelines :

2.1 Type of transactions :

2.1.1 The derivatives in the "Procedures for Derivatives Trading" refer 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 variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. Other derivative commodity trading should be approved by the board of directors in advance.

2.1.2 The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, and long-term purchase (sales) contracts.

2.2 Operation or hedging strategy :

The Company's derivatives trading is intended to avoid the risk of fluctuations in interest rates, exchange rates, or asset prices. Therefore, the Company should adopt the principle of prudence and conservatism with appropriate financial instruments chosen to hedge risks.

2.3 Division of powers and responsibilities :

2.3.1 Financial Unit : Responsible for formulating strategies for the Company's overall derivatives trading and executing the said trading in accordance with the Company's limit of authorization.

2.3.2 Accounting Unit : Perform proper bookkeeping process and financial report and disclosure.

2.4 Transaction amount :

2.4.1 Hedging operations : The Company's total hedging contract amount shall not exceed the net risk position resulted from the business operation.

2.4.2 Non-hedging operations : The Company needs to obtain the approval of the board of directors in advance before conducting any non-hedging operations.

2.5 Performance evaluation

2.5.1 Hedging operations :

The performance evaluation is based on the Company's booked cost and the profit or loss arising from the derivatives trading.

2.5.2 Non-hedging operations :

The performance evaluation is based on actual profit or loss resulted.

2.6 Limit of loss :

2.6.1 Hedging operations :

Individual contract loss may not exceed 2% of the Company's paid-in capital.

Total contract losses may not exceed 4% of the Company's paid-in capital.

2.6.2 Non-hedging operations :

Individual contract loss may not exceed 1% of the Company's paid-in capital.

Total contract losses may not exceed 2% of the Company's paid-in capital.

3. Operating procedure :

3.1 Authorization amount : The Company is engaged in derivatives trading. A pre-purchase (pre-sale) forward foreign exchange transactions must be with the approval of the head of the financial and accounting unit and must be conducted by the designated personnel. The aforementioned contents should be reported to the President and to the latest board of directors.

The derivatives trading other than a pre-purchase (pre-sale) forward foreign exchange transaction must be with the approval of the board of directors in advance.

3.2 Execution unit : In order to unify the execution and authority of the Company's derivatives transactions, the transactions are to be carried out by the staff of the financial unit.

3.3 Establishment of a memorandum book : The transaction type, amount, date of approval by the board of directors, and periodic evaluation information should be detailed in the memorandum book for future reference in order to effectively manage the Company's derivatives trading.

4. Public announcement and filing procedure:

The Company should announce and file the derivatives trading of the Company and its subsidiaries as of the end of the last month on a monthly basis in accordance with the provisions of relevant laws and regulations.

5. Accounting process: It is to be handled in accordance with the ROC GAAP (Generally Accepted Accounting Principle).

6. Internal Control System:

6.1 Risk management measures:

6.1.1 Consideration of credit risk : The counterparty is limited to the bank dealings with the Company.

6.1.2 Consideration of market risk : It is limited to the transactions conducted through public quotations between banks.

6.1.3 Consideration of liquidity : The transaction bank must have sufficient equipment, information, and transaction capabilities to ensure liquidity.

6.1.4 Consideration of cash flow : It is necessary to fully measure the Company's future cash flow needs.

6.1.5 Operational considerations : It is necessary to comply with the granted loan amount and operating procedures strictly.

6.1.6 Legal considerations : The documents signed with the bank must be reviewed by legal personnel.

6.2 Internal Control:

6.2.1 Trading personnel and personnel responsible for confirmation and clearing process shall not be the same persons.

6.2.2 The personnel responsible for risk measurement, supervision and control may not be in the same department with the traders and the personnel responsible for transaction confirmation and clearing. Also, personnel responsible for risk measurement, supervision, and control should report to the board of directors or to senior executives who are not responsible for trading or position decision-making.

6.2.3 The personnel responsible for transaction confirmation need to cross examine the transaction details and total amount with the bank regularly.

6.2.4 Traders should constantly observe whether the total amount of transactions exceeds the threshold of the total amount stipulated in the regulations.

6.3 Periodic evaluation method:

6.3.1 The position of the derivatives held shall be evaluated at least once a week. However, the hedging transactions arranged for business needs should be

evaluated at least twice a month with the evaluation report prepared and submitted to the senior executives authorized by the board of directors for review.

- 6.3.2 Exchange gains and losses are settled monthly, quarterly, semi-annually, and annually according to the market prices, which should be disclosed in the financial statements.

7. Internal auditors:

Internal auditors should regularly study the adequacy of the internal control of derivatives trading, and audit the trading department's compliance with the derivatives trading procedures on a monthly basis with an audit report prepared. The Audit Committee should be informed in writing for any major nonconformity identified.

8. Supervision and management:

- 8.1 The board of directors shall designate senior executives to observe the supervision and control of derivative trading risks constantly.
- 8.2 The board of directors should regularly evaluate the performance of derivatives trading to check whether it conforms to the established business strategy? Whether the risk is tolerable to the Company.
- 8.3 The board of directors shall supervise the disciplinary act rendered to the relevant personnel for violating the laws or regulations of this "Procedure."
- 8.4 The senior executives authorized by the board of directors should regularly evaluate whether the risk management measures currently in use are appropriate and are actually implemented in accordance with laws and regulations and this "Procedures."
- 8.5 The senior executives authorized by the board of directors should supervise transactions and profit or loss, and shall take necessary countermeasures upon discovering any nonconformity; also, report it to the board of directors immediately. Independent directors should present at the board meeting to express their opinions.
- 8.6 The Company should authorize relevant personnel to handle derivatives trading, if any, in accordance with the provisions of this "Procedures," and should report it to the board of directors afterwards.

9. Other matters:

The Company has this "Procedures" formulated in accordance with the regulations of the competent authority. The amendment to the "Procedures" should be approved by the Audit Committee first, then submitted to the board of directors for approval, and then resolved in the shareholders' meeting thereafter.

[Appendix V]

Megaforce Company Limited
Shareholding of all directors
April 9, 2023

Position	Name	Elected date	Shareholding when elected			Current shareholding		
			Type	Shares	Ratio (%) to shares issued currently	Type	Shares	Ratio (%) to shares issued currently
Chairman	Wen-Lin, Hsu	July 27, 2021	Common stock	4,964,508	3.76	Common stock	4,964,508	3.76
Vice Chairman	Tung-Hui, Chiang	July 27, 2021	Common stock	1,312,956	0.99	Common stock	1,339,956	1.01
Director	Ying fan Investment Co., Ltd. Representative: Lee-Li, Lu	July 27, 2021	Common stock	38,483,802	29.15	Common stock	38,983,802	29.53
Director	Ying fan Investment Co., Ltd. Representative: Wan-Sheng, Hsu	July 27, 2021	Common stock	38,483,802	29.15	Common stock	8,983,802	29.53
Independent Director	Chun-Nan, Pai	July 27, 2021	Common stock	0	0.00	Common stock	0	0.00
Independent Director	Ching-Kong, Chao	July 27, 2021	Common stock	0	0.00	Common stock	0	0.00
Independent Director	Hai-Pang, Chiang	July 27, 2021	Common stock	0	0.00	Common stock	0	0.00
Total				44,761,266			45,288,266	

Note 1: Total shares issued on July 27, 2021: 132,015,919 shares;

Total shares issued on April 9, 2023: 132,015,919 shares.

Note 2: According to the provision of Article 26 of the Securities and Exchange Act and Article 2, paragraph 1, subparagraph 3 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the legally required number of shares held by all directors of the Company is 8,000,000 shares, 45,288,266 shares were held as of April 9, 2023.

Note 3: The Company has setup the Audit Committee; therefore, there is no statutory number of shares to be held by supervisors.