FALCON MACHINE TOOLS CO., LTD.
2026 Annual General Shareholders'Meeting MINUTES
(Translation)

Time： 11:00 a.m. on Wednesday, June 25, 2026
Place： No. 34, Xinggong Rd, Shengang Township, Changhua County, Taiwan
Means of shareholders'meeting： physical shareholders'meeting
Attendants： The total number of shares represented by shareholders and their proxies in attendance was 72,709,725 shares (including 14,749,134 shares voted electronically), representing 54.11% of the 134,361,921 total issued shares; this exceeds the statutory quorum requirement.
Board Members Present： Lin, Tsung-Lin, Tung, Shang-Yu, Lin, Yi-Zhen, Zhang, Yu -xin Wu, Zhi-Chi, Gong, Xin-Jie, Chen, Li-Yun
Attendees： Chen,Cheng-Chu CPA of Ernst & Young,Taiwan, Lin Peiyu Attorney of Hanyu Law Firm.

Chairperson：Lin, Tsung-Lin Chairman Minute Recorder：Fu, Chiou-Yau

I. Chairman announced commencement.
II. Chairman's Address (omitted)
III.Report Items

Report No. 1: **Proposed by the Board of Directors**
Subject: The 2025 Business Report.
Explanation: Please refer to Attachment 1 in this Handbook(page 7-10)
(Acknowledged)

Report No. 2: **Proposed by the Board of Directors**
Subject: The 2025 Audit Committee's Review Report.
Explanation: Please refer to Attachment 2 in this Handbook (page 11).
(Acknowledged)

Report No. 3: **Proposed by the Board of Directors**
Subject: To report on the implementation status of the cash capital increase in private placement of common shares adopted by the 2025 Annual General Shareholders' Meeting.
Explanation:

(1) In the general meeting of shareholders on June 25, 2025, the Company has resolved to increase capital by issuing 30 million common shares for private placement, with each share available for subscription at no lower than 80 percent of the reference price. The first closing of 20,000 thousand privately placed common shares was completed; the second tranche of 9,400 thousand privately placed common shares was completed; and the remaining quota of 600 thousand shares was approved by the Board of Directors on May 11, 2026. It was resolved that the project would not be continued within the remaining period.

(2)Please refer to Attachment 3 (page 12~13) for related information.

Additional Information:

1. The issuance of common shares via a private placement—the first such issuance for the

year 114—has been approved by the Ministry of Economic Affairs (Letter Ref. No. 11530055280), and the issuance date has been set for June 8, 115.

2. The issuance of common shares via a second private placement in 114 has been approved by the Ministry of Economic Affairs (Letter Ref. No. 11530075300), with the issuance date set for June 22, 115.

(Acknowledged)

IV. Ratification Items

Report No. 1: **Proposed by the Board of Directors**

Subject: 2025 Business Report and Financial Statements. Approval is respectfully requested.

Explanation:(1) The 2025 Business Report and Financial Statements were approved by the Board of Directors' Meeting on March 9, 2026 and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.

(2) The 2025 Business Report, Audit Report from the Certified Public Accountant (CPA) and Financial Statements are attached hereto as pages 7-10 and pages 14-32).

Voting Results:

Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,888,939 votes(13,845,713 votes)	98.70%
Votes against: 204,790votes(204,790 votes)	0.29%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 698,631votes(698,631votes)	1.00%

* including votes casted electronically (numbers in brackets)

Resolution:

The above proposal be and hereby was approved as proposed.

Report No. 2: **Proposed by the Board of Directors**

Subject: 2025 Loss Compensation. Approval is respectfully requested.

Explanation:(1) The Audit Committee of the Company has reviewed the 2025 Loss Compensation Statement which approved by the Board of Directors on March 9. 2026. Please refer to page 34.

Voting Results:

Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,881,427 votes(13,838,201 votes)	98.69%
Votes against: 201,299votes(201,299votes)	0.28%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 709,634votes(709,634 votes)	1.01%

* including votes casted electronically (numbers in brackets)

Resolution:

The above proposal be and hereby was approved as proposed.

V. Discussion Items

Report No. 1: **Proposed by the Board of Directors**
Subject: To amend " The Articles of Incorporation ". Resolution is respectfully requested.
Explanation: To cooperate with the actual operation of the company , it is proposed to amend some articles of the company's "Articles of Incorporation". Comparison Table for Amendments is attached hereto in pages 35-36.

Voting Results:
Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,890,663 votes(13,847,437 votes)	98.70%
Votes against: 191,067 votes(191,067 votes)	0.27%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 710,630 votes(710,630 votes)	1.01%

* including votes casted electronically (numbers in brackets)
Resolution:
The above proposal be and hereby was approved as proposed.

Report No. 2: **Proposed by the Board of Directors**
Subject: To amend "Procedures for the Acquisition or Disposal of Assets". Resolution is respectfully requested.
Explanation: To cooperate with revisions to the rationale of by the competent authority and the actual operation of the company , it is proposed to amend some articles of the company's "Procedures for the Acquisition or Disposal of Assets". Comparison Table for Amendments is attached hereto as pages 37-38.
Voting Results:
Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,896,443 votes(13,853,217 votes)	98.71%
Votes against: 191,067votes(191,067votes)	0.27%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 704,850 votes(704,850votes)	1.00%

* including votes casted electronically (numbers in brackets)
Resolution:
The above proposal be and hereby was approved as proposed.

Report No. 3: **Proposed by the Board of Directors**
Subject: To amend " Rules for the Procedures of the Shareholders' Meeting". Resolution is respectfully requested.
Explanation: To cooperate with revisions to the rationale of by the competent authority and the actual operation of the company , it is proposed to amend some articles of the company's "Rules for the Procedures of the Shareholders' Meeting". Comparison Table for Amendments is attached hereto as pages 39-40.
Voting Results:
Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,890,655 votes(13,847,429 votes)	98.70%
Votes against: 191,071 votes(191,071votes)	0.27%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 710,634 votes(710,634 votes)	1.01%

* including votes casted electronically (numbers in brackets)

Resolution:

Report No. 4: **Proposed by the Board of Directors**

Subject:Discussion on Private Placement of Common Shares Resolution is respectfully requested.

Explanation:1. To strengthen operating capital, repay bank loans, improve the financial structure, or meet other funding needs arising from the Company's future diversified business development (including but not limited to reinvestments and working capital for new businesses), the Company proposes to conduct a private placement of common shares in accordance with Article 43-6 of the Securities and Exchange Act. The total number of privately placed shares shall not exceed 80,000,000 shares, each with a par value of NT$10, to be issued in one or three tranches within one year from the date of the shareholders' meeting resolution.

2. Type of Securities to Be Issued:
The private placement shall consist of no more than 80,000,000 common shares, each with a par value of NT$10.

3. Basis and Reasonableness of Pricing:
(1) The actual issuance price of the privately placed common shares shall be no less than 80% of the reference price and shall not be lower than par value. The pricing date and final price shall be authorized by the shareholders' meeting for the Board of Directors to determine based on the specific investors and market conditions at the time of issuance.
(2) The reference price for the private placement shall be the higher of the following two:
A. The simple arithmetic average closing price of the Company's common shares for either 1, 3, or 5 business days before the pricing date, adjusted for ex-rights and ex-dividends, and adding back any capital reduction.
B. The simple arithmetic average closing price of the Company's common shares for the 30 business days before the pricing date, similarly adjusted.
(3) Reasonableness of the Pricing:
The terms of issuance take into account the three-year transfer restriction imposed by the Securities and Exchange Act and the stringent qualification requirements for investors. The pricing is also based on the "Regulations Governing the Offering and Issuance of Securities by Public Companies" and relevant FSC interpretations. Therefore, the pricing mechanism is deemed reasonable and does not materially harm shareholders' interests.

4. Selection of Specific Investors:
(1) The Company has not yet finalized any specific investors. The selection will be limited to qualified parties as defined in Article 43-6 of the Securities and Exchange Act, the FSC's ruling No. 1120383220 dated September 12, 2023, and other relevant regulations. Eligible investors

include, but are not limited to, insiders, related parties, or strategic investors who can directly or indirectly contribute to the Company's future operations and are familiar with its business.

(2) Purpose of Selecting Investors:

As no specific investors have been finalized, the Board of Directors shall be authorized to empower the Chairman to select investors who can directly or indirectly benefit the Company's operations and are qualified under applicable laws.

(3) If the Investors Are Insiders or Related Parties:

A. Selection Method and Purpose: Investors must contribute directly or indirectly to the Company's operations and have a certain degree of understanding of the business.

B. Necessity: To improve profitability, strengthen the financial structure, and ensure sustainable operations, while maintaining management stability, the Company intends to raise capital through a private placement to qualified persons to improve its overall financial health.

C. Expected Benefits: The capital injection is expected to provide stable, long-term funding, reduce reliance on bank financing, lower interest expenses, and enhance the flexibility of capital utilization.

D. Reference: A list of potential insider or related-party investors can be found on page 41 of this Handbook.

(4) If the Investors Are Strategic Investors:

A. Selection Method and Purpose: The Company seeks investors who can directly or indirectly contribute to future operations and are knowledgeable about the Company's business.

B. Necessity: To enhance profitability, strengthen the financial structure, and maintain sustainable operations, the Company aims to engage strategic investors whose experience, technology, expertise, or market channels can improve overall performance.

C. Expected Benefits: Introducing strategic investors via private placement may help secure lower-cost and long-term capital and enhance the Company's operations and shareholder value through their expertise and resources.

5. Necessity and Rationale for the Private Placement

(1) Reasons for Not Conducting a Public Offering: In view of the timeliness and feasibility of fund-raising, as well as uncertainties in the capital market, the Company intends to adopt a private placement approach to raise funds from specific investors in order to effectively lower capital costs.

(2) Private Placement Quota: The Company proposes to issue common shares through private placement, with a total amount not exceeding 80,000,000 shares, each with a par value of NT$10.

(3) Use of Proceeds and Expected Benefits:

The private placement is to be carried out in one or three tranches within one year from the date of the shareholders' meeting resolution:

Tranche	Use of Proceeds	Expected Benefits
First / Second	To enhance operating capital, repay bank loans, improve the financial structure, or fund other capital needs arising from future business diversification (including but not	To obtain stable and long-term funding, reduce reliance on bank financing, lower interest expenses,

Tranche	Use of Proceeds	Expected Benefits
	limited to reinvestment and working capital for new business development).	and improve flexibility in capital utilization.

6. Rights and Obligations of the Private Placement Common Shares
The rights and obligations of the privately placed common shares shall be identical to those of the existing issued common shares of the Company. However, in accordance with the Securities and Exchange Act, these shares may not be resold within three years from the delivery date, except under circumstances stipulated in Article 43-8 of the Act. After the three-year restriction period, the Board of Directors is authorized to determine, based on prevailing circumstances, whether to apply for retroactive public issuance and listing on the Taipei Exchange, provided that a letter of approval has been obtained from the TPEx confirming compliance with listing standards.
7. Authorization for the Private Placement Plan
Except for the private placement pricing ratio, all matters related to this private placement—including the actual number of shares to be issued, the actual issue price, selection of investors, pricing reference date, issuance terms, project items, total amount to be raised, use of proceeds and its schedule, expected benefits, and other relevant matters—shall be proposed to the shareholders' meeting for authorization to the Board of Directors, who may adjust, determine, and implement the issuance plan based on market conditions. In the event of amendments due to changes in laws or regulations, competent authority directives, business needs, or objective circumstances, the Board of Directors shall also be fully authorized to act accordingly.
In addition to the aforementioned authorizations, following approval of this proposal by the shareholders' meeting, it is further proposed that the Board of Directors authorize the Chairman to represent the Company in signing, negotiating, and amending all documents and matters necessary for this private placement of securities.

Voting Results:
Shares represented at the time of voting: 69,792,360

Voting Results	% of the total represented share present
Votes in favor: 68,728,594 votes(13,685,368 votes)	98.47%
Votes against: 253,739 votes(253,739 votes)	0.36%
Votes invalid: 0 votes(0 votes)	0.00%
Votes abstained: 810,027 votes(810,027votes)	1.16%

* including votes casted electronically (numbers in brackets)

Resolution:
The above proposal be and hereby was approved as proposed.

VI. Election Items: None

VII.Questions and Motions: None.

VIII.Other records: None.

IX.Adjournment: Meeting ended at 11:22 am

There were no questions from shareholders at this meeting.

Note: These minutes record only the key points of the proceedings and the outcomes of the proposals; the actual proceedings, procedures, and shareholder remarks are as recorded in the meeting's audio-visual recording.

Attachments 1

FALCON MACHINE TOOLS CO., LTD.

Business Report

We hereby present a summary report on the operating results for the year 2025 and the business plan for the year 2026:

I. Operating Performance in 2025

(1) Consolidated financial results:

The Ministry of Finance's Customs Administration has released the preliminary import and export trade statistics for Taiwan from January to December 2025. According to the Taiwan Association of Machinery Industry, the cumulative export value of machine tools for the year 2025 was $2.002 billion, an decrease of 9.6% compared to the same period in 2024. Of these exports, the export value of metal cutting machine tools was approximately $1.651 billion, an decrease of 10% compared to the same period in 2024, while the export value of metal forming machine tools was $353 million, an decrease of 7.8% compared to the same period in 2024.

Our company's net operating income for the year 2025 was NTD 1.008 billion, which is a 15.54% decrease from the net operating income of NTD 1.194 billion in 2024. However, in terms of profit and loss, we had a loss of NTD 204.252 million in 2025, compared to a loss of NTD 55.632 million in 2024, a decrease of 267.15%

The comparison for operating income and surplus/deficit between 2025 and 2024 is as follows:

Unit: NT$ Thousands

Item	2025	2024	Increase (Decrease) in amount	Percentage Change (%)
Net Profit	1,008,153	1,193,689	(185,536)	(15.54%)
Operating Costs	790,777	878,102	(87,325)	(9.94%)
Operating Margin	217,376	315,587	(98,211)	(31.12%)
Operating Expenses	365,517	380,586	(15,069)	(3.96%)
Operating Profit (loss)	(148,141)	(64,999)	(83,142)	(127.91%)
Net income	(54,146)	20,052	(74,198)	(370.03%)
Pre-tax income	(202,287)	(44,947)	(157,340)	(350.06%)
Net income after tax	(204,252)	(55,632)	(148,620)	(267.15%)

(2) Budget implementation:

Based on the "Guidelines for Processing Public Financial Forecast Information of Publicly Traded Companies," our company is not required to disclose financial forecast information for the fiscal year 2025, so there is no data available regarding the budget execution status for the year 2025.

(3) Profitability Analysis:

ITEM	2025	2024
Non-operating income and expenses(NT$)	(54,146)	20,052
Return on total assets (%)	(4.27)	(2.64)
Return on equity (%)	(16.16)	(4.02)
Ratio of Operating Income to paid-in capital (%)	(12.95)	(5.68)
Ratio of income before tax to paid-in capital (%)	(17.69)	(3.93)
Net Profit Margin (%)	(20.26)	(4.66)
Earnings per share (NT$)	(1.79)	(0.49)

(4) Research and development status:

1. The ratio of research and development expenses to current year operating income for the past two years of our company is shown below:

Year	2025	2024
R&D Expenses (NT$ Thousands)	68,797	59,107

Percentage of Revenue(%)	6.82	4.95

2. Research and development achievements:

Product development is crucial for a company's long-term operations and sustainable growth. Company is committed to continuously developing new products and commercializing them. Regardless of the economic environment, we never stop our pace of product development. In recent years, the primary R&D achievements include the integrated development of Locally Manufactured Fully Automatic Dynamic Balancing System, receiving of the Golden Label for Green Machine Tools from the Association for two consecutive editions, completion of 3 machine tool industry regulations, and engagement in 1-meter rotary grinding machine. Additionally, the company has continued the optimization of the precision surface grinding machine. Recent product developments include the 400/600 Rotary Surface Grinders, vertical grinding center, double-sided grinding machine, precision mold processing machine, smart automation aluminum wheel production line, non-circular piston outer-elliptical vertical lathe, shaft groove grinding machine, fixed beam gantry grinder, moving beam gantry grinder, and other new models, or optimizations of existing models. These developments are aimed at meeting the growing demand for high-precision machining in industries such as semiconductors, IT, automotive/electric vehicles, aerospace, global oil and energy industries, mold manufacturing, and the continuous growth of sectors like railways and shipbuilding. The company is actively positioning itself to meet new trends in high-tech machine tool development, including smart automation, high precision, large-scale, and high-speed cutting technologies, with a focus on high-value-added solutions. In addition to continuously improving existing products, the company is also actively investing in the development of energy-saving and carbon-reducing equipment. Our goal is to achieve carbon neutrality and net-zero emissions. In response to customer needs, we provide customized services and offer tailor-made equipment and comprehensive (Turn Key) processing solutions. Going forward, the company’s main R&D plans will focus on the smart machine communication system (iMCS) and new material processing equipment, providing customers with materials processing solutions and equipment integration solutions to enhance product value.

The company currently holds various utility model and invention patents. The patent layout covers the development of structure, control system, and intelligent automation technology for the milling and grinding of vehicles, as well as the manufacturing technology of fixtures.

II. **Business Plan for year 2026**

(1) Business Objectives

After thorough communication among the management team, Falcon Co., Ltd. has established the following three major operational policies for the year 2026: prioritizing revenue and profitability through effective management, streamlining and optimizing talent cultivation and training, and tracking and controlling profitability. The three operational policies are as follows:

1. Digitization/AI of Knowledge Base
2. Forward-Looking Product and Marketing Strategy Planning
3. Information Security Blueprint Development
4. Proactive Expansion into New Businesses, Including Real Estate and Agency Sales

(2) Important Production and Sales Policies

1. In response to globalization and global marketing, it is crucial to understand and cater to the needs of local market users. This requires not only working closely with distributors, but also actively training international talents to rapidly adopt new technologies and provide support to both distributors and customers, ultimately ensuring the achievement of business objectives.

2. Continuing with a greater focus on online marketing and the utilization of social media

platforms in advertising and marketing efforts. This will accelerate companies' digital transformation in their marketing strategies.

3. Our goal is to have grinding machine orders account for more than 40% of sales and achieve a multiple-fold growth in sales. To accomplish this, we will share and replicate successful case studies of grinding machines and standardize special attachments. Other intended actions include custom grinding machines for greater margin, and boosting sales volume of standard, best-selling turn-mill machines.
4. Our objective is to create a more service-oriented manufacturing industry. To achieve this, we will strengthen our sales and service centers, and ensure that pre-sales, during-sales, and after-sales services are in place. We will also enhance our customized production technology to reach our goals. Additionally, we will continue to expand market demand through international Turn Key Solutions
5. To prevent similar issues from recurring in the future, we will propose and implement measures accordingly. We will actively sale inventory, establish clearance strategies, and reduce the amount of stagnant inventory.
6. We will establish and maintain a comprehensive sales and service maintenance manual to improve the execution rate of service calls. We will review and adjust the inventory of commonly used sales and service parts for mass production machines every quarter, and ensure effective management of the inventory value. This will improve the delivery efficiency of sales and service parts.
7. We will continue to implement our quality policy by enhancing our intelligent technology, demonstrating stable quality, continuous improvement, and prioritizing service efficiency to meet customer needs. We will also strengthen our international brand and achieve our quality goals for 2026, which includes targets for internal and external failure costs, claims execution rate, and the number of customer complaints.
8. We will implement self-inspection checklists and create standard assembly instructions to prevent defective products from entering the production site. This will help establish basic data for smart manufacturing SOPs and standard work hours.
9. According to the production and sales schedule, we will establish a machine process breakdown and assign specific roles and responsibilities to ensure standardized operating skills and achieve our production goals. We will also ensure the proper execution of the return material process.
10. Establishment of digitalization/ai of knowledge base for each department
11. Implementation of ESG initiatives
12. We will capitalize on our management team's expertise and resources to expand our business operations in the real estate sector, including offering real estate agency services, developing self-built properties, and partnering in joint real estate projects.

(3) Business Objectives for Year 2026:

Looking ahead to 2026, the global machine tool industry continues to face multiple external challenges. Market conditions remain challenging due to the combined pressures of geopolitical risks, fluctuations in the Japanese yen exchange rate, and low-price competition from Chinese manufacturers. Although the global economy shows signs of resilient recovery, ongoing volatility in raw material prices and supply chain restructuring have sustained inflationary pressures across major economies. In addition, tariff policies implemented by the Trump administration in the United States have disrupted the global trade framework, further increasing uncertainty regarding the withdrawal of monetary tightening policies. In response to this complex and rapidly changing international political and economic landscape, the Company will adopt a prudent and flexible strategy to navigate market fluctuations. For 2026, the parent company is expected to achieve approximately 756 units in standalone sales, while total consolidated group sales are projected to reach approximately 965 units. (These figures are subject to adjustment based on final group feedback.) To overcome cyclical industry challenges, the Company will continue to deepen its expertise in high-precision grinding technology and enhance product value. R&D efforts will focus on high-barrier application sectors, including semiconductor critical consumables, electric vehicle core components, aerospace engine parts, and precision molds for 5G and AI applications. Through continuous technological advancement and intelligent upgrades, the Company remains committed to its vision of becoming “the only choice for the most user-friendly machine tools,” delivering superior grinding solutions and achieving profitability and growth amid market uncertainties.

III. Development Strategy

(1) Adhering to the business philosophy of "Steady management, striving for perfection, gaining international recognition, and sharing prosperity," we will strive to achieve our vision of "becoming the only choice for the best machine tools.

(2) We will deepen our presence in the machine tool industry, embrace AIOT, and continuously innovate and develop high-precision, high-efficiency, high-quality, and highly intelligent machine tool products. We will strengthen our position as a leader in the grinding machine market and achieve industrial upgrading.

(3) Our marketing, design, application, and sales and service departments should be responsive and understand market demands and changes to provide high-quality customized services. We will enhance machining technology, application technology, fixture design, and manufacturing, and strengthen pre-, during-, and post-sales customer service to improve customer satisfaction, meet their needs, and create favorable brands like "CHEVALIER."

(4) We will pay attention to and master changes and fluctuations in the market environment and rapidly evolving technology, effectively control risks, adjust the scope of product applications and industries, and improve processing equipment to meet the demand for new materials. We will continue to implement performance management with the spirit of FPS.

(5) We will promote strategic alliances in the machine tool industry for mutual benefit and actively participate in industry-government-academia-research cooperation to develop key technologies for processing new materials.

(6) We will cultivate the real estate sales and development business to establish a new source of profit for the company.

IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

(1) Geopolitical factors (e.g., the Russia-Ukraine war) are causing customers to have concerns about future equity and after-sales service, as well as restrictions on product exports, leading to a decline in sales and impacting the global economy.

(2) Depreciation of the Japanese Yen has made Taiwanese products relatively less competitive. On the other hand, the improvement in the quality and the continual price reduction of Chinese-made products have made the operating environment for Taiwanese machine tools increasingly challenging.

(3) The Ongoing Tariff Barriers Policy implemented by the United States raises concerns about its long-term effects on prices, and its impact on Taiwan remains a significant challenge.

(4) The frequency and severity of natural disasters related to climate change are increasing globally, heavily impacting the supply of bulk commodities and likely exacerbating price volatility. Attention to Environmental, Social, and Governance (ESG) issues will continue to deepen and be emphasized.

Falcon is continuously enhancing its management practices and employee training to establish a strong foundation for transformation. The management team is dedicated to changing traditional mindsets and approaches, improving management efficiency, continuously and effectively reducing production costs, and mastering the research and development of new material processing technologies. They are producing a variety of highly competitive processing machines. Additionally, they are set to launch a project near the High-Speed Rail Tainan Station called the " Geometry Museum of Zaborin," aimed at ensuring a competitive edge in the market and boosting profitability.

Sincerely yours,
Falcon Machine Tools CO., LTD.

Chairman:	Director:	Account Manager:
Lin Tsung-Lin	Tung Shang-Yu	Chang Shun-Fu

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2025 business report, financial statements, and proposal for loss compensation. The CPAs Chen, Zheng-Chu and Hong, Guo-Sen from the CPA firm of Ernst & Young were retained to audit FALCON MACHINE TOOLS' financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and loss compensation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

Sincerely,

2026 Annual General Shareholders' Meeting of Falcon Machine Tools Co., Ltd.

Convener of the Audit Committee
Wu, Zhi-Chi
March 9, 2026

Attachment 3

FALCON MACHINE TOOLS CO., LTD.
The Private Placement Resolved by the 2025 Annual General Shareholders Meeting

<table>
<tr><td>Project</td><td colspan="5">First Private Placement of Common Stock in 2025</td></tr>
<tr><td>Date of Issued</td><td colspan="5">June 8, 2026</td></tr>
<tr><td>Types of Private Placement Securities</td><td colspan="5">Common Stock</td></tr>
<tr><td>Date and Amount Approved by the Shareholders' Meeting</td><td colspan="5">At the shareholders' meeting on June 25, 2025, the company resolved to issue common stock through a private placement for a cash capital increase within Taiwan, not exceeding 30,000 thousand shares. The shareholders' meeting authorized the board of directors to execute this within one year from the date of the shareholders' meeting resolution, either in one go or in two separate instances</td></tr>
<tr><td>Basis and Rationality for Price Setting</td><td colspan="5">1.The price for this private placement is set according to the pricing principles decided at the shareholders' meeting on June 25, 2025. The pricing day is set for March 26, 2026, and is calculated based on the higher of the following two criteria:
(1) The simple arithmetic average of the closing prices of the common stock on the one, three, and five business days prior to the pricing day, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits, with respective prices of $17.60, $17.48, and $17.84.The selected price is $17.84, which is the average closing price of the stock one business day prior, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits.
(2) The simple arithmetic average of the closing prices of the common stock over the thirty business days prior to the pricing day, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits, is $18.09.
(3) Based on the higher of the two criteria above, $18.09 is chosen as the reference price. After comprehensive consideration, the actual private placement price is set at $14.48 per share, which is no lower than 80% of the reference price.
2.The method of pricing this private placement of common shares, as described above, is deemed reasonable.</td></tr>
<tr><td>Method of Selecting Specific Persons</td><td colspan="5">The selection of specific persons is conducted in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of the Financial Supervisory Commission (FSC) dated June 13, 2002, under order number (91) Tai-Cai-Zheng-Yi No. 0910003455, which limit the selection to specific persons as stipulated</td></tr>
<tr><td>Reasons for Conducting a Private Placement</td><td colspan="5">Considering factors such as capital market conditions, timeliness of fundraising, issuance costs, and equity stability.</td></tr>
<tr><td>Completion Date of Payment of Purchase Price</td><td colspan="5">April 9, 2026</td></tr>
<tr><td rowspan="3">Applicant Information</td><td>Private Placement Recipients</td><td>Qualification Criteria</td><td>Subscription Quantity</td><td>Relationship with the Company</td><td>Involvement in Company Operations</td></tr>
<tr><td>Lin, Tsung-Lin</td><td rowspan="2">Accordance with Article 43-6 of the Securities and Exchange Act</td><td>10,000,000 Shares</td><td>Chairman of Company</td><td>Involved in Company Operations and Management</td></tr>
<tr><td>Guangshang Investment Co., Ltd.</td><td>10,000,000 Shares</td><td>Person in charge is the Vice Chairman and General Manager</td><td>NO</td></tr>
</table>

				of the Company	
Actual subscription price	NT$ 14.48				
Difference between actual subscription price and reference price	The actual subscription price is 80.04% of the reference price of $18.09				
Impact of conducting private placement on shareholder equity	The purpose of raising funds through the issuance of privately placed securities by the company is to enhance operational capital, improve operational and debt repayment capabilities, optimize financial structure, and reduce interest expenses. These benefits are expected to have a positive impact on shareholder equity. Therefore, the issuance of privately placed securities should not significantly affect shareholder equity.				
The utilization status and progress of the private placement funds	As of the end of April 2026, a total of NT$130,084 thousand has been utilized, with the remaining funds retained at the Company's account.				
The visible benefits resulting from the private placement	1.Enhancing operational liquidity by augmenting working capital, bolstering cash reserves, and increasing financial flexibility. 2.Improving financial structure by boosting liquidity ratios and reducing debt-to-equity ratios.				

Project	Second Private Placement of Common Stock in 2025
Date of Issued	June 22, 2026
Types of Private Placement Securities	Common Stock
Date and Amount Approved by the Shareholders' Meeting	At the shareholders' meeting on June 25, 2025, the company resolved to issue common stock through a private placement for a cash capital increase within Taiwan, not exceeding 30,000 thousand shares. The shareholders' meeting authorized the board of directors to execute this within one year from the date of the shareholders' meeting resolution, either in one go or in two separate instances
Basis and Rationality for Price Setting	1.The price for this private placement is set according to the pricing principles decided at the shareholders' meeting on June 25, 2025. The pricing day is set for May 11, 2026, and is calculated based on the higher of the following two criteria: (1) The simple arithmetic average of the closing prices of the common stock on the one, three, and five business days prior to the pricing day, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits, with respective prices of $14.70, $14.83, and $15.00.The selected price is $14.7, which is the average closing price of the stock one business day prior, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits. (2) The simple arithmetic average of the closing prices of the common stock over the thirty business days prior to the pricing day, adjusted for bonus issue rights and dividends, and readjusted for reverse stock splits, is $16.07. (3) Based on the higher of the two criteria above, $16.07 is chosen as the reference price. After comprehensive consideration, the actual private placement price is set at $13.00 per share, which is no lower than 80% of the reference price. 2.The method of pricing this private placement of common shares, as described above, is deemed reasonable.
Method of Selecting Specific Persons	The selection of specific persons is conducted in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of the Financial Supervisory Commission (FSC) dated June 13, 2002,

<table>
<tr><td></td><td colspan="5">under order number (91) Tai-Cai-Zheng-Yi No. 0910003455, which limit the selection to specific persons as stipulated</td></tr>
<tr><td>Reasons for Conducting a Private Placement</td><td colspan="5">Considering factors such as capital market conditions, timeliness of fundraising, issuance costs, and equity stability.</td></tr>
<tr><td>Completion Date of Payment of Purchase Price</td><td colspan="5">May 13, 2026</td></tr>
<tr><td rowspan="3">Applicant Information</td><td>Private Placement Recipients</td><td>Qualification Criteria</td><td>Subscription Quantity</td><td>Relationship with the Company</td><td>Involvement in Company Operations</td></tr>
<tr><td>Linju Investment Co., Ltd.</td><td>Accordance with Article 43-6 of the Securities and Exchange Act</td><td>4,000,000 Shares</td><td>Related Party of the Company</td><td>Involved in Company Operations and Management</td></tr>
<tr><td>Lin, Tsung-Lin</td><td>Accordance with Article 43-6 of the Securities and Exchange Act</td><td>5,400,000 Shares</td><td>Related Party of the Company</td><td>Involved in Company Operations and Management</td></tr>
<tr><td>Actual subscription price</td><td colspan="5">NT$ 13.00</td></tr>
<tr><td>Difference between actual subscription price and reference price</td><td colspan="5">The actual subscription price is 80.89% of the reference price of $16.07</td></tr>
<tr><td>Impact of conducting private placement on shareholder equity</td><td colspan="5">The purpose of raising funds through the issuance of privately placed securities by the company is to enhance operational capital, improve operational and debt repayment capabilities, optimize financial structure, and reduce interest expenses. These benefits are expected to have a positive impact on shareholder equity. Therefore, the issuance of privately placed securities should not significantly affect shareholder equity.</td></tr>
<tr><td>The utilization status and progress of the private placement funds</td><td colspan="5">As of May 15, 2026, a total of NT$0 has been utilized, with the remaining funds retained at the Company’s account.</td></tr>
<tr><td>The visible benefits resulting from the private placement</td><td colspan="5">1.Enhancing operational liquidity by augmenting working capital, bolstering cash reserves, and increasing financial flexibility.
2.Improving financial structure by boosting liquidity ratios and reducing debt-to-equity ratios.</td></tr>
</table>

Attachment 4

Independent Auditors' Report

To Falcon Machine Tools Company Limited

Opinion

We have audited the accompanying consolidated balance sheets of Falcon Machine Tools Company Limited (the "Company") and its subsidiaries as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significance in our audit of 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Receivable Impairment

As of December 31, 2025, the account receivable (including related parties) of the Company was NT$150,426 thousand that stands for 4% of the total consolidated assets, which considered to be a significant proportion to the company. Given the recoverable of the receivables is a key factor to the company's working capital, the Company's judgements, analyses and estimations as well as the subsequent result could have impact on the account receivable. We therefore considered the receivable impairment a key audit matter.

Our audit procedure includes, but not limited to, assess the effectiveness of the Company's internal control on clients' credit risk management, its management on receivables by assessing the reasonability of the periods of the receivables' age on all groups, assess the accuracy of the original vouchers by random audit; assess the accuracy by recalculating the periods of the receivables' age according to the trading terms, judge the reasonability of allowing the individual clients to have large past due amount or long term past due, and assess the reasonability of non-individual clients' (group assess) allowance by recalculating it in accordance with allowance policy. Random audit the receivable confirmations and review the past due subsequent receivables to evaluate the possibility of recoverable.

We considered Note 5 and 6 to the consolidated financial statements regarding the related disclosure of the account receivables.

2. Inventory Valuation

As of December 31, 2025, the company's net inventory was NT$2,377,202 thousand, which stands for 58% of the consolidated asset. Given that the Group is principally engaged in the manufacture, processing, and trading of machinery such as grinding machines and lathes, and has also expanded into the real estate sector, including properties under development and land held for construction, the Group's machine tool products are characterized by customization, high unit prices, and relatively long useful lives. Furthermore, the real estate business is subject to government policies, which may result in slow-moving or obsolete inventories. Accordingly, the assessment of inventory valuation involves significant management judgment. We therefore identified this matter as a key audit matter.

Our audit procedure includes, but not limited to, understand and assess the effectiveness of the internal control on inventory, evaluate the appropriateness of the account policy on slow-moving and expired inventory, assess the accuracy of the periods of the inventories' age, evaluate and observe the age of inventory variables in order to judge the reasonability of the slow-moving and expired inventory's reserve.

We considered Note 5 and 6 to the consolidated financial statements regarding the related disclosure of the inventory.

Other Matter – Making Reference to the Audits of Other Auditor

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$423,033 thousand and NT$451,887 thousand, constituting 10% and 12% of consolidated total assets as of December 31, 2025 and 2024, respectively, and total operating revenues of NT$425,273 thousand and NT$376,182 thousand, constituting 42% and 32% of consolidated operating revenues for the years ended December 31, 2025 and 2024, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NT$22,659 thousand and NT$194,268 thousand, representing 1% and 5% of consolidated total assets as of December 31, 2025 and 2024, respectively. The related shares of profits (losses) from the associates and joint ventures under the equity method amounted to NT$3,426 thousand and NT($14,098)thousand, representing (2%) and 31% of the consolidated net income before tax for the years ended December 31, 2025 and 2024, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2025 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2025 and 2024.

Chen,Cheng-Chu

Hung, Kuo-Sen

Ernst & Young, Taiwan
March 9, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management , Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of the Consolidated Financial Statements originally issued in Chinese

Falcon Machine Tools Company Limited and Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Assets		Dec 31, 2025		Dec 31, 2024	
Contents	Notes	Amount	%	Amount	%
Current Asset					
Cash and cash equivalents	4, 6(1)	$141,325	4	$242,311	7
Financial assets measured at amortized cost are assets - current	4, 6(2), 8	188,952	5	201,276	5
Notes receivable	4, 6(3), 6(16)	196,718	5	24,465	1
Accounts receivable, net	4, 6(4), 6(16), 8	150,426	4	147,721	4
Other receivables	4	18,019	0	9,488	0
Current tax assets	4	8,540	0	9,465	0
Inventories	4, 6(5)	2,377,202	58	1,790,744	47
Prepayments	4, 6(6)	57,683	1	77,713	2
Other current assets		562	0	4,135	0
Total current assets		3,139,427	77	2,507,318	66
Noncurrent assets					
Financial assets measured at fair value through other comprehensive income - non-current	4, 6(7)	24,629	1	24,565	1
Financial assets measured at amortized cost - non-current	4, 6(2), 8	56,103	1	49,669	1
Investment accounted for using equity method	4, 6(8)	419,902	10	508,276	13
Property, plant and equipment	4, 6(9), 8	237,471	6	261,395	7
Right-of-use assets	4, 6(17), 8	90,735	2	116,036	3
Investment property	4, 6(10), 8	9,299	0	212,724	6
Intangible assets	4	1,009	0	4,314	0
Deferred tax assets	4, 6(21)	85,262	2	80,026	2
Other non-current assets	4	16,731	1	48,686	1
Net defined benefit assets - non-current	4,6(13)	6,791	0	6,749	0
Total non-current assets		947,932	23	1,312,440	34
Total Assets		$4,087,359	100	$3,819,758	100

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

English Translation of the Consolidated Financial Statements originally issued in Chinese
Falcon Machine Tools Company Limited and Subsidiaries
Consolidated Balance Sheets (con.)
December 31, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Liabilities and Equity		Dec 31, 2025		Dec 31, 2024	
Content	Note	Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6(11)	$399,485	10	$414,222	11
Current contract liabilities	6(15)	52,217	1	40,055	1
Notes payable		60,341	1	34,771	1
Accounts payable		194,466	5	144,666	4
Accounts payable - related parties	7	188,285	5	108,002	3
Other payables		66,368	2	83,257	2
Current tax liabilities		328	0	327	0
Lease liabilities - current	4, 6(17)	19,017	0	6,439	0
Current portion of long-term loans	4, 6(12)	211,679	5	207,858	6
Other current liabilities		273,804	7	16,160	0
Total current liabilities		1,465,990	36	1,055,757	28
Noncurrent liabilities					
Contractual Liabilities - Non-Current	6(15)	82,509	2	37,148	1
Long-term borrowings	4, 6(12)	1,278,982	32	1,217,310	32
Net deferred tax liabilities	4, 6(21)	54,427	1	53,622	1
Lease liabilities - noncurrent	4, 6(17)	50,593	1	87,605	2
Other non-current liabilities		4,294	0	5,511	0
Total non-current liabilities		1,470,805	36	1,401,196	36
Total liabilities		2,936,795	72	2,456,953	64
Interests attributable to parent company owner	6(14)				
Capital					
Common stock capital		1,143,619	28	1,143,619	30
Capital reserve		178,307	4	178,300	5
Retained earnings					
Legal reserve		33,217	1	33,217	1
Special reserve		8,623	0	53,916	1
(Deficit to be offset)Undistributed earnings		(196,584)	(5)	(37,625)	(1)
Total retained earnings		(154,744)	(4)	49,508	1
Other equity					
Exchange Differences on Translation of Foreign Operations		(16,217)	(0)	(8,167)	(0)
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		(401)	(0)	(455)	(0)
Total of other equity		(16,618)	(0)	(8,622)	(0)
Total equity		1,150,564	28	1,362,805	36
Total liabilities and equity		$4,087,359	100	$3,819,758	100

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

English translation of Consolidated Financial Statements originally issued in Chinese

Falcon Machine Tools Company Limited and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Content	Note	2025		2024	
		Amount	%	Amount	%
Operating revenues	4, 6(15), 7	$1,008,153	100	$1,193,689	100
Operating costs	6(5),6(13),6(17),6(18),7	(790,777)	(78)	(878,102)	(74)
Gross profit		217,376	22	315,587	26
Operating expenses	6(13), 6(17), 6(18)				
Sales and marketing expenses		(114,465)	(11)	(126,939)	(11)
General and administrative expenses		(174,961)	(17)	(192,642)	(16)
Research and development		(68,797)	(7)	(59,107)	(5)
Expected credit impairment (losses)	4, 6(16)	(7,294)	(1)	(1,898)	(0)
Subtotal		(365,517)	(36)	(380,586)	(32)
Operating (loss)		(148,141)	(14)	(64,999)	(6)
Non-operating income and expenses	6(19), 7				
Interest income		2,678	0	5,043	0
Other income		29,695	3	19,323	2
Other gains and losses		(650)	0	4,233	0
Finance costs		(43,933)	(4)	(41,671)	(3)
Share of profit or loss of associates	4, 6(8)	(41,936)	(4)	33,124	3
Subtotal		(54,146)	(5)	20,052	2
Net (loss) before tax		(202,287)	(19)	(44,947)	(4)
Income tax expenses	4, 6(21)	(1,965)	(0)	(10,685)	(1)
(Loss) from continuing operations		(204,252)	(19)	(55,632)	(5)
Other comprehensive net income	6(20)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	6(13),6(20)	-	-	6,791	1
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		54	0	27	0
Share of other comprehensive income, accounted for using equity method	4,6(8),6(20)	-	-	(3,419)	(0)
Income tax related to items that will not be reclassified		-	-	32	0
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(9,914)	(1)	22,234	2
Income tax related to items that may be reclassified		1,864	0	(2,239)	(0)
Subtotal		(7,996)	(1)	23,426	2
Total comprehensive income		($212,248)	(20)	($32,206)	(3)
Net (loss) attributable to:					
Stock holders of the parent company	4, 6(22)	($204,252)		($55,632)	
Non-controlling interests		-		-	
		($204,252)		($55,632)	
Total comprehensive income attributable to:					
Stock holders of the parent company		($212,248)		($32,206)	
Non-controlling interests		-		-	
		($212,248)		($32,206)	
Earnings per share (NT$)	4, 6(22)				
Basic loss per share		($1.79)		($0.49)	
Diluted loss per share		($1.79)		($0.49)	

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

Attachment 4

English Translation of the parent company only Financial Statements originally issued in Chinese

Falcon Machine Tools Company Limited and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Content	Common Stock	Capital surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Undistributed Earnings (Deficit to be offset)	Exchange Differences on Translation of Foreign Operations	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	
Balance as of January 1, 2024	$1,068,803	$178,260	$22,474	$53,916	$107,431	($28,162)	$2,937	$1,405,659
Appropriations of prior year's earnings 2023:								
Legal reserve	-	-	10,743	-	(10,743)	-	-	-
Cash dividend	-	-	-	-	(10,688)	-	-	(10,688)
Stock Dividend	74,816	-	-	-	(74,816)	-	-	-
Net (loss) in 2024	-	-	-	-	(55,632)	-	-	(55,632)
Other comprehensive income (loss) 2024	-	-	-	-	6,823	19,995	(3,392)	23,426
Total comprehensive income (loss)	-	-	-	-	(48,809)	19,995	(3,392)	(32,206)
Capital surplus, changes in ownership interests in subsidiaries	-	40	-	-	-	-	-	40
Balance as of December 31, 2024	$1,143,619	$178,300	$33,217	$53,916	($37,625)	($8,167)	($455)	$1,362,805
Balance as of January 1, 2025	$1,143,619	$178,300	$33,217	$53,916	($37,625)	($8,167)	($455)	$1,362,805
Appropriations of prior year's earnings 2024:								
Reversal of special reserve	-	-	-	(45,293)	45,293	-	-	-
Net (loss) in 2025	-	-	-	-	(204,252)	-	-	(204,252)
Other comprehensive income (loss) 2025	-	-	-	-	-	(8,050)	54	(7,996)
Total comprehensive income (loss)	-	-	-	-	(204,252)	(8,050)	54	(212,248)
Capital surplus, changes in ownership interests in subsidiaries	-	7	-	-	-	-	-	7
Balance as of December 31, 2025	$1,143,619	$178,307	$33,217	$8,623	($196,584)	($16,217)	($401)	$1,150,564

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

Attachment 4

English Translation of the parent company only Financial Statements originally issued in Chinese

Falcon Machine Tools Company Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Content	2025	2024
Cash flows from operating activities:		
Net (loss) income before tax	($202,287)	($44,947)
Adjustments to reconcile net income (loss) before tax to net cash:		
Provided by (used in) operating activities:		
Depreciation	49,182	55,684
Amortization	2,105	2,081
Expected credit loss	7,294	1,898
Interest expenses	43,933	41,671
Interest income	(2,678)	(5,043)
Share of loss of associates accounted for using equity method	41,936	(33,124)
(Gain) Loss on disposal of property, plant and equipment	(241)	191
(Gain) on disposal of intangible assets	(403)	-
(Gain) on disposal of investments accounted for using the equity method	(546)	-
Impairment loss on non-financial assets	200	-
Loss on inventory valuation (gain from price recovery of inventory)	33,894	(25,550)
Changes in operating assets and liabilities:		
Notes receivables	(172,253)	1,706
Notes receivables - related parties	-	272
Account receivables	(9,906)	18,062
Account receivables - related parties	-	78
Other receivables	(8,531)	8,863
Inventories	(399,257)	(747,357)
Prepayments	20,030	(36,356)
Other current assets	(125)	(4,001)
Contract liabilities - current	57,523	9,477
Notes payable	25,570	14,195
Notes payable - related parties	-	(20)
Account receivables	49,800	(62,472)
Account receivables - related parties	80,283	86,271
Other payable	(17,645)	(2,665)
Other current liabilities	257,644	122
Net defined benefit liabilities-non-curren	(42)	(169)
Cash generated from operations	(144,520)	(721,133)
Interest received	2,678	5,043
Income tax paid	91	(13,579)
Net cash (used in) operating activities	(141,751)	(729,669)

Content	2025	2024
Cash flows from investing activities:		
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	(10)	-
Proceeds from disposal of financial assets measured at amortized cost	-	(172,170)
Principal repayment at maturity of financial assets measured at amortized cost	5,890	-
Acquisition of investments accounted for under the equity method	-	(214,001)
Disposal of investments accounted for using the equity method	10,000	-
Acquisition of property, plant and equipment	(884)	(11,875)
Proceeds from disposal of property, plant and equipment	260	1,245
Acquisition of intangible assets	-	(510)
Disposal of intangible assets	1,123	-
Acquisition of investment property	(13,350)	(203,037)
Increase in other non-current assets	-	(39,423)
Decrease in other non-current assets	32,235	-
Dividend received (cash dividend of the year of investments accounted for using equity method)	35,837	7,893
Net cash provided by (used in) investment activities	71,101	(631,878)
Cash flows from financing activities:		
Proceeds from short-term loans	1,094,926	715,834
Repayments of short-term loans	(1,109,954)	(552,002)
Proceeds from long-term loans	273,991	838,853
Repayments of long-term loans	(202,062)	(185,979)
Repayments of lease liabilities	(26,872)	(28,404)
(Decrease) Increase in other non-current liabilities	(1,217)	52
Cash dividends	-	(10,688)
Interest paid	(43,177)	(44,497)
Net cash (used in) provided by financing activities	(14,365)	733,169
Effect of exchange rate changes on cash and cash equivalents	(15,971)	34,916
Net (decrease) in cash and cash equivalents	(100,986)	(593,462)
Cash and cash equivalents at beginning of year	242,311	835,773
Cash and cash equivalents at end of year	$141,325	$242,311

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

Independent Auditors' Report

To Falcon Machine Tools Company Limited

Opinion

We have audited the accompanying parent company only balance sheets of Falcon Machine Tools Company Limited (the "Company") and as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and their parent company only financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, and 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 Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Receivable Impairment (including receivables of the subsidiaries invested by using Equity Method)

The account receivables of the Company and its subsidiaries invested by using Equity Method is significant to the financial statements. Given the recoverable of the receivables is a key factor to the company's working capital, the Company's judgements, analyses and estimations as well as the subsequent result could have impact on the account receivable. We therefore considered the receivable impairment a key audit matter.

Our audit procedure includes, but not limited to, assess the effectiveness of the Company's internal control on clients' credit risk management, its management on receivables by assessing the reasonability of the periods of the receivables' age on all groups, assess the accuracy of the original vouchers by random audit; assess the accuracy by recalculating the periods of the receivables' age according to the trading terms, judge the reasonability of allowing the individual clients to have large past due amount or long term past due, and assess the reasonability of non-individual clients' (group assess) allowance by recalculating it in accordance with allowance policy. Random audit the receivable confirmations and review the past due subsequent receivables to evaluate the possibility of recoverable.

We considered Note 5 and 6 to the individual financial statements regarding the related disclosure of the account receivables.

2. Inventory Valuation (including inventory valuation of the subsidiaries invested by using Equity Method)

The net inventory of the Company and its subsidiaries invested by using Equity Method is significant to the financial statements. Given that the Group is principally engaged in the manufacture, processing, and trading of machinery such as grinding machines and lathes, and has also expanded into the real estate sector, including properties under development and land held for construction, the Group's machine tool products are characterized by customization, high unit prices, and relatively long useful lives. Furthermore, the real estate business is subject to government policies, which may result in slow-moving or obsolete inventories. Accordingly, the assessment of inventory valuation involves significant management judgment. We therefore identified this matter as a key audit matter.

Our audit procedure includes, but not limited to, understand and assess the effectiveness of the internal control on inventory, evaluate the appropriateness of the account policy on slow-moving and expired inventory, assess the accuracy of the periods of the inventories' age, evaluate and observe the age of inventory variables in order to judge the reasonability of the slow-moving and expired inventory's reserve.

We considered Note 5 and 6 to the individual financial statements regarding the related disclosure of the inventory.

Other Matter – Making Reference to the Audits of Other Auditor

Part of the investees' financial statements in the parent company only financial statements were audited by component auditors and have not been audited by us. Thus the amounts stated in the parent company only financial statements regarding the investees were according to the audits of the component auditors. As of December 31, 2025 and 2024, the investees' investment for using Equity Method were NT$212,004 thousand and NT$240,813 thousand respectively, which stand for 6% and 7% of the total assets. The comprehensive income shares of investees' investments in subsidiaries, associates and joint ventures for using Equity Method for the years then ended were NT$12,166 thousand and NT$10,275thousand respectively, which stand for (6%) and (23%). The comprehensive income shares of the investments in associates and joint ventures for using Equity Method were NT($9,321) thousand and NT$13,972 thousand, which stand for 5% and (43%) of other comprehensive income.

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

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

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

Auditors's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen,Cheng-Chu

Hung, Kuo-Sen

Ernst & Young, Taiwan

March 9, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such parent company only financial statements are those generally accepted and applied in the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management , Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of the parent company only Financial Statements originally issued in Chinese
Falcon Machine Tools Company Limited
Parent Company Only Balance Sheets
December 31, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Assets		Dec 31, 2025		Dec 31, 2024	
Contents	Notes	Amount	%	Amount	%
Current Asset					
Cash and cash equivalents	4,6(1)	$77,318	2	$183,984	6
Financial assets measured at amortized cost are assets - current	4,6(2),8	176,024	5	194,448	6
Notes receivable	4,6(3)	183,572	5	11,371	0
Accounts receivable, net	4,6(4),8	71,183	2	91,141	3
Accounts receivable - related parties, net	4,6(4),7	73,982	2	36,002	1
Other receivables	4,7	11,076	0	9,668	0
Current tax assets		4,426	0	728	0
Inventories	4,6(5)	1,969,396	54	1,360,401	41
Prepayments		30,559	1	25,402	1
Other current assets		10,302	0	8,265	0
Total current assets		2,607,838	71	1,921,410	58
Non-current assets					
Financial assets measured at fair value through other comprehensive income - non-current	4,6(6)	24,629	1	24,565	1
Financial assets measured at amortized cost - non-current	4,6(2),8	56,103	2	49,669	1
Investment accounted for using equity method	4,6(7)	695,208	19	817,983	25
Property, plant and equipment	4,6(8),8	158,360	4	168,260	5
Right-of-use assets	4,6(16)	5,185	0	12,258	0
Investment property	4,6(9),8	9,299	0	212,724	7
Intangible assets	4	733	0	3,900	0
Deferred tax assets	4,6(20)	65,996	2	59,096	2
Other non-current assets	4	13,348	0	44,246	1
Net defined benefit asset, non-current	4,6(12)	6,791	0	6,749	0
Non-current assets recognised as incremental costs to obtain contract with customers	4,7	30,932	1	11,578	0
Total non-current assets		1,066,584	29	1,411,028	42
Total Assets		$3,674,422	100	$3,332,438	100

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

English Translation of the parent company only Financial Statements originally issued in Chinese
Falcon Machine Tools Company Limited
Parent Company Only Balance Sheets (con.)
December 31, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Liabilities and Equity		Dec 31, 2025		Dec 31, 2024	
Content	Note	Amount	%	Amount	%
Current liabilities					
Short-term loans	4,6(10)	$336,766	9	$338,037	10
Current contract liabilities	6(14)	26,679	1	17,471	1
Notes payable		18,406	1	11,975	0
Accounts payable		137,887	4	81,240	3
Accounts payable - related parties	7	187,733	5	108,428	3
Other payables		26,889	1	38,020	1
Lease liabilities - current	4,6(16)	522	0	4,762	0
Current portion of long-term loans	4,6(11)	202,250	5	150,485	5
Other current liabilities		265,079	7	7,414	0
Total current liabilities		1,202,211	33	757,832	23
Noncurrent liabilities					
Non-current contract liabilities	6(14)	82,509	2	37,148	1
Long-term borrowings	4,6(11)	1,186,264	32	1,118,955	34
Net deferred tax liabilities	4,6(20)	50,274	1	49,529	1
Lease liabilities - noncurrent	4,6(16)	2,420	0	5,439	0
Deposit received		180	0	730	0
Total non-current liabilities		1,321,647	35	1,211,801	36
Total liabilities		2,523,858	68	1,969,633	59
Equity attributable to the parent company	4,6(13)				
Capital					
Common stock		1,143,619	31	1,143,619	34
Capital reserve		178,307	5	178,300	5
Retained earnings					
Legal reserve		33,217	1	33,217	1
Special reserve		8,623	0	53,916	2
Undistributed earnings (Deficit to be offset)		(196,584)	(5)	(37,625)	(1)
Total retained earnings		(154,744)	(4)	49,508	2
Other equity					
Exchange Differences on Translation of Foreign Operations		(16,217)	(0)	(8,167)	(0)
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		(401)	(0)	(455)	(0)
Total of other equity		(16,618)	(0)	(8,622)	(0)
Total equity		1,150,564	32	1,362,805	41
Total liabilities and equity		$3,674,422	100	$3,332,438	100

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

English Translation of the parent company only Financial Statements originally issued in Chinese

Falcon Machine Tools Company Limited

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Content	Note	2025 Amount	2025 %	2024 Amount	2024 %
Operating revenues	4,6(14),7	$563,869	100	$836,244	100
Operating costs	6(5),6,(17),7	(489,486)	(87)	(623,427)	(75)
Gross profit		74,383	13	212,817	25
Unrealized gross (loss)		(81,942)	(15)	(69,588)	(8)
Realized gross profit		69,588	12	47,332	6
Net operating margin		62,029	10	190,561	23
Operating expenses	6(15),6(17)				
Sales and marketing expenses		(52,739)	(9)	(77,776)	(9)
General and administrative expenses		(59,516)	(11)	(74,193)	(9)
Research and development		(59,824)	(11)	(51,601)	(6)
Expected credit impairment losses		(5,538)	(1)	(528)	(0)
Subtotal		(177,617)	(32)	(204,098)	(24)
Operating (loss)		(115,588)	(22)	(13,537)	(1)
Non-operating income and expenses	6(18),7				
Interest income		2,409	0	4,843	1
Other income		22,624	4	13,541	2
Other gains and losses		(4,237)	(1)	11,189	1
Finance costs		(33,277)	(6)	(29,665)	(4)
Share of profit or loss of associates	4,6(7)	(80,097)	(14)	(30,990)	(4)
Subtotal		(92,578)	(17)	(31,082)	(4)
Net income (loss) before tax		(208,166)	(39)	(44,619)	(5)
Income tax expenses	4,6(20)	3,914	1	(11,013)	(1)
(Loss) Profit from continuing operations		(204,252)	(38)	(55,632)	(6)
Other comprehensive net income	6(19)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	6(12),6(19)	-	-	6,791	1
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		54	0	27	0
Share of other comprehensive income, accounted for using equity method	4,6(7),6(19)	-	-	(3,419)	(0)
Income tax related to items that will not be reclassified		-	-	32	0
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(9,914)	(2)	22,234	3
Income tax related to items that may be reclassified		1,864	(0)	(2,239)	(0)
Subtotal		(7,996)	(2)	23,426	4
Total comprehensive income		($212,248)	(40)	($32,206)	(2)
Earnings per share	4,6(21)				
Earnings per share-basic		($1.79)		($0.49)	
Earnings per share-diluted		($1.79)		($0.49)	

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

English Translation of the parent company only Financial Statements originally issued in Chinese
Falcon Machine Tools Company Limited
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Content	Common Stock	Capital surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Undistributed Earnings (Deficit to be offset)	Exchange Differences on Translation of Foreign Operations	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	
Balance as of January 1, 2024	$1,068,803	$178,260	$22,474	$53,916	$107,431	($28,162)	$2,937	$1,405,659
Appropriations of prior year's earnings 2023:								
Legal reserve	-	-	10,743	-	(10,743)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(10,688)	-	-	(10,688)
Stock dividends of ordinary share	74,816	-	-	-	(74,816)	-	-	-
Net loss in 2024	-	-	-	-	(55,632)	-	-	(55,632)
Other comprehensive income (loss) 2024	-	-	-	-	6,823	19,995	(3,392)	23,426
Total comprehensive income (loss)	-	-	-	-	(48,809)	19,995	(3,392)	(32,206)
Changes in ownership interests in subsidiaries	-	40	-	-	-	-	-	40
Balance as of December 31, 2024	$1,143,619	$178,300	$33,217	$53,916	($37,625)	($8,167)	($455)	$1,362,805
Balance as of January 1, 2025	$1,143,619	$178,300	$33,217	$53,916	($37,625)	($8,167)	($455)	$1,362,805
Appropriations of prior year's earnings 2024:								
Reversal of special reserve	-	-	-	(45,293)	45,293	-	-	-
Net loss in 2025	-	-	-	-	(204,252)	-	-	(204,252)
Other comprehensive income (loss) 2025	-	-	-	-	-	(8,050)	54	(7,996)
Total comprehensive income (loss)	-	-	-	-	(204,252)	(8,050)	54	(212,248)
Changes in ownership interests in subsidiaries	-	7	-	-	-	-	-	7
Balance as of December 31, 2025	$1,143,619	$178,307	$33,217	$8,623	($196,584)	($16,217)	($401)	$1,150,564

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

English Translation of the parent company only Financial Statements originally issued in Chinese
Falcon Machine Tools Company Limited
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Content	2025	2024
Cash flows from operating activities:		
Net (loss) income before tax	($208,166)	($44,619)
Adjustments to reconcile net income (loss) before tax to net cash provided by operating activities:		
Provided by (used in) operating activities:		
Depreciation	17,002	22,057
Amortization	1,967	1,942
Expected credit loss	5,538	528
Interest expenses	33,277	29,665
Interest income	(2,409)	(4,843)
Share of loss of associates accounted for using equity method	78,599	33,249
Loss (Gain) on disposal of property, plant and equipment	19	(10)
(Gain) on disposal of intangible assets	(404)	-
(Gain) on disposal of investments accounted for using the equity method	(546)	-
Impairment loss on non-financial assets	200	-
Loss on inventory valuation (gain from price recovery of inventory)	32,947	(26,102)
Unrealized loss from sales	13,853	19,997
Changes in operating assets and liabilities:		
Notes receivables	(172,201)	7,065
Notes receivables - related parties	-	272
Account receivables	14,420	4,413
Account receivables - related parties	(37,980)	973
Other receivables	(1,408)	4,207
Inventories	(424,688)	(714,891)
Prepayments	(5,157)	(13,375)
Other current assets	(5,735)	1,799
Assets recognised as incremental costs to obtain contract with customers	(19,354)	(11,578)
Contract liabilities - current	54,569	(9,706)
Notes payable	6,431	70
Notes payable - related parties	-	(20)
Account receivables	56,647	(64,354)
Account receivables - related parties	79,305	87,508
Other payable	(11,902)	(3,774)
Other current liabilities	257,665	141
Net defined benefit liabilities-non-curren	(42)	(169)
Cash generated from operations	(237,553)	(679,555)
Interest received	2,409	4,843
Income tax paid	(377)	(276)
Net cash (used in) operating activities	(235,521)	(674,988)

Content	2025	2024
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	(10)	-
Proceeds from disposal of financial assets measured at amortized cost	-	(168,010)
Principal repayment at maturity of financial assets measured at amortized cost	11,990	
Acquisition of investments accounted for under the equity method	-	(255,325)
Disposal of investments accounted for using the equity method	10,000	-
Acquisition of property, plant and equipment	(527)	(9,584)
Disposal and retirement of property, plant and equipment	-	10
Acquisition of intangible assets	-	(509)
Disposal of intangible assets	1,124	-
Acquisition of investment properties	(13,350)	(203,037)
Increase in other non-current assets	-	(39,537)
Decrease in other non-current assets	31,178	-
Dividend received (cash dividend of the year of investments accounted for using equity method)	10,962	5,418
Net cash provided by (used in) investment activities	51,367	(670,574)
Cash flows from financing activities:		
Increase in short-term loans	1,027,207	640,026
Decrease in short-term loans	(1,028,478)	(475,739)
Proceeds from long-term loans	245,704	742,685
Repayments of long-term loans	(126,630)	(80,030)
Repayments of lease liabilities	(7,259)	(8,206)
Increase in other non-current liabilities	(550)	550
Cash dividends	-	(10,688)
Interest paid	(32,506)	(32,484)
Net cash provided by financing activities	77,488	776,114
Net (decrease) in cash and cash equivalents	(106,666)	(569,448)
Cash and cash equivalents at beginning of period	183,984	753,432
Cash and cash equivalents at end of period	$77,318	$183,984

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

Attachment 5

FALCON MACHINE TOOLS CO., LTD.

2025 Loss Compensation Table

Unit: NT$

Item	Total
Beginning Undistributed Earnings	7,668,642
Add (Loss):	
Net Profit and Loss After Tax for the Current Year	(204,252,476)
Ending Balance for the Undistributed Earnings	(196,583,834)

Chairman: Lin, Tsung-Lin | General Manager: Tung, Shang-Yu | Accounting Supervisor: Chang, Shun-Fu

Attachment 6

FALCON MACHINE TOOLS CO., LTD.
Comparison Table Illustrating the Original and Amended Text of the "Articles of Incorporation"

Amended Text	Original Text	Explanation
Article 5: The registered total capital of the Company shall be two point five billion New Taiwan Dollars (NT$2,500,000,000), divided into two hundred and fifty million (250,000,000) shares, with a par value of ten New Taiwan Dollars (NT$10) per share. The Board of Directors authorizes the shares to be issued in installments. The shares may be issued in installments, and the Board of Directors is authorized to handle it in accordance with the Company Act and relevant laws and regulations. The total amount of shares in the preceding paragraph is NT$50 million reserved for the issuance of stock warrant certificates and subscription shares of special stock with stock warrants totaling 5 million shares.	Article 29: The registered total capital of the Company shall be two billion New Taiwan Dollars (NT$2,000,000,000), divided into two hundred million (200,000,000) shares, with a par value of ten New Taiwan Dollars (NT$10) per share. The Board of Directors authorizes the shares to be issued in installments. The shares may be issued in installments, and the Board of Directors is authorized to handle it in accordance with the Company Act and relevant laws and regulations. The total amount of shares in the preceding paragraph is NT$50 million reserved for the issuance of stock warrant certificates and subscription shares of special stock with stock warrants totaling 5 million shares.	Amended in response to actual operation needs.
Article 34: These Articles of Incorporation were resolved on March 6, 1978. The first amendment was on March 23, 1978. The second amendment was on June 25, 1979. The third amendment was on May 20, 1982. The fourth amendment was on October 20, 1982. The fifth amendment was on June 24, 1983. The sixth amendment was on August 10, 1984. The seventh amendment was on May 27, 1987. The eighth amendment was on November 5, 1988. The ninth amendment was on October 6, 1989. The tenth amendment was on June 1, 1991. The eleventh amendment was on July 9, 1991. The twelfth amendment was on April 23, 1992. The thirteenth amendment was on May 25, 1992. The fourteenth amendment was on February 22, 1993. The fifteenth amendment was on October 20, 1994 The sixteenth amendment was on November 7, 1994. The seventeenth amendment was on June 10, 1995. The eighteenth amendment was on May 30, 1996. The nineteenth amendment on March 4, 1997. The twentieth amendment was on May 31, 1997. The twenty-first amendment was on May 18, 1998. The twenty-second amendment was on May 19, 1999. The twenty-third amendment was on June 16, 2000. The twenty-fourth amendment was on May 31, 2001. The twenty-fifth amendment was on June 28, 2002. The twenty-sixth amendment was on June 25, 2004. The twenty-seventh amendment was on June 29, 2005. The twenty-eighth amendment was on June 23, 2006. The twenty-ninth amendment was on June 25, 2008. The thirtieth amendment was on June 19, 2009. The thirty-first amendment was on June 15, 2012. The thirty-second amendment was on June 18, 2014. The thirty-third amendment was on June 22, 2016. The thirty-fourth amendment was on June 23, 2020. The thirty-fifth amendment was on July 7, 2021. The thirty-sixth amendment was on June 21, 2023. The thirty-seventh amendment was on June 25, 2024. The thirty-eighth amendment was on June 25, 2025. The thirty-ninth amendment was on June 25, 2026.	Article 34: These Articles of Incorporation were resolved on March 6, 1978. The first amendment was on March 23, 1978. The second amendment was on June 25, 1979. The third amendment was on May 20, 1982. The fourth amendment was on October 20, 1982. The fifth amendment was on June 24, 1983. The sixth amendment was on August 10, 1984. The seventh amendment was on May 27, 1987. The eighth amendment was on November 5, 1988. The ninth amendment was on October 6, 1989. The tenth amendment was on June 1, 1991. The eleventh amendment was on July 9, 1991. The twelfth amendment was on April 23, 1992. The thirteenth amendment was on May 25, 1992. The fourteenth amendment was on February 22, 1993. The fifteenth amendment was on October 20, 1994 The sixteenth amendment was on November 7, 1994. The seventeenth amendment was on June 10, 1995. The eighteenth amendment was on May 30, 1996. The nineteenth amendment on March 4, 1997. The twentieth amendment was on May 31, 1997. The twenty-first amendment was on May 18, 1998. The twenty-second amendment was on May 19, 1999. The twenty-third amendment was on June 16, 2000. The twenty-fourth amendment was on May 31, 2001. The twenty-fifth amendment was on June 28, 2002. The twenty-sixth amendment was on June 25, 2004. The twenty-seventh amendment was on June 29, 2005. The twenty-eighth amendment was on June 23, 2006. The twenty-ninth amendment was on June 25, 2008. The thirtieth amendment was on June 19, 2009. The thirty-first amendment was on June 15, 2012. The thirty-second amendment was on June 18, 2014. The thirty-third amendment was on June 22, 2016. The thirty-fourth amendment was on June 23, 2020. The thirty-fifth amendment was on July 7, 2021. The thirty-sixth amendment was on June 21, 2023. The thirty-seventh amendment was on June 25, 2024. The thirty-eighth amendment was on June 25, 2025.	Addition of the number of revisions.

Attachments 8

FALCON MACHINE TOOLS CO., LTD.
Comparison Table Illustrating the Original and Amended Text of the "Procedures for the Acquisition or Disposal of Assets"

Amended Text	Original Text	Explanation
Article 31: Where the Company engages in acquisition or disposal of assets, when any of the following circumstances occurs with respect to a transaction, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: (Paragraphs 1 to 3 omitted) 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. (2) For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. (3) For a public company	Article 31: Where the Company engages in acquisition or disposal of assets, when any of the following circumstances occurs with respect to a transaction, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: (Paragraphs 1 to 3 omitted) 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. (2) For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.	Amended in compliance with amended and issued per 24 July 2025 Order No. Financial-Supervisory-Securities-Corporate-1140383333 of the Financial Supervisory Commission.

Amended Text	Original Text	Explanation
whose paid-in capital is NT$50 billion, the transaction amount reaches 5 percent or more of paid-in capital. 5. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million; among such cases, if the Company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more. 6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction	5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.	

Amended Text	Original Text	Explanation
and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. 7. In the case of a public company with paid-in capital reaching NT$50 billion or more, transactions in government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, which do not fall under any of the circumstances listed in the proviso of subparagraph 8, and where furthermore the transaction counterparty is not a related party, and the transaction amount reaches 5 percent or more of paid-in capital. 8. Where an asset transaction other than any of those referred to in the preceding seven subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital	6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: The following unaffected provisions are omitted	

Amended Text	Original Text	Explanation
or NT$300 million; provided, this shall not apply to the following circumstances: The following unaffected provisions are omitted		
Article 35: For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; <u>for the calculation of transaction amounts of 5 percent of paid-in capital under these Procedures, 2.5 percent of equity attributable to owners of the parent shall be substituted</u>; for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in	Article 35: For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; and for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.	Amended in compliance with amended and issued per 24 July 2025 Order No. Financial-Supervisory-Securities-Corporate-1140383333 of the Financial Supervisory Commission.

Amended Text	Original Text	Explanation
capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted; and for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT$50 billion, NT$100 billion of equity attributable to owners of the parent shall be substituted.		
Article 36: These Procedures were adopted on March 1, 1995. The first amendment on September 30, 1996. The second amendment on January 5, 1999. The third amendment on November 15, 1999. The fourth amendment on June 27, 2003. The fifth amendment on June 15, 2007. The sixth amendment on June 15, 2012. The seventh amendment on June 18, 2014. The eighth amendment on June 21, 2017. The ninth amendment on June 25, 2019. The tenth amendment on July 7. 2021. The eleventh amendment on June 22, 2022. The twelfth amendment on June 25, 2026.	Article 36: These Procedures were adopted on March 1, 1995. The first amendment on September 30, 1996. The second amendment on January 5, 1999. The third amendment on November 15, 1999. The fourth amendment on June 27, 2003. The fifth amendment on June 15, 2007. The sixth amendment on June 15, 2012. The seventh amendment on June 18, 2014. The eighth amendment on June 21, 2017. The ninth amendment on June 25, 2019. The tenth amendment on July 7. 2021. The eleventh amendment on June 22, 2022.	Added order and date of this amendment.

Attachments 8

FALCON MACHINE TOOLS CO., LTD.
Comparison Table Illustrating the Original and Amended Text of the "Procedures of the Shareholders' Meeting"

Amended Text	Original Text	**Explanation**
Article 3 (Paragraphs 1 to 3 omitted) The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, the election or dismissal of directors or supervisors, and shareholders' meeting agenda and supplemental meeting materials, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. By 15 days before the date of the shareholders' meeting, the Corporation shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby. (The following unaffected provisions are omitted)	Article 3 (Paragraphs 1 to 3 omitted) The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Corporation shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders meeting. If, however, the Corporation 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 PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Corporation shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them	Amended in accordance with 5 March 2026 Letter No. Taiwan-Securities-Governance-Zi-11500029701 of TWSEL

Amended Text	Original Text	**Explanation**
	available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby. (The following unaffected provisions are omitted)	
Article 13 (Paragraphs 1 to 6 omitted) 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 Corporation. If the shareholders' meeting includes an agenda item for the election of directors where the number of candidates exceeds the number of seats to be filled, an agenda item for the dismissal of directors, or agenda items as provided under Article 185 or Article 316 of the Company Act, Article 18, Article 27, Article 29, or Article 35 of the Business Mergers and Acquisitions Act, or Article 24, Paragraph 2, Subparagraph 1 and Article 26, Paragraph 2, Subparagraph 1 of the Financial Holding Company Act, it is advisable that the chairperson designate a lawyer, certified public accountant, or notary public to serve as a vote monitoring staff. A person designated by the chairperson as described in the preceding paragraph shall not be responsible for matters related to the voting procedures, nor may such person be a director, managerial officer, or employee of the Company or its affiliated enterprises. The vote monitoring staff shall supervise the voting and vote-	Article 13 (Paragraphs 1 to 6 omitted) 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 Corporation. (The following unaffected provisions are omitted)	Amended in accordance with 5 March 2026 Letter No. Taiwan-Securities-Governance-Zi-11500029701 of TWSEL

Amended Text	Original Text	**Explanation**
counting process and shall sign the vote tally sheet for the election results. If a vote monitoring staff is designated in accordance with Paragraph 8, the minutes of the shareholders' meeting shall record the name and title of the vote monitoring staff. (The following original paragraphs have been rearranged)		
Article 34: These Rules were established on June 21, 2023. The first amendment was made on June 25, 2026.	Article 34: These Rules were established on June 21, 2023.	Added order and date of this amendment.

Attachment 9

FALCON MACHINE TOOLS CO.,LTD.
List of Potential Subscribers for the 2026 Private Placement of Common Shares (including insiders or related parties)

Potential Subscribers	Relationship with the Company
Lin, Tsung-Li	Chairman of the Company; major shareholder holding 14.05%
Tung, Shang-Yu	Vice Chairman and General Manager of the Company
Linju Investment Co., Ltd	Corporate Director of the Company; major shareholder holding 8.01%
Lin, Yi-Zhen	Representative of the Corporate Director
Zhang, Yu-Xin	Representative of the Corporate Director
Guangshang Investment Co., Ltd.	Related party of the Company
Qingjingning Investment Co., Ltd.	Related party of the Company
Luqi Investment Co., Ltd	Related party of the Company

If the subscriber is a juristic person, provide the names of its top 10 shareholders, their shareholding ratios, and their relationship with the Company.

Potential Subscribers	Top 10 Shareholders	Shareholding%	Relationship with the Company
Linju Investment Co., Ltd	Lin, Tsung-Lin	0.01%	Chairman of the Company
	Guangshang Investment Co., Ltd.	31.25%	Related party of the Company
	Qingjingning Investment Co., Ltd.	37.49%	Related party of the Company
	Luqi Investment Co., Ltd	31.25%	Related party of the Company
Guangshang Investment Co., Ltd.	Tung, Shang-Yu	23%	Vice Chairman and General Manager of the Company
	Tung, Zhao-Ling	22%	None
	Tung, Zhao-Ying	28%	None
	Tung, Lin Mei-Gui	27%	None
Qingjingning Investment Co., Ltd.	Lin, Tsung-Lin	99.84%	Chairman of the Company
	Wu He-Bei	0.16%	None
Luqi Investment Co., Ltd	Hua Qi-Xiang	100%	Spouse of the representative of the Company's corporate director
Shangwei Investment Co., Ltd.	Lin, Tsung-Lin	99%	Chairman of the Company
	Ou, Shu-Ling	1%	None

Appendix 1

FALCON MACHINE TOOLS CO., LTD.
Articles of Incorporation (Before Amendment)

Chapter 1 General Provisions

Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be Falcon Machine Tools Co., Ltd.

Article 2 The Company's businesses are as follows:

(1) CB01010 Mechanical Equipment Manufacturing
(2) CB01990 Other Machinery Manufacturing
(3) CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
(4) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
(5) CC01110 Computer and Peripheral Equipment Manufacturing
(6) CD01060 Aircraft and Parts Manufacturing
(7) CE01010 General Instrument Manufacturing
(8) CE01990 Other Optics and Precision Instrument Manufacturing
(9) CP01010 Hand Tools Manufacturing
(10) E604010 Machinery Installation
(11) I501010 Product Designing
(12) F113010 Wholesale of Machinery
(13) F113020 Wholesale of Electrical Appliances
(14) F113030 Wholesale of Precision Instruments
(15) F113050 Wholesale of Computers and Clerical Machinery Equipment
(16) F113990 Wholesale of Other Machinery and Tools
(17) F114070 Wholesale of Aircraft and Component Parts Thereof
(18) F213010 Retail Sale of Electrical Appliances
(19) F213030 Retail Sale of Computers and Clerical Machinery Equipment
(20) F213040 Retail Sale of Precision Instruments
(21) F213080 Retail Sale of Machinery and Tools
(22) F213990 Retail Sale of Other Machinery and Tools
(23) F214070 Retail Sale of Aircraft and Component Parts Thereof
(24) F401010 International Trade
(25) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval is not allowed.
(26) E801010 Indoor Decoration
(27) H701010 Housing and Building Development and Rental
(28) H703090 Real Estate Business
(29) H703100 Real Estate Leasing
(30) H704041 Real Estate Consignment Brokerage
(31) I401010 General Advertisement Service
(32) I503010 Landscape and Interior Designing

Article 3 The Company shall have its head office in Changhua County, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 4 Public announcements of the Company shall be made according to Article 28 of the Company Act.

Chapter 2 Capital Stock

Article 5 The registered total capital of the Company shall be two billion New Taiwan Dollars (NT$2,000,000,000), divided into two hundred million (200,000,000) shares, with a par value of ten New Taiwan Dollars (NT$10) per share. The Board of Directors authorizes the shares to be issued in installments. The shares may be issued in installments, and the Board of Directors is authorized to handle it in accordance with the Company Act and relevant laws and regulations.

The total amount of shares in the preceding paragraph is NT$50 million reserved for the issuance of stock warrant certificates and subscription shares of special stock with stock warrants totaling 5 million shares.

Article 5-1 The company may transfer to employees at a price lower than the average price of the actually repurchased shares, or issue stock warrants to employees at a price lower than the closing price on the issue date, upon the approval of a shareholders' meeting attended by shareholders representing more than half of the total number of issued shares, and with the consent of more than two-thirds of the voting rights of the attending shareholders.

Article 6 The Company's shares shall bear the signatures or personal seals of directors who represent the Company, and be issued upon approvals from relevant competent authorities in accordance with the law. The shares can also be issued without printing a consolidated share certificate, but shall be registered and numbered by centralized securities depository enterprises.

Article 7 Deleted.

Article 8 Deleted.

Article 9 Shareholders handle stock transfers, set rights pledge, report loss, succession, gift, report of loss of seal, change or address change, etc., unless otherwise provided by laws and securities regulations, in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies.”

Article 10 Deleted.

Article 11 Registration for transfer of shares shall be suspended 60 days immediately before the date of annual general shareholders’ meeting, and 30 days immediately before the date of any special shareholders’ meeting, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Chapter 3 Shareholders’ Meeting

Article 12 Shareholders’ meetings of the Company are of two types: (1) Annual General Shareholders’ Meetings – which shall be convened by the Board of Directors within 6 months after the end of each fiscal year, and the Board of Directors shall notify all shareholders 30 days before the meeting; (2) Special Shareholders’ Meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

The company’s shareholders’ meeting can be held in the form of virtual conference or other methods announced by the central competent authority. The adoption of virtual conferencing shall comply with relevant regulations such as the conditions, operating procedures, unless otherwise provided by the competent securities authority.

Article 13 If a shareholder is unable to attend the shareholders’ meeting for any reason, he or she may, in accordance with Article 177 of the Company Act, issue a power of attorney and appoint a proxy to attend the meeting.

Article 14 The shareholders’ meeting shall be presided by the Chairman of the Board of Directors of the Company, unless otherwise provided by the Company Act. In case the Chairman is on leave or otherwise cannot exercise his duty and authority for any reason, the Chairman shall appoint a director to act as his deputy; otherwise, the directors shall elect from among themselves a chairman to preside over the shareholders’ meeting. If a shareholders’ meeting is convened by a person other than the Board of Directors, the shareholders’ meeting shall be chaired by that convener. If there are two or more conveners for a shareholders’ meeting, one of them shall be elected to chair the meeting.

Article 15 Except as otherwise provided by other laws or regulations, each share is entitled to one voting right.

Article 16 Except as otherwise provided by the laws and regulations, the resolutions of shareholders’ meetings shall be adopted at the meeting with the consent of more than half of the voting rights of the present shareholders, when the meeting is attended by shareholders in person or by proxy representing more than half of the total issued and outstanding capital stock of the Company.

Article 17 The resolutions of the shareholders’ meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Shareholders shall be notified of the minutes within 20 days after the meeting. The minutes specified above shall be distributed in the form of an announcement. The minutes shall record the essentials of the proceedings and their results, and be kept in the company together with the signature book of the attending shareholders and the power of attorney for attendance in accordance with Article 183 of the Company Act.

Chapter 4 Directors

Article 18 The Company shall have seven to nine Directors, who shall be elected by the system for nominating candidates. The number of directors is authorized and resolved by the Board of Directors. The directors are selected by at the shareholders’ meeting from the list of director candidates, and the term of office is three years; re-elected Directors may serve consecutive terms. During the term of office of a director, the company may purchase liability insurance for him/her in respect of the compensation liability that he/she should bear in accordance with the law in the scope of his business. There shall be at least three independent Directors among the number of Directors to be elected referred to in the preceding paragraph, and the independent Directors shall represent at least one-fifth of the Board. The independent Directors shall be elected at the shareholders’ meeting using the candidate nomination system and from among a list of candidates. The restrictions on professional qualifications, share ownership, concurrent positions held, recognition of independence, the manner of nomination and method of election, attendance by proxy, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

The total holding ratio of all directors shall be handled in accordance with the regulations of the securities competent authority.

Article 19 When the vacancy of directors reaches one-third, the board of directors shall convene a shareholder meeting for by-election according to law, and the term of office shall be limited to the term of the replacement.

Article 20 When a director’s term of office expires and it is too late to be re-elected, his/her duties shall be extended until the re-elected director takes office.

Article 21 The board of directors are organized directors. With the attendance of more than two-thirds of the directors and the consent of more than half of the directors present, a chairman is elected among the directors by each other, and a vice-chairman is elected in the same manner. The company's affairs are carried out in accordance with the laws, articles of corporation, resolutions of the shareholders' meeting and the board meetings.

Article 22 The company's business policy and other important matters shall be resolved by the Board of Directors. Except for the first meeting of every term of the board of directors in accordance with Article 203 of the Company Act, the board meeting shall be convened and chaired by the chairman. When the chairman is for any reason unable to exercise the powers of the chairperson, he/she shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. Directors shall attend the board meeting in person. If a director cannot attend in person, he/she may entrust other directors to attend the meeting on behalf of him/her in accordance with Article 205 of the Company Act. When the meeting of the board of directors is held, if it is a virtual conference, the directors who participate in the meeting through video conference are deemed to be present in person.

Article 22-1 A written notice of the reasons for a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be affected by means of wring or electronic transmission (e-mail or fax) with the prior consent of the recipients.

Article 23 The discussion of the board meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Directors shall be notified of the minutes within 20 days after the meeting. The minutes shall record the essentials of the proceedings and their results, and be kept in the company together with the signature book of the attending directors and the power of attorney for attendance in accordance with Article 183 of the Company Act.

Article 24 The Company shall form an Audit Committee, which is composed of all Independent Directors. Details including number of members, terms, responsibilities, and rule of meeting shall be stipulated separately in the Organization Rules of Audit Committee in accordance with the rules in the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies".

Article 24-1 The remuneration of Chairman, Vice Chairman, and Directors of the Company is authorized to be determined by the Board of Directors according to the degree of participation in the company's operations and the value of their contributions, and may be paid at such level as generally adopted by the enterprises of the same industry.

Chapter 5 Managerial Officials and Staff

Article 25 The company shall have one general manager and several managers, whose appointment and dismissal shall be made by the Board of Directors with the consent of more than half of all directors. However, the appointment and dismissal of managers shall be nominated by the general manager first.

Article 26 The company may employ consultants and important staff upon resolution of the Board of Directors.

Article 27 Deleted.

Chapter 6 Accounting

Article 28 After the end of each fiscal year, the following reports shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

1. Business Report. 2. Financial Statements. 3. Proposal Concerning Appropriation of Profits or Covering of Losses.

Article 29 If the company makes a profit in the year, no less than 2% should be appropriated as employee remuneration, and the Board of Directors will resolve to distribute it in the form of shares or in cash; no more than 5% should be appropriated as director remuneration by resolution of the Board of Directors. Proposals on the distribution of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

Among the employee remuneration in the preceding paragraph, no lower than 10% of such remuneration shall be set aside for allocation to non-executive employees.

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, the accumulated losses should be made up first, and then 10% of the balance should be withdrawn as the statutory surplus reserve (but not limited when the statutory surplus reserve has reached the paid-in capital of the company). The rest will be appropriated or reversed in accordance with laws and regulations. If there is still a balance, with accumulated undistributed surplus, the company may, if necessary, retain the distributable surplus without distributing it. A distribution proposal shall be submitted to the shareholders' meeting for resolution.

The company's corporate life cycle is in the "growth period." Based on capital expenditures, business expansion needs, and complete financial planning for sustainable development, the company's dividend policy will distribute stock dividends and cash dividends to shareholders in accordance with the company's future capital expenditure budget and capital needs. Among them, the cash dividend ratio shall not be lower than 10% of the total shareholder dividends.

Chapter 7 Supplementary Provisions

Article 30 The company may act as a guarantor for related peers in the same industry.

Article 31 Pursuant to Article 13 of the Company Act, the amount of the company's reinvestment may exceed 40% of the paid-in capital, and the Board of Directors shall be authorized to implement it.

Article 32 The organizational charter and by-laws of the Company shall be separately adopted by the Board of Directors.

Article 33 For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act or other relevant laws and regulations of the Republic of China.

Article 34 These Articles of Incorporation were resolved on March 6, 1978.
The first amendment was on March 23, 1978.
The second amendment was on June 25, 1979.
The third amendment was on May 20, 1982.
The fourth amendment was on October 20, 1982.
The fifth amendment was on June 24, 1983.
The sixth amendment was on August 10, 1984.
The seventh amendment was on May 27, 1987.
The eighth amendment was on November 5, 1988.
The ninth amendment was on October 6, 1989.
The tenth amendment was on June 1, 1991.
The eleventh amendment was on July 9, 1991.
The twelfth amendment was on April 23, 1992.
The thirteenth amendment was on May 25, 1992.
The fourteenth amendment was on February 22, 1993.
The fifteenth amendment was on October 20, 1994
The sixteenth amendment was on November 7, 1994.
The seventeenth amendment was on June 10, 1995.
The eighteenth amendment was on May 30, 1996.
The nineteenth amendment on March 4, 1997.
The twentieth amendment was on May 31, 1997.
The twenty-first amendment was on May 18, 1998.
The twenty-second amendment was on May 19, 1999.
The twenty-third amendment was on June 16, 2000.
The twenty-fourth amendment was on May 31, 2001.
The twenty-fifth amendment was on June 28, 2002.
The twenty-sixth amendment was on June 25, 2004.
The twenty-seventh amendment was on June 29, 2005.
The twenty-eighth amendment was on June 23, 2006.
The twenty-ninth amendment was on June 25, 2008.
The thirtieth amendment was on June 19, 2009.
The thirty-first amendment was on June 15, 2012.
The thirty-second amendment was on June 18, 2014.
The thirty-third amendment was on June 22, 2016.
The thirty-fourth amendment was on June 23, 2020.
The thirty-fifth amendment was on July 7, 2021.
The thirty-sixth amendment was on June 21, 2023.
The thirty-seventh amendment was on June 25, 2024.
The thirty-eighth amendment was on June 25, 2025.

Appendix 2

FALCON MACHINE TOOLS CO., LTD.
Rules and Procedures of Shareholders' Meeting (Before Amendment)

Article 1:
To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
Article 2:
The rules of procedure for the Corporation's shareholders' meeting shall be in accordance with the provisions of these Rules, unless otherwise stipulated by laws or the Articles of Incorporation.
Article 3:
Unless otherwise provided by laws or regulations, the Corporation's shareholders' meetings shall be convened by the Board of Directors.
The Corporation shall hold a virtual shareholders' meeting, unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, which shall be specified in the articles of corporation and shall be resolved by the board of directors. The virtual shareholders' meeting shall be conducted by the resolution of the board of directors with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present.
Changes to how the Corporation convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Corporation shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders meeting. If, however, the Corporation 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 PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Corporation shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby.
The Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:
1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. 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. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of 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 corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
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 said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation 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. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
Prior to the book closure date before a regular shareholders meeting is held, the Corporation 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 be present 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 Corporation 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 Corporation 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 Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declar ation is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Corporation, 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 this Corporation before 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 Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation 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: (Principles determining the time and place of a shareholders' meeting)

The venue for a shareholders' meeting shall be the premises of the Corporation, 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 Corporation convenes a virtual-only shareholders' meeting.

Article 6: (Preparation of documents such as the attendance book)

The Corporation shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completi ng 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. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Corporation 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 Corporation shall furnish attending shareholders with the meeting agenda book, 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 th e meeting.

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

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, 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: (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, the Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. 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, at least covering the following particulars:
   A. 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.
   B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
   C. 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 shareholder 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 shareho lders 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.
   D. Actions to be taken if the outcome of all proposals has been announced and extraordinary motion has not been carried out.
3. 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: (The chair and non-voting participants of a shareholders' meeting)

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

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

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

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

Article 8: (Documentation of a shareholders meeting by audio or video)

The Corporation, 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 of 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 Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Corporation 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 appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of 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 Corporation 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 to the Corporation 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:

Before speaking, 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. 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.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the 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 open 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: (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based 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 prejudice the interests of the Corporation, 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 under 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 shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by 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 to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Corporation avoid the submission of extraordinary motions and amendments to original proposals.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, two business days before the date of the shareholders meeting. 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 both 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 Corporation'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 Corporation.
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 Corporation convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or 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 ends, and results of votes and elections shall be announced immediately.
When the Corporation 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 Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.
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 ballots 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 may be produced and distributed in electronic form.
The Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Corporation.
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 shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.

Article 16: (Public disclosure)

On the day of a shareholders' meeting, the Corporation 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 a virtual shareholders' meeting, the Corporation shall upload the above 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 this Corporation's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.
If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: (Maintaining order at the meeting place)

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

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

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another ven ue.
A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19: (Disclosure of information at virtual meetings)

In the event of a virtual shareholders' meeting, the Corporation 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: (Location of the chair and secretary of virtual-only shareholders' meeting)

When the Corporation 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: (Handling of disconnection)

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 r egistered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.
For a meeting to be postponed or resumed under the first 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 postp oned or resumed session.
During a postponed or resumed session of a shareholders' meeting held under the first 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.
When the Corporation convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders atte nding the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.
Under the circumstances where a meeting should continue as 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 first paragraph, the Corporation shall handle the preparatory work based on the date of the original shareholders meeting 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 Regulations Governing the Use of Proxies for Attendance at Shareholder Mee tings 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 Corporations shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the first paragraph.

Article 22: (Handling of digital divide)

When convening a virtual-only shareholders meeting, the Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online. Except for the circumstances stipulated in Item 6, Article 44-9, of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least shareholders shall be provided with connection equipment and necessary assistance, and the period during which shareholders may apply to the Corporation and other relevant notices shall be specified.

Article 23:

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

Article 24:

These Rules were established on June 21, 2023.

Appendix 3

FALCON MACHINE TOOLS CO., LTD.
Procedures for the Acquisition or Disposal of Assets

Chapter 1 General Provisions

Article 1:	Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") as well as other laws and regulations and interpretations.
Article 2:	Public companies shall handle the acquisition or disposal of assets in compliance with these Procedures; provided, where financial laws or regulations provide otherwise, such provisions shall govern. When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter 2, Section 4 herein.
Article 2-1:	In addition to acquiring assets for operational use, the Company and its subsidiaries may also invest in and purchase real estate and marketable securities not for operational use. The limits on such amounts are as follows: 1. The total amount of real property not for business use purchased individually by the Company and each subsidiary shall not exceed 100 percent of the paid-in capital of the Company and each respective subsidiary. 2. Except for investments individually approved by the shareholders' meeting of the Company and each subsidiary, the total amount of long-term and short-term marketable securities invested individually by the Company and each subsidiary shall not exceed 100 percent of the paid-in capital of the Company and each respective subsidiary. 3. The amount invested in any single marketable security shall not exceed 50 percent of the paid-in capital of the Company and each respective subsidiary. 4. The Company's total amount of short-term investments (excluding valuation allowances for losses) shall not exceed 20 percent of the net worth shown in the most recent financial statements, and the total amount of short-term investment in any single marketable security (excluding valuation allowances for losses) shall not exceed 10 percent of the net worth shown in the most recent financial statements.
Article 2-2:	The procedures for the evaluation, determination of transaction terms, and pricing for the acquisition or disposal of assets by the Company shall be handled in accordance with the following provisions: 1. When the Company acquires or disposes of assets as defined in Article 3, if such assets involve short-term securities investments or derivatives, the Finance Department shall conduct the evaluation and handling, and the transaction may only be carried out after approval in accordance with the "Authorization Levels" regulations. 2. When the Company acquires or disposes of assets as defined in Article 3, if such assets involve long-term securities investments, real estate, or other fixed assets, the responsible unit shall consider the Company's operational policies and financial status, collect relevant information, conduct evaluation and handling, and the transaction may only be carried out after approval in accordance with the "Authorization Levels" regulations. 3. Except for transactions conducted in centralized trading markets or at securities firms' places of business, the transactions referred to in the preceding two items shall

	determine prices by reference to market conditions, adopting methods such as tendering, price comparison, or negotiation.
Article 3:	The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets.
Article 4:	Terms used in these Procedures are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. 7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating

	proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located. 8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located. 9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
Article 5:	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions: 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.
Chapter 2 Procedures	
Section 1 Adoption of Handling Procedures and Amendments Thereto	
Article 6:	The Company's "Procedures for the Acquisition or Disposal of Assets" shall be approved by the Audit Committee before submitted to the Board of Directors for

	resolution and shareholders' meeting for approval; the same applies when these Procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each Audit Committee member. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an Audit Committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of one-half or more of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.
Article 7:	Deleted.
Article 8:	Where the Company has submitted the matters relating to its acquisition or disposal of assets in accordance with its handling procedures or other applicable laws, If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an Audit Committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the Board of Directors for a resolution. Provisions under Article 6, Paragraphs 4 and 5 shall apply mutatis mutandis.

Section 2 Acquisition or Disposal of Assets

Article 9:	In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction

	shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant (hereinafter “CPA”) shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
Article 10:	In the event of acquiring or disposing securities, the Company, upon the occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company’s paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter “FSC”).
Article 11:	Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
Article 12:	The calculation of the transaction amounts referred to in the preceding three articles (Articles 9 to 11) shall be done in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
Article 13:	Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
Section 3 Related Party Transactions	
Article 14:	When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets in accordance with the preceding and

	the current sections, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding provisions. The calculation for the amount of transaction in the preceding paragraph shall be conducted in accordance with Article 12 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
Article 15:	When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been reviewed by the Audit Committee and adopted by the Board of Directors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 15 and 16 herein. 4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and appraisal of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article (Article 14). 7. Restrictive covenants and other important stipulations associated with the transaction. If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company’s total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries. The calculation of the transaction amounts as provided for under the preceding paragraph shall be done in accordance with Article 31, Paragraph 2 herein. “Within the preceding year” refers to the year preceding the date of occurrence of the current transaction. Items duly submitted to the Board of Directors for adoption and to the Audit Committee for ratification in accordance with these Procedures need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3

	delegate the Board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real property right-of-use assets held for business use. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the Audit Committee shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.
Article 16:	Where the Company acquires real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Paragraphs 1 and 2 shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply: 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with

	the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
Article 17:	When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices. 2. Where the Company acquires real property, or obtains real property right-of-use assets through leasing, from a related party, when it provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
Article 18:	In the acquisition of real property or right-of-use assets thereof from a related party, when the results of the Company's appraisal conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the matters listed below shall be handled: 1. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

	2. The Audit Committee shall comply with Article 218 of the Company Act. 3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. Where the Company has set aside a special reserve under the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. Where the Company acquires real property or right-of-use assets thereof from a related party, the acquisition shall be conducted in accordance with the preceding two paragraphs concerning appraising reasonableness of transaction costs do not apply.
Section 4 Engaging in Derivatives Trading	
Article 19:	When engaging in derivatives trading, the Company shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures: 1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that my be traded, and the maximum loss limit on total trading and for individual contracts. 2. Risk management measures. 3. Internal audit system. 4. Regular evaluation methods and the handling of irregular circumstances.
Article 20:	When engaging in derivatives trading, the Company shall adopt the following risk management measures: 1. Scope of Risk Management shall include credit, market price, liquidity, cash flow, operational, and legal risks. 2. The derivate traders, trade confirmation staff and settlement staff shall not share each other’s work. 3. The risk assessment, supervision and control staff shall belong to different departments from the staff in the preceding subparagraph and shall report to the Board of Directors or to the senior executives who are not responsible for the transactions or do not have the decision-making responsibility. 4. The position of derivatives shall be assessed at least once a week, and hedging transactions for business needs shall be assessed at least twice a month. The assessment report shall be presented to the senior managers authorized by the Board of Directors. 5. Other Important Risk Management Measures.
Article 21:	When engaging in derivatives trading, the Board of Directors shall perform proper supervision and management in accordance with the following principles: 1. Senior management personnel designated by the Board of Directors shall at all times pay attention to the supervision and control of risks associated with derivatives trading. 2. Periodically evaluate whether the performance of derivatives trading is consistent with the Company’s established business strategies and whether the risks undertaken are within the Company’s acceptable tolerance. Senior management personnel authorized by the Board of Directors shall manage

	derivative transaction in accordance with the following principles: 1. Periodically assess whether the current risk management measures are appropriate and whether they are being implemented in accordance with the relevant provisions of these Procedures and the Company's Procedures for Derivatives Trading. 2. Monitor transactions and profit and loss conditions. In the event of any abnormalities, necessary responsive measures shall be taken and reported immediately to the Board of Directors. Where independent directors have been appointed, they shall attend the Board meeting and express their opinions. Where the Company engages in derivatives trading and authorizes relevant personnel to handle such matters in accordance with the Procedures for derivatives trading, such matters shall subsequently be submitted to the most recent Board meeting for reporting.
Article 22:	Where the Company engages in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Article 20, Subparagraph 4 and Paragraph 1, Subparagraph 2 and Paragraph 2, Subparagraph 1 of the preceding article herein shall be recorded in detail in the log book. Internal auditors shall periodically make a determination of the adequacy of internal controls on derivatives and conduct a monthly audit the compliance of the trading department with respect to derivative transaction processing procedures, analyze the transaction cycle on a monthly basis and make an audit report accordingly. If any material violation is discovered, the Audit Committee shall be notified in writing. If an independent director has been appointed in accordance with the Act, the independent director shall also be notified in writing when notifying the members of the Audit Committee pursuant to the preceding paragraph.

Section 5 Enterprise Merger, Demerger, Acquisition, or Transfer of Shares

Article 23:	In the event the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries issued shares or authorized capital.
Article 24:	The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Paragraph 1 of the preceding article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Furthermore, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution

	due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
Article 25:	In the event the Company engages in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company shall prepare a full written record of the following information and retain it for 5 years for reference: 1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting. 3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings. The Company shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.
Article 26:	Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
Article 27:	Where the Company participates in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities; 2. An action, such as a disposal of major assets, that affects the Company's financial operations;

	3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price; 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock; 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares; and 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The Company's contract relating to merger, demerger, acquisition, or transfer of shares shall specify relevant matters in accordance with applicable provisions to protect the rights of the participating companies.
Article 28:	The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution, and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
Article 29:	After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
Article 30:	Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by Articles 25 and 26 and the preceding article of these Procedures.

Chapter 3 Disclosure of Information

Article 31:	Where the Company engages in acquisition or disposal of assets, when any of the following circumstances occurs with respect to a transaction, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets,

or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
(1) For a public company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more.
(2) For a public company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:
(1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
(2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt, or subscription) or redemption of securities investment trust funds or futures trust funds that are offered and issued in the primary market, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
The methods for calculating the amount of transactions in the preceding paragraph are as follows:
1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
“Within the preceding year” in the preceding paragraph refers to the year preceding

	the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. Where the Company acquires or disposes of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
Article 32:	Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event: 1. Change, termination, or rescission of a contract signed in regard to the original transaction. 2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information.

Chapter 4 Supplementary Provisions

Article 33:	Deleted.
Article 34:	Where a subsidiary of the Company is not a domestic public company, and its acquisition or disposal of assets reaches the threshold requiring public announcement and regulatory reporting as prescribed in the preceding chapter, the Company shall make such announcement and filing on behalf of the subsidiary. Where a subsidiary as prescribed in the preceding paragraph, when the paid-in capital or total assets under the threshold requiring public announcement and regulatory filing for subsidiaries under Article 31, Paragraph 1 herein applies, those of the Company shall prevail.
Article 35:	For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10 for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted; and for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted.
Article 36:	These Procedures were adopted on March 1, 1995. The first amendment on September 30, 1996. The second amendment on January 5, 1999. The third amendment on November 15, 1999.

The fourth amendment on June 27, 2003.
The fifth amendment on June 15, 2007.
The sixth amendment on June 15, 2012.
The seventh amendment on June 18, 2014.
The eighth amendment on June 21, 2017.
The ninth amendment on June 25, 2019.
The tenth amendment on July 7. 2021.
The eleventh amendment on June 22, 2022.