

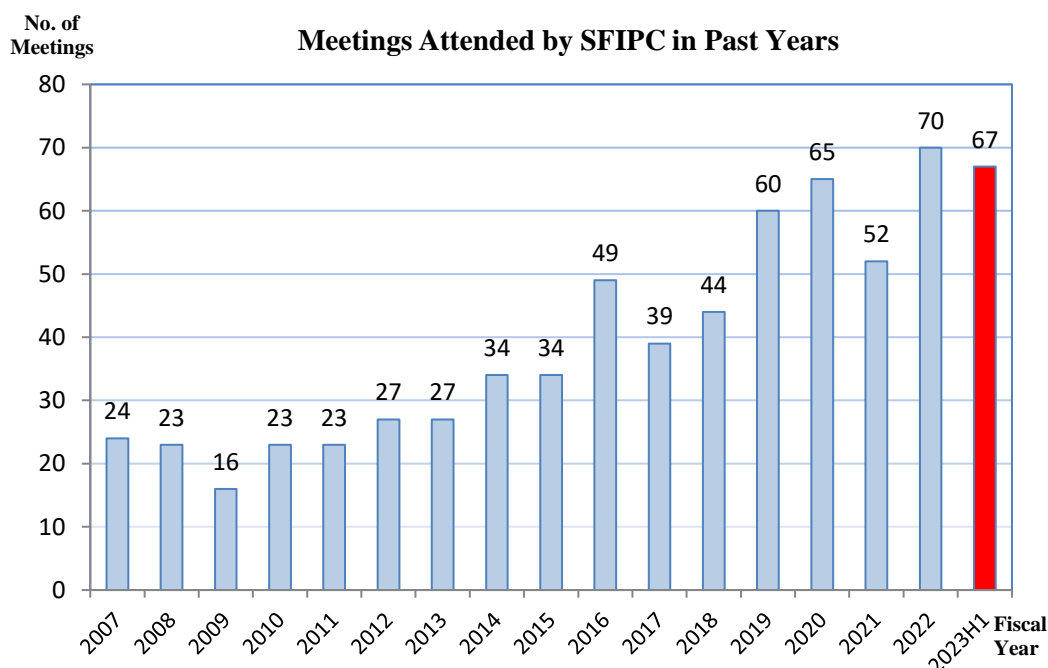
SFIPC Attendance at Shareholders' Meetings in 2023: Summary Report

I. Foreword

The Securities and Futures Investors Protection Center (SFIPC) is a shareholder of all Taiwan Stock Exchange (TWSE) listed, Taipei Exchange (TPEX) listed, and Emerging Stock companies in accordance with Article 19 of the Securities Investor and Futures Trader Protection Act. Based on its right as a shareholder to attend shareholders' meetings, the SFIPC each year examines issues of concern for companies and shareholders and assigns personnel to attend the shareholders' meetings of a selection of companies facing such issues, to fulfill the SFIPC's mission of shareholder activism and to safeguard the rights and interests of shareholders at large. TWSE listed, TPEX listed, and Emerging Stock companies are required, under Article 170 of the Company Act, to convene their regular meeting of shareholders within 6 months after the close of each fiscal year. The SFIPC's attendances at shareholders' meetings each year are therefore concentrated mainly during that period. After TWSE listed, TPEX listed, and Emerging Stock companies have held their annual general shareholders' meetings each year, the SFIPC compiles this report to summarize and describe its attendance at and participation in shareholders' meetings during the year.

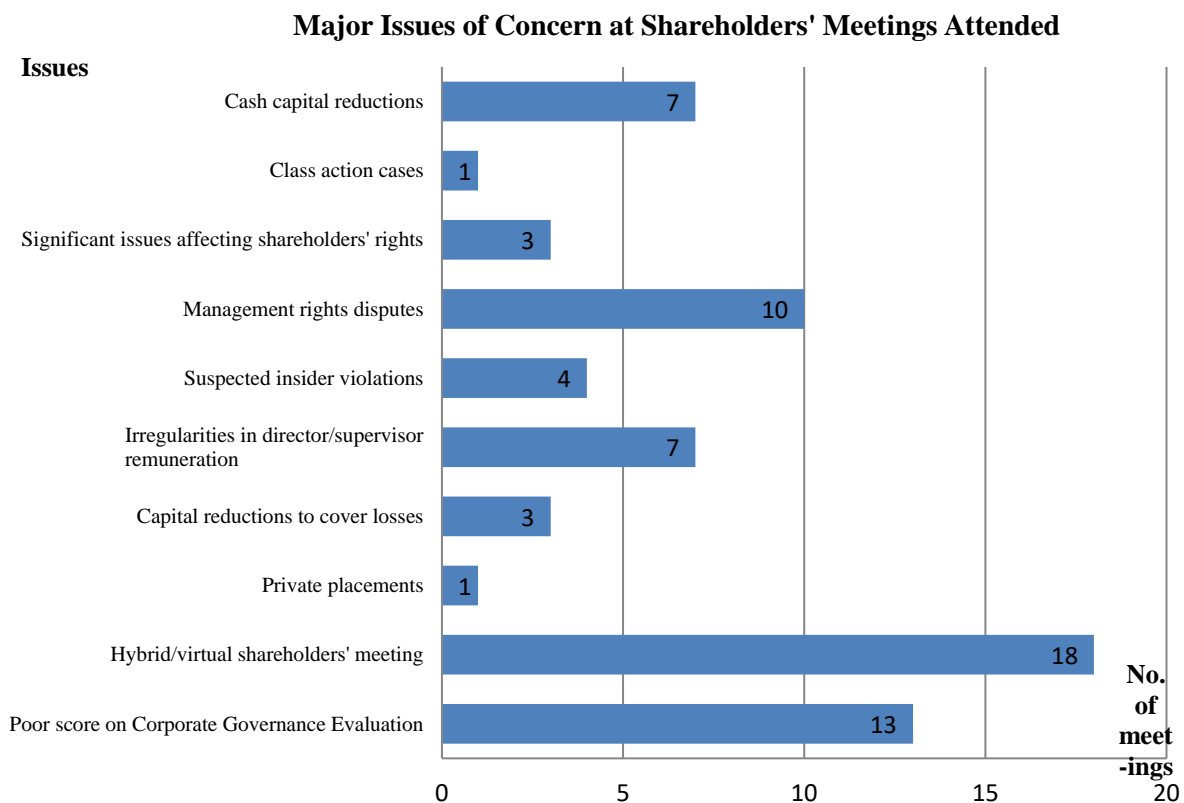
II. SFIPC Attendance at Shareholders' Meetings

A. Numbers of Shareholders' Meetings Attended



Over the years, the SFIPC's rate of attendance at shareholders' meetings has trended upward from year to year. The SFIPC recorded its highest number of shareholders' meetings attended in 2022, in which it attended 70 meetings. In the first half of 2023, the SFIPC attended 67 meetings, setting its new record for attendance in any first half-year to date.

B. Major Issues of Concern at Shareholders' Meetings Attended by the SFIPC in 2023 H1 and Related Measures Taken



1. Capital reductions:

- (1) Questions raised or focal issues: The SFIPC asked the companies to report at their shareholders' meeting and explain matters such as the reasons for their proposed capital reduction, the original source of the capital slated for reduction, the impact of the capital reduction on the normal operation of the company's finances and business and on the soundness of the company's capital structure, whether the company has any further plans to raise capital or plans for distribution of new stock dividends in the current or coming fiscal year, and the necessity and reasonableness

of any such plans.

- (2) No. of meetings attended: 7 meetings, i.e., X-Legend (4994), Headway (1776), Fitipower (4961), Ruentex (9945), Hunya (1236), Reward (1423), Da-Cin (2535).

2. Large capital reductions to cover losses:

- (1) Questions raised or focal issues: The SFIPC asked the companies to report at their shareholders' meeting on the reasons for the capital reduction, their plans to improve their operations, and the control measures for ensuring achievement of the improvements. It further asked the companies to prepare reports for presentation at next year's annual shareholders' meeting on the status and effectiveness of their implementation of the improvement plans.
- (2) No. of meetings attended: 3 meetings, i.e., SynCore (4192), Lead Data (2443), Nan Tsan (4712).

3. Shareholders' meetings with video conferencing:

- (1) Questions raised or focal issues: In 2022, Taiwan permitted TWSE and TPEX listed companies meeting certain conditions to opt to hold virtual-only shareholders' meetings (by video conferencing with no physical meeting venue) or hybrid shareholders' meetings (with a physical meeting venue plus video conferencing). In 2023, 91 TWSE listed and TPEX listed companies held virtual-only or hybrid shareholders' meeting. The SFIPC selectively attended a number of these meetings via video conferencing and monitored the implementation of significant aspects of the meetings, such as registration, sign-in, live viewing, raising of questions, voting, counting of votes, raising of extraordinary motions, or amendments to original proposals.
- (2) No. of meetings attended: 18 meetings, i.e., China Motor (2204), Grand Fortune Securities (6026), Oneness Biotech (4743), Walsin Lihwa (1605), Gloria Material (5009), Acter (5536), AIDC (2634), Global Lighting (4935), FDC(2748), Horizon Securities (6015), BenQ Materials (8215), EirGenix (6589), Cathay Financial

Holding (2882), Yuanta Financial Holding (2885), Advanced Lithium Electrochemistry (5227), CTBC Holding (2891), Far Eastern International Bank (2845), LuxNet (4979).

4. Companies that scored poorly within their sectors on the annual Corporate

Governance Evaluations:

- (1) Questions raised or focal issues: The SFIPC asked the companies to place greater importance on corporate governance. It urged the companies to designate personnel to promote corporate governance, draw up plans to improve and enhance governance, and submit relevant reports to their board of directors on a regular basis, to build sound corporate governance systems.
- (2) No. of meetings attended: 13 meetings, i.e., Chip Hope (8084), Shihlin Paper (1903), Huang Hsiang Construction (2545), Genius Electronic Optical (3406), QVE (4438), Yung Chi (1726), Depo Auto (6605), Adimmune (4142), North-Star (8927), Chong Hong (5534), King's Town Construction (2524), SunMax Biotech (4728), JSL Construction (2540).

5. Disputes over management rights:

- (1) Questions raised or focal issues: When attending shareholders' meetings involving such disputes, the SFIPC observed and ascertained whether any of the proposals, procedures, election methods, or results violated any laws, regulations, or bylaws. When the SFIPC finds any major or obvious violation of law or regulation, it deliberates and takes relevant measures to safeguard the rights and interests of investors.
- (2) No. of meetings attended: 10 meetings, i.e., TLDC (2841 (2 meetings), Chung Fu (1435) (2 meetings), IBF Financial Holdings (2889), Taisun (1218) (2 meetings), SKFH (2888), OK Biotech (4155), Lung Ming (3018).

6. Unreasonable director/supervisor remuneration:

- (1) Questions raised or focal issues: The SFIPC asked the companies to explain the

reasonableness of the remuneration to the directors and supervisors and advised the companies to prudently evaluate whether to appropriately adjust the distribution ratio of director/supervisor remuneration.

- (2) No. of meetings attended: 7 meetings, i.e., Longchen Paper (1909), GeneReach (4171), Ruentex Industries (2915), Center Laboratories (4123), Sino Horizon Holdings (2923), Yieh Phui (2023), Lealea (1444).

7. Concerns about private placement cases:

- (1) Questions raised or focal issues: The SFIPC examined the reasonableness and necessity of the fund raising, the private placement pricing ratio, whether the information disclosures comply with regulations, and whether the private placement pricing ratio is low or is the subject of any significant doubts.
- (2) No. of meetings attended: 1, Jenn Feng (1538).

8. Other:

- (1) Questions raised or focal issues: With respect to cases of investor complaints or cases emerging in the public eye, SFIPC class action cases, or cases in which information provided by the TWSE and TPEX or obtained through investor reports or other channels leads the SFIPC to believe or suspect that a company or company insiders have violated securities laws or regulations or there are other issues with material impact on shareholder rights, the SFIPC has called on the companies to provide full explanations and disclosures. The types of cases addressed by the SFIPC in the first half of 2023 included failures to timely disclose financial reports, disputes regarding shareholder proposals, disputes over exclusion of independent director candidates, disputes over the independence of independent director nominees, questions over the amount involved in equity transaction, repeated changes in the planned use of funds from fund-raising plans, significant losses from investments in overseas funds, and a board chairperson arranging for security in the name of the company for private borrowings by the chairperson's spouse.

- (2) No. of meetings attended: 8 meetings, i.e., Unitel High (3642), Catcher Tech (2474), EZconn (6442), EPTECH (4529), Uniplus Electronics (5381), Horng Shiue Holding (2243), Tai Twun (3432), Da Lue (4804).

C. Issuance of Press Releases:

In line with the Shareholders' Meeting Corporate Monitoring Enhancement Measures promoted by the Financial Supervisory Commission, the SFIPC has been issuing pre-meeting press releases regarding issues that seriously impact shareholder rights and interests. These press releases prompt the companies to treat these issues appropriately and arouse shareholder attention and discussion of the issues. In individual cases, if significant doubts exist about the legality or propriety of the proceedings or the meeting results, the SFIPC also considers issuing a press release after the meeting to keep the issues in the spotlight. The press releases are posted on the SFIPC website and are also published on the Shareholders' Meeting Information Platform maintained by the Securities & Futures Institute. Additionally, in high-profile cases or cases that significantly impact shareholder rights and interests, such as management rights disputes or merger and acquisition cases, the SFIPC gives reminders to the media and journalists to ensure that the information in the press releases receives maximum exposure and coverage. In the first half of 2023, the SFIPC issued a total of 26 press releases relating to shareholder rights and interests.

1. Press Release Categories

Globe Union (9934) Orient Euro (4120) Taiwan Mask (2338) Mercuries (2905) Taiwan Wax (1742) Trinity (4534) Medeon (6499) Hotai Motor (2207) Shining Building (5531) Dyaco (1598) Easywell (1799) China Motor (2204) ACON Holding (3710) Tai Twun (3432)	Shihlin Paper (1903) Huang Hsiang Construction (2545) Genius Electronic Optical (3406) QVE (4438) Yung Chi (1726) Adimmune (4142) Depo Auto (6605) King's Town Construction (2524) Chong Hong (5534) JSL Construction (2540) Chip Hope (8084) North-Star (8927) SunMax Biotech (4728)	LCP (1909), Lealea (1444) Ruentex Industries (2915) GeneReach (4171) Sino Horizon Holdings (2923) Yieh Phui (2023) Center Laboratories (4123) Unreasonable Director/Supervisor Emuneration	
		Chung Fu (1435) Taisun (1218)	SynCore (4192) Lead Data (2443) Nan Tsan (4712)
		Management Rights Disputes	Cash Capital Reductions
		X-Legend (4994) Reward (1423) Fitipower (4961)	Jenn Feng (1538) Low Pricing Ratio of Private Placements
Significant Intercompany Investment Losses	Corporate Governance Evaluations	Capital Reductions to Cover Losses	

2. Press Releases: Causes, Dates, and Contents

Cause	Date and Summary	No. of press releases
Chung Fu Management rights dispute	<u>30 January 2023</u> The SFIPC once again called on the independent directors to, before convening any special meeting of shareholders, carefully evaluate whether such meeting is necessary and is in the best interest of the company. It asked Chung Fu's independent directors to provide explanations of the necessity of the special meeting of shareholders to be held on 6 February and urged them to diligently perform their duties.	1
Taisun Management	<u>10 February 2023</u> The SFIPC called on both sides in the Taisun management	2

rights dispute rights dispute to abide by the law, and to perform their duties in accordance with the obligations of loyalty and fiduciary duty under Article 23 of the Company Act. It asked Taisun's independent directors to provide explanations of the necessity of the special meeting of shareholders to be held on 16 March and urged them to diligently perform their duties and to maintain their independence.

9 May 2023

The SFIPC expresses its serious concern that the Taisun had recently been repeatedly fined by the TWSE and had been involved in large investment disputes. It called on Taisun to scrupulously implement its internal control system and urged Taisun's directors and independent directors to diligently perform their duties.

Jenn Feng	<u>7 March 2023</u>	1
Low pricing ratio of private placement	Jenn Feng Industrial Tools Co., Ltd. (1538) was scheduled to hold a special meeting of shareholders on 17 March 2023 to discuss conducting a private placement to issue common shares for cash capital increase. The SFIPC urged investors to pay attention to their rights and interests.	
Cash capital reductions	<u>10 March 2023</u> , <u>10 April 2023</u> , <u>28 April 2023</u>	3
	Proposed cash capital reductions were slated for discussion at the annual general meetings of shareholders of X-Legend (4994), Reward (1423), and Fitipower (4961). The SFIPC urged investors to pay attention to their rights and interests.	
Large capital	<u>22 March 2023</u> , <u>8 May 2023</u> , <u>29 May 2023</u>	3

reductions Proposed capital reductions to cover losses were slated for discussion at the annual general meetings of shareholders of SynCore (4129), Lead Data (2443), and Nan Tsan (4712). The proposed reductions were relatively large, and the SFIPC urged investors to pay attention to their rights and interests.

Poor scores on 29 May 2023 1

Corporate Governance Evaluations The SFIPC identified a number of TWSE listed and TPEX listed companies that had relatively large market capitalization but had scored in the lowest bracket on the Corporate Governance Evaluations for 5 consecutive fiscal years 【 namely, Shihlin Paper (1903), Huang Hsiang Construction (2545), Genius Electronic Optical (3406), QVE (4438), Yung Chi (1726), Adimmune (4142), Depo Auto (6605), King's Town Construction (2524), Chong Hong (5534), JSL Construction (2540), Chip Hope (8084), North-Star (8927), and SunMax Biotech (4728)】 . It called on these companies to improve and enhance their corporate governance and scrupulously safeguard the rights and interests of their shareholders.

Unreasonable 29 May 2023 1

director/super remuneration The SFIPC identified companies with unreasonableness in director/supervisor remuneration in 2022 【 namely, Longchen Paper (1909), Lealea (1444), Ruentex Industries (2915), GeneReach (4171), Sino Horizon Holdings (2923), Yieh Phui (2023), and Center Laboratories (4123)】 . It asked the companies to provide explanations of the reasonableness of the director remuneration and made recommendations. It

	<p>further urged investors to pay attention to their rights and interests.</p>	
Significant intercompany investment losses	<p><u>6 June 2023, 8 June 2023, 9 June 2023, 12 June 2023, 13 June 2023, 14 June 2023, 15 June 2023</u></p> <p>The SFIPC identified significant intercompany investment losses as an issue at the following companies: Globe Union (9934), Orient Euro (4120), Taiwan Mask (2338), Mercuries (2905), Taiwan Wax (1742), Trinity (4534), Medeon (6499), Hotai Motor (2207), Shining Building (5531), Dyaco (1598), Easywell (1799), China Motor (2204), ACON Holding (3710), Tai Twun (3432). It asked the companies to explain the reasons and submit plans for improvements. It furthermore urged investors to pay attention to their rights and interests.</p>	14

III. Case Illustrations of SFIPC Attendance at Shareholders' Meetings:

A. Taisun (1218) Management Rights Dispute Case

1. A management rights dispute between Taisun Enterprise Co., Ltd. ("Taisun") and major shareholder Long Bon International Co., Ltd. ("Long Bon") intensified as Taisun took a number of actions in violation of Taisun's procedures for acquisition and disposal of assets and its internal control system, including disposing of shares in Taiwan FamilyMart Co., Ltd. ("FamilyMart"), paying NT\$80 million in brokerage fees, purchasing two paintings for NT\$70 million, and providing NT\$30 million in guarantee notes, as well as making NT\$3.6 billion in equity investment in JKO FinTech Co., Ltd. ("JKO FinTech").
2. With respect to Taisun's disposition of FamilyMart shares, the SFIPC requested in

writing that Taisun's independent directors duly perform their duties and protect the rights and interests of the company and its shareholders. The SFIPC also requested in writing that two independent directors of Taisun explain the necessity of a special meeting of shareholders that they had called to hold a new election of all directors. On 10 February 2023, the SFIPC further issued a press release calling on both sides in the management rights dispute to abide by the law and to perform their duties in accordance with the obligations of loyalty and fiduciary duty under Article 23 of the Company Act. It asked Taisun's independent directors to provide explanations of the necessity of the special meeting of shareholders and urged them to diligently perform their duties and maintain their independence.

3. With respect to matters including material deficiencies in the design and operation of Taisun's internal control system and its massive equity investment in JKO FinTech, the SFIPC issued a press release as well as a written request that Taisun provide explanations at its shareholders' meeting regarding the internal control deficiencies and the status of improvements on 9 May 2023. It further issued a written request to Taisun's independent directors calling on them to duly perform their duties and protect the rights and interests of the company and its shareholders.
4. With respect to the disputes in this case, the SFIPC also sent personnel to attend Taisun's special meeting of shareholders and annual general meeting of shareholders held on 31 May 2023 and 30 June 2023 respectively to observe the proceedings at the meetings.

B. Horng Shiue Holding (2243): Repeated Changes in the Intended Use of Funds Under Fundraising Plan

1. Horng Shiue Holding Co., Ltd. ("Horng Shiue Holding"), in fiscal 2022, conducted a cash capital increase to repay company debts. It received a total sum in share payments of NT\$280,000,000 on 14 February 2023. It originally planned for that money to be used to repay bank loans. However, a board of directors meeting on 21 February 2023 suddenly resolved to change the intended use of the funds and

use NT\$203,749,000 of the amount to repay loans from related parties. Subsequently, at another board meeting held on 10 March 2023, the above resolution was voided and the original plan was reinstated. While those funds still had not been used, Horng Shiue Holding subsequently further planned to submit a proposal to its 2023 annual general meeting of shareholders to conduct a private placement of common shares or private placement of convertible corporate bonds.

2. By making arbitrary changes to the intended uses of company funds, Horng Shiue Holding jeopardized the rights and interests of its shareholders. To safeguard shareholder rights, the SFIPC—concerned that if it waited until the shareholders' meeting to raise questions the company would fail to provide clear responses or opportunity for recourse—sent a pre-meeting written request to the company on 26 April 2023 asking it to explain the decision-making processes and related matters that had transpired in connection with this case. The SFIPC also sent personnel to attend the annual general meeting of shareholder on 29 June 2023 and raised follow-up questions relating to the above written request, to alert the shareholders to pay attention to these matters.

C. Catcher Tech (2474): Dispute Over Shareholders' Rights to Make Proposals

1. Two foreign investors of Catcher Technology Co., Ltd. ("Catcher Tech")—Pagoda Street Limited and Vasanta Master Fund Pte Ltd.—raised a proposal under Article 172-1 of the Company Act for discussion at Catcher Tech's 2023 annual general meeting of shareholders. The proposal sought to amend the company's articles of incorporation (AOI). Under the proposed amendment, to approve any distribution of cash dividends, legal reserve, or special reserve, a shareholders' meeting resolution would be required rather than the originally required board meeting resolution. Catcher Tech, however, citing the proviso to paragraph 1 of Article 172-1 of the Company Act, declined to include the proposal in the 2023 shareholders' meeting agenda on the grounds that it involved two separate matters: (1) authorization for distribution of cash surplus under Company Act Article 240,

paragraph 5 and (2) authorization for cash distribution of legal reserve and special reserve under Article 241, paragraph 2 of the Company Act.

2. The SFIPC evaluated the matter and found that although the proposal raised by the shareholders involved two articles of the Company Act, it is customary in actual practice for proposed amendments to multiple provisions of the AOI to be included in a single proposal for resolution. Furthermore, in this case, the content of the proposal all concerned the general topic of the means for reaching resolutions for cash distributions of dividends and reserves to shareholders, not to mention that Article 241 of the Company Act provides for the mutatis mutandis application of Article 240. Taking into reference Ministry of Economic Affairs Interpretation No. Jing-Shang-0950202414310 and the legislative intent of Article 172-1 of the Company Act of protecting shareholders' right to make proposals, the SFIPC found it appropriate for the matters to be included in a single proposal. It therefore sent personnel to attend Catcher Tech's annual general meeting of shareholders on 31 May 2023 and spoke out in the capacity of shareholder at the meeting to urge Catcher Tech to place greater weight on shareholder rights when handling related issues, to comply with the legislative intent of Article 172-1 of the Company Act of protecting shareholders' right to raise proposals at shareholders' meetings.

D. Tai Twun (3432) Internal Control System Deficiencies Case

1. Tai Twun Enterprise Co., Ltd. ("Tai Twun") and its subsidiary Tai Twun Group Limited incurred significant losses of NT\$1.682 billion through investments in overseas funds. The TWSE examined the case and found multiple deficiencies in the design and operation of Tai Twun's internal control system with respect to investment in overseas funds, in violation of Article 9, paragraph 2 of the Directions for Auditing Internal Control Systems of Listed Companies, and imposed a penalty of NT\$1 million on Tai Twun. Furthermore, Tai Twun's related investments accounted for by the equity method on its 2022 annual financial report were high at NT\$590,102,000, which amounted to 133.27% of the company's net worth for

the period.

2. The SFIPC noted that Tai Twun failed to scrupulously operate its internal control system when investing in overseas funds and incurred significant losses to the company. This failure damaged its corporate governance and aroused public concerns about Tai Twun's legal compliance and management soundness. To promote the company's sound management and protect shareholder rights, the SFIPC issued a press release on 15 June 2023, prior to the shareholders' meeting, reminding investors to pay attention to the company's operating condition and financial structure. It also sent personnel to attend Tai Twun's annual general meeting of shareholders on 30 June 2023, and asked Tai Twun to give the shareholders an explanation of the internal control system deficiencies and the specific plans for improvement, as well as the disputes relating to the investment in overseas funds and the effect on shareholder equity.

IV. Specific Results of the SFIPC's Attendance at Shareholders' Meetings

A. Providing Good-Faith Concrete Recommendations to Companies and Generating Powerful External Supervision

The SFIPC's selective attendance at company shareholders' meetings does not necessarily mean that it has identified some irregularity in a meeting proposal or a company's operations. Sometimes, the SFIPC sends personnel to attend shareholders' meetings to support certain policies promoted by the competent authority or to provide specific recommendations to a company. The SFIPC speaks out at shareholders' meetings in its capacity as shareholder-cum-public-interest foundation to urge companies to enhance their corporate governance standards and to stimulate shareholder attention to and discussion of shareholders' meeting issues and rally forces of external supervision.

B. Supervising the Compliance of the Procedures for Convening Shareholders'

Meetings and for Resolutions at Meetings and Taking Legal Action When Necessary

When attending shareholders' meetings, the SFIPC always pays attention to the procedures used to convene the meeting and the method for adoption of resolutions. If it notices any problem at a meeting, it brings it to the attention of on-site company personnel or shareholder services personnel or follows procedure to speak out at the meeting and request correction of the problem. If these measures are unsuccessful, and there is any material violation of laws and regulations or the articles of incorporation with respect to the procedures for convening the shareholders' meeting or the method or content of resolutions, the SFIPC will bring a lawsuit to have a questionable shareholders' meeting resolution declared invalid or to void the resolution. Depending on the circumstances in individual cases, it will also evaluate and consider bringing other types of lawsuits.

C. Promoting Full Disclosure of Shareholders' Meeting Information

The full disclosure of shareholders' meeting information is one of the SFIPC's specific functions in attending shareholders' meetings. The issues of concern at the shareholders' meetings attended by the SFIPC all have great import for shareholders' rights and interests. The SFIPC's inquiry letters or press releases issued before shareholders' meetings, statements made by it during the shareholders' meetings, and the companies' replies, enable shareholders who personally attend shareholders' meetings to stay informed of the issues of concern and the company's replies in real time during the meetings. Shareholders who do not attend a shareholders' meeting in person can look to the meeting minutes for relevant information. The SFIPC reviews the minutes of each shareholders' meeting attended. If it finds that the contents of the meeting minutes are too abbreviated or omit certain matters, it writes to the company to request correction of the minutes. This helps to ensure the full disclosure of shareholders' meeting information.

D. Helping to Clarify Disputes at Shareholders' Meetings

When shareholders' meetings involve disputes over management rights, considering that such cases are usually high-profile cases in the public eye, it is common for both sides to argue that the convening procedures and resolution methods are illegal or otherwise suspicious. The competent authority and securities-related peripheral institutions have regular demands for real-time insight and understanding of shareholders' meetings proceedings. To address such demands, the SFIPC regularly sends staff to attend shareholders' meetings to observe the proceedings and prepare attendance reports. If any administrative or judicial authorities need to further clarify the circumstances of a shareholders' meeting, the SFIPC can provide appropriate assistance through the information it obtains through its attendance at the meeting.

E. Providing Opinions on the Shareholders' Meeting Video Conferencing Platform

To support pandemic prevention policies and meet the needs of public companies and their shareholders, the competent authority engaged the Taiwan Depository & Clearing Corporation (TDCC) from 2021 to build a video conferencing platform for the holding of virtual-only or hybrid shareholders' meetings by public companies, paving the way for digitized holding of shareholders' meetings in Taiwan. Taking the launching of shareholders' meetings with video conferencing as an opportunity to break new ground for shareholder activism, the SFIPC in 2021 began selectively attending shareholders' meetings by video conferencing. In 2023, the SFIPC selectively attended the shareholders' meetings of numerous companies by video conferencing, to get an understanding of how the video conferencing operations were working. The meetings the SFIPC attended included the year's first virtual-only shareholders' meeting, first hybrid shareholders' meeting, and the meeting of a company that handled its own shareholder services. When a relatively large number of companies held hybrid shareholders' meetings on the same day, the SFIPC sent personnel to attend the hybrid meetings of 2 to 3 selected companies on that day, to get a sense of the system's ability to handle the online video conferencing load. The

SFIPC attended a total of 18 shareholders' meetings by video conferencing in 2023. Based on its actual experience in the meeting operations, it provided the TDCC with post-meeting opinions and recommendations regarding the video conferencing platform functions to assist the TDCC in perfecting the platform mechanisms and making the exercise of shareholder rights more convenient and universally accessible.