

Forward Electronics

2024 Annual Shareholders' Meeting

Handbook

(Translation)

Methods of convening the meeting: a physical meeting

Time: 9:00 AM, 2024 May 27

Place: No. 393, Sec. 1, Chung Cheng Rd., Sanxia District, New Taipei City
(Fu-Li Building)

Handbook of corporate website: https://www.fwd.com.tw/en/company_info.php

Market Observation Post System: <http://emops.twse.com.tw/server-java/t58query>

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Forward Electronics Co., Ltd

Procedures for 2024 Shareholders' Meeting

Methods of convening the meeting: a physical meeting

Time: 9:00 AM, 2024 May 27 (Monday)

Place: No. 393, Sec. 1, Chung Cheng Rd. Sanxia District, New Taipei City
(Fu-Li Building)

1. Call the meeting to order
2. Chairperson remarks
3. Report Items
4. Ratification Items
5. Election Items
6. Discussion Items
7. Questions and Motions
8. Adjournment

Forward Electronics Co., Ltd.

Agendas for 2024 Shareholders' Meeting

Time: 9:00 AM, 2024 May 27 (Monday)

Place: No. 393, Sec. 1, Chung Cheng Rd. San-Xia District, New Taipei City (Fu-Li Building)

Methods of convening the meeting: a physical meeting

Attendee: All shareholders and shareholder proxies

Chairperson: President Hong Chi-Chang

1. Announce the number of shares represented by the attendees, and announce the commencement of the meeting.
2. Chairperson Remarks
3. Report Items
 - (1) 2023 Annual Business report.
 - (2) Audit report compiled by audit committee.
 - (3) Report on the Company's investment in Mainland China in 2023.
 - (4) Report on implementations of plans for capital reduction for enhance business.
 - (5) Report on the establishment of the Company's Regulations Regarding Financial Transactions between Related Parties.
 - (6) Report on condition of shareholders' proposals.
4. Ratification Items
 - (1) To recognize 2023 Annual Business report and Financial Statements.
 - (2) To recognize Earnings Distribution for 2023.
5. Election Items
 - Re-election of all directors
6. Discussion Items
 - (1) Amendment of the Company's "Procedures for Acquisition or Disposal of Assets."
 - (2) Release the Prohibition on New Directors and their proxy (including independent directors) from Participation in Competitive Business.
7. Motions
8. Adjournment

Report Items

Item 1: 2023 Annual Business Report

Descriptions: The 2023 Business Report are attached as pp.9-12, Attachment 1.

Item 2: Audit report compiled by audit committee

Descriptions: The audit report is attached as pp. 13, Attachment 2.

Item 3: Report on the Company's investment in Mainland China in 2023

Descriptions: The investment report of Suzhou Forward Electronics. Co. Ltd. And Forward Electronics (Dongguan) Co., Ltd., which are indirectly invested by our Company through Forward Development Co., Ltd., is as below:

A. As of December 31, 2023, the paid-in capital of Suzhou Forward Electronics Technology Co., Ltd. Was US\$12,200 thousand dollars. The Company recognized investment loss of NT\$89, 829 thousand dollars based on its 100% equity holding ratio.

B. As of December 31, 2023, the paid-in capital of Forward Electronics Equipment (Dongguan) Co., Ltd. was US\$4,600 thousand dollars. The Company recognized investment income of NT\$11,023 thousand dollars based on its 100% equity holding ratio.

Item 4: Report on implementations of plans for capital reduction for enhance business

Descriptions: The report is attached as pp.14-15, Attachment 3.

Item 5: To establish the Company's Regulations Regarding Financial Transactions between Related Parties.

Descriptions: To ensure sound financial transactions between our company and related parties, and to meet corporate governance evaluation indicators, we have formulated the " Regulations Regarding Financial Transactions between Related Parties " of our company in accordance with Article 17 of the Corporate Governance Best Practice Principles for Listed and OTC Companies and referring to the template issued by the Financial Supervisory Commission on December 23, 2022. Please refer to Attachment 4, pages 16 to 22 of the meeting's handbook for details.

Item 6: Report on condition of shareholders' proposals

Descriptions: During application period when shareholders are allowed to make proposals for the Company's 2024 Annual General Meeting between March 15 to March 25, 2024 no shareholder proposal was received by the Company. This information has been announced on the Public Information Observation System in accordance with relevant laws.

Ratification Items

Proposal No.1:

2023 Annual Business Report and Financial Statements

(Proposed by the Board of Directors)

Descriptions:

- 1.The Company's 2023 Business Report, Individual Financial Statements, and Consolidated Financial Statements have been reviewed and approved by the Board of Directors and have also been audited by the Audit Committee.
2. The Business Report is attached as page 9 to page 12 as Attachment 1.
- 3.The financial statements along with the audit report issued by KPMG, are attached from page 23 to page 39 of the meeting's handbook as Attachment 5.
4. Your approval is hereby requested.

Resolution:

Proposal No.2:**The proposal for the Earnings Distribution for 2023.**

(Proposed by the Board of Directors)

Descriptions:

1. The earnings distribution table for 2023 is as follows:

Forward Electronics Co., Ltd.
2023 Earnings Distribution Table

NT: dollars

Item	Amount
Undistributed earnings at the beginning of the year	154,200,567
Add(Reduce) : 2023 net loss after tax	(140,283,761)
Confirmed actuarial loss on the welfare plan	(1,240,882)
Dispose of equity instruments measured at fair value through other comprehensive income	1,198,279
Retained earnings at the end of the period	13,874,203

Chairperson: Hong Chi-Chang Manager: Shen Ying-Yi Accounting supervisor: Chen Chin-Min

2. Based on operational considerations, it was decided not to distribute profits for the year 2023.

3. Your approval is requested.

Resolution:

Election Items

(Proposed by the Board of Directors)

Proposal: Re-election of All Directors, Proposed for Election.

Descriptions:

1. The term of office for the 18th Board of Directors of the Company will expire on August 8 of the year 2024, and it is proposed to conduct a comprehensive election at this year's annual general meeting of shareholders.
2. In accordance with Article 17 of the Company's Articles of Association, it is proposed to elect nine directors (including three independent directors). Newly elected directors will take office immediately after the shareholders' meeting, while current directors will be simultaneously relieved of their duties. The term of office for newly elected directors will be three years, from May 27 of year 2024 to May 26 of year 2027.
3. The qualifications for candidates of director (including independent director) have been reviewed and approved by the Board of Directors of the Company on April 10 of year 2024. For the list of candidates for director (including independent director), along with their qualifications, experience, and shareholding information, please refer to Attachment 6, pages 40 to 46 of the meeting's handbook.
4. For details regarding the election procedures for directors of the Company, please refer to Appendix 3, pages 68 to 69 of the meeting's handbook.
5. Please proceed with the election.

Election Results:

Discussion Items

Proposal No.1

(Proposed by the Board of Directors)

Proposal: Amendment of the Company's "Procedures for Acquisition or Disposal of Assets" Case, Proposed for Discussion.

Descriptions:

1. In response to operational requirements, the authority of the Board of Directors of approval for acquiring or disposing of assets will be adjusted. It is proposed to amend certain provisions of the Company's "Asset Acquisition or Disposal Procedure."
2. Please refer to Attachment 7, page 47 of the meeting's handbook for the comparison table of the revised provisions of the Company's "Procedures for Acquisition or Disposal of Assets."
3. Please proceed with the discussion.

Resolution:

Proposal No.2

(Proposed by the Board of Directors)

Proposal: Proposal for Releasing the Prohibition on New Directors and their proxy (including independent directors) from Participation in Competitive Business. Please proceed to discuss.

Descriptions:

1. According to Article 209 of the Company Law, "Directors engaging in acts within or outside the scope of the company's business for themselves or others shall explain the important content of their acts to the shareholders' meeting and obtain their permission."
2. To assist the company in expanding its business smoothly and participating in the operation of reinvestment, etc., without harming the interests of the company, it is proposed that the restrictions on competition for the newly elected directors and their representatives be lifted from the date of their appointment.
3. Please refer to Attachment 8, pages 48 to 50 of the meeting's handbook for the detailed list of inadequateness in the proposed lifting of restrictions on competing businesses for directors (including independent directors) and their representatives.
4. Please proceed with the discussion.

Resolution:

Questions and Motions

Adjournment

Attachments

Attachment 1

Forward Electronics Co. Ltd.

2023 Annual Business Report

On behalf of the management team of Forward Electronics Co. Ltd., we want to first express our sincerer gratitude to all shareholders for their long-term support for our company. Looking back over the past year, our company has been continuously implementing a transformation plan, focusing on sales of our niche products, downsizing the organization, and investing in green energy-related businesses to increase future growth momentum.

I. 2023Annual Business Report

(1) Implementation results of business plans:

In the fiscal year 2023, the company's consolidated operating income was NT\$722,577,000, a decrease of approximately 19.16% compared to the fiscal year 2022. The consolidated gross profit margin for the fiscal year 2023 was 0.08%. The consolidated pre-tax net loss for the fiscal year 2023 was NT\$140,673,000, a decrease of approximately NT\$212,303,000 compared to the fiscal year 2022. The consolidated post-tax net loss for the fiscal year 2023 was NT\$140,283,000, a decrease of approximately NT\$312,313,000 compared to the fiscal year 2022, resulting in a NT\$1 loss per share

In the fiscal year 2023, the company's individual operating income was NT\$485,756,000, a decrease of approximately 13.9% compared to the fiscal year 2022. The individual gross profit margin for the fiscal year 2023 was -2.38%. The individual pre-tax net loss for the fiscal year 2023 was NT\$141,343,000, a decrease of approximately NT\$196,657,000 compared to the fiscal year 2022. The individual post-tax net loss for the fiscal year 2023 was NT\$140,283,000, a decrease of approximately NT\$312,312,000 compared to the fiscal year 2022, resulting in a NT\$1 loss per share.

Summary of significant business achievement and strategies: :

1. To increase sales of niche products

By leveraging our company's core technologies (impedance techniques, precision manufacturing technology, magnetic induction product development technology, and LED module structure development technology, and the in-house capability of producing manufacturing equipment), we aim to ensure our competitiveness. We will expand the research and sales of high-value-added products such as high-lifespan

variable resistors for motors, encoders and variable resistors with LED attachments, non-contact position sensors and encoders, as well as customized and modular products. For switch products, we will select models with better future growth potential and gross margin for price increase and sales promotion.

2. To expand production scale and optimizing and optimizing processes

We will integrate the manufacturing equipment. We will improve injection molding process of switch products to support production of variable resistors and encoders. Meanwhile, we will work on eliminate difficulties in manufacturing of molded parts. The assembly of products, which is the final step of production, will be outsourced, and we plan to automatize production to enhance efficiency.

(2) Budget plan implementation:

The company did not publicize its financing conditions forecast of 2023, so it is not applicable.

(3) Analysis on incomes and expenses and profitability:

Item	Consolidated		Individual	
	2023	2022	2023	2022
Current ratio (%)	583.73%	471.81%	254.54%	321.92%
Debt to asset ratio (%)	46.49%	42.64%	45.57%	41.30%
Return on equity (%)	-8.34%	10.82%	-8.34%	10.82%
Gross profit margin (%)	0.08%	9.19%	-2.38%	10.77%
Net profit margin (%)	-19.41%	19.25%	-28.88%	30.49%
EPS (NT\$/per share)	(1.00)	1.23	(1.00)	1.23

(4) Research and development items :

1. Sliding variable resistors with LED attachments and motor attachments with 100mm and 60mm strokes.
2. Miniature variable resistors for dual independent stereo circuits.
3. Magnetic induction non-contact encoders with LED attachments.
4. Magnetic induction non-contact joystick (potentiometer).
5. Motor-attached non-contact position sensor.
6. Thin motor-attached variable resistors with high lifespan.
7. Encoders and variable resistors with programmable RGB-LED attachments.

II. Overview of 2023 Business plan

For the 2023 business plan, in addition to continue with increasing the production capacity of precision components, the company also plans to continuously review and optimize various costs and expenses. The major sales and production policies are as follows:

1. sales:

- (1) We will adjust pricing strategies appropriately in response to increased costs and strengthen risk management for customers.
- (2) We will enhance product value by combining components with customer products to form modular sales.
- (3) We will seek cooperation with industry peers to expand service and product diversity, reinforcing customer reliance on our company.
- (4) We will strengthen service for internationally renowned brands, design proprietary products that meet customer needs, and enhance our company's development and sales capabilities.
- (5) We will actively collaborate with customers' R&D units through professional exhibitions and other activities in business and design, designing exclusive models that meet customer needs to enhance brand value.
- (6) We will utilize international exhibition opportunities to strengthen relationships and discussions with customers, grasp market trends, increase our brand visibility, formulate product development directions, and develop new customers.

2. production:

- (1) We will actively introduce the source of the raw material 2 and speed up the verification procedure. We'll plan for advance material preparation based on the orders we get, and we'll develop alternative materials while integrating material commonality to reduce raw material costs and ensure stable supply.
- (2) We will integrate production equipment and unify manufacturing plants, plan for the introduction of automatized equipment to improve yield and production efficiency, effectively reduce labor costs, and improve manufacturing efficiency.

3. Future outlook and strategies for development of the company

In 2024, we will continue to deepen our core technology and expand our capabilities in vertical integration, aiming to meet customer demands for quality and delivery time. We will also activate asset utilization, invest in the development of green energy industries, and enhance the overall performance and profitability of the company, thereby creating maximum benefits for shareholders.

4. External competitive environment, regulatory environment, and overall operating environment

In 2023, the global economy was impacted by high inflation and rapid interest rate hikes by central banks of various countries as well as the ongoing geopolitical tensions, which resulted in a slowdown in economic growth, especially with significant downturns in mainland China. Major international institutions such as World Bank, the international Monetary Fund, and Organization of Economic Co-operation and Development (OECD)

have revised down their economic growth forecasts. However, in the post-pandemic era, countries are gradually reopening and lifting restrictions, and inflation and interest rate hikes are expected to stop, leading to a gradual growth.

After undergoing transformation and restructuring, the company pursues stable growth and innovation by developing new products independently or for fulfilling customers' demands. We work on creating uniqueness and niche products, and we have been exploring new market. Meanwhile, in production processes, the Company continues to introduce automation and automatic inspection equipment, develops alternative materials, and integrates common materials to improve quality and production efficiency as well as lower production cost to fill customers' needs for quality and delivery time. With the collaboration of the management team and the efforts of all staff members, we could sustain the competitive edge for stable growth of the company, bringing profitability and expansion for shareholders.

Chairperson:	Hong Chi-Chang	Manager:	Shen Ying-Yi	Accounting supervisor:	Chen Chin-Min
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Attachment 2

Forward Electronics Co. Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2023 business report, financial statements (including the consolidated financial statements), and earnings distribution proposal, of which the financial statements have been audited by Certified Public Accountants ,Yuan-sheng Yin and Yung-sheng Wang of KPMG, with an audit report issued. The aforementioned business report, financial statements and profit distribution proposal have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. We hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Forward Electronics Co. Ltd.

Chairperson of the Audit Committee: Wang Jia-Nan

March 04, 2024

Attachment 3

Report on Implementation of Capital Reduction plan of Forward Electronics, Co. LTd.

(1) The report is compiled according to official letter No.1100001225 issued by Securities and Futures Investors Protection Center on April 16, 2021.

(2) In order to maintain intact financial structure and meet future business development needs of the Company, the Board of Directors resolved in March 26, 2021, to implement a capital reduction to offset losses. A press conference to announce this major move was held, and the capital reduction was approved by the shareholders' meeting on August 9, 2021. The application was approved and came into effect after the Taipei Exchange issued the official letter No. 1100011595 on October 27, 2021. The registration was completed and approved with the issuance of official letter No. 11001210600 by the Department of Commerce, Ministry of Economic Affairs on November 23, 2021. The new shares issued through the capital reduction were listed on the OTC market for trading on December 27, 2021.

The Company has fulfilled all requirements related to the capital reduction.

(3) Based on strategies and action plans of the business enhancing plans, the Company has set the following major production and sales policies:

1. Sales end:

(1) To increase the product value by combining single components with customers products as modules for sale.

(2) To seek alliances with agents to expand service and product diversity and to strengthen customer's dependence on the Company.

(3) To put more emphasis on the promotion of headphones, mixers, and industrial control products.

(4) Strengthen cooperation with international brand OEMs.

(5) To promote ODM products and cooperate with the customer product development for specific models to enhance the market efficiency of the company's products.

2. Production end:

- (1) To integrate production equipment, from switch products to injection molding, and to support the production of variable resistors and encoders. To eliminate production bottlenecks for molded parts.
- (2) To confirm the demand for materials according to the production plan of variable resistors and encoders, and to track and confirm material production progress daily to adjust production resources and meet customer delivery dates.
- (3) To outsource the assembly of variable resistors and encoders and plan for automated production for back-end assembly operations.
- (4) Results of the implementation of the business enhancement plan for the year 2022 are as follows:

Unit: thousand NT dollars

Accounting items	Estimated number of the year 2023	Actual number of the year 2023	Achievement rate
Operating revenue	1,049,847	722,577	68.8%
Operating cost	895,903	721,991	80.6%
Gross profit	153,944	586	0.4%
Operating expenses	120,885	154,587	127.9%
Operating income (loss)	33,059	-154,001	-465.8%
Non-operating income and expenses	16,651	13,328	80.0%
Net profit before tax	49,710	-140,673	-283.0%
Income tax expense (profit)	5,267	-390	-7.4%
Net profit after tax	44,444	-140,283	-315.6%

(5) Conclusion: the Company will continue to focus on developing its core technology and enhance its capabilities in collaborating with its upstream and downstream companies to actively develop customized products to fulfill customer needs while creating unique products and ensuring its edge in terms of technology. In addition, the Company aims to improve process improvement and meet customer needs for quality and delivery by mastering key component material sources and technologies. This will help to stabilize and improve the Company's overall performance and profitability in the future, and we will begin to distribute dividends to expand shareholder returns.

Forward Electronics Co., Ltd.

Rules Governing Financial Business Matters Between the Company and its Affiliated Enterprise

Article 1: To ensure sound financial and business interactions between this Corporation and its affiliated enterprises and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Corporation and its affiliated enterprises, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Corporation and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.

Article 3: The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with this Corporation:

1. A relationship of control or subordination.
2. A relationship of mutual investment.

In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

Article 4: The Company shall establish an effective internal control system in regard to its own and its affiliated enterprises' overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated enterprise that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5: In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the

operation and management of its affiliated enterprises:

1. The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
2. A director that the Company assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the chairperson or general manager of the Company.
3. A supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliate's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairperson or general manager of the Company.
4. The Company shall assign competent personnel to assume important positions at its affiliated enterprise, such general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
5. The Company, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
6. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of the Company must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.

7. Subsidiaries of the Company shall regularly (e.g., before the 15th day of each month) submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to allow management and control by the Company. Other affiliated enterprises shall also regularly (e.g., before the 15th day of each quarter) submit financial statements for the preceding quarter, including balance sheets and income statements, for analysis and review by the Company.

Article 6 : A managerial officer of this Corporation may not concurrently serve as a managerial officer of any affiliated enterprise of this Corporation, and shall not operate the same type of business as this Corporation, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors. The division of powers and responsibilities between this Corporation and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7: This Corporation shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, this Corporation shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8: Any loans or endorsements/guarantees between this Corporation and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by this Corporation regarding loans to others and provision of endorsements/guarantees.

Article 9: Price terms and payment methods shall be expressly stipulated for any business interaction between this Corporation and any affiliated enterprise. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between this Corporation and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of this Corporation, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both this Corporation and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 9-1: The Company's transactions with affiliated companies involving purchases, sales, labor, or technical services, where the anticipated total annual transaction amount reaches ten percent of the Company's most recent consolidated total assets or the net income from operations for the most recent fiscal year, except in cases governed by the guidelines for the acquisition or disposal of assets of publicly traded companies or transactions between the Company and its parent, subsidiary, or affiliated companies, require the following information to be submitted to the Board of Directors for approval before proceeding with the transaction:

1. The nature, purpose, necessity, and anticipated benefits of the transaction.
2. Reasons for selecting the related party as the transaction counterparty.
3. Principles used for calculating the transaction price and the maximum annual transaction amount.
4. Explanation of whether the transaction terms comply with normal commercial terms and do not harm the interests of the Company and its shareholders.
5. Any restrictions and other significant terms of the transaction.

Transactions with related parties as mentioned above should be reported to the shareholders at the most recent shareholders' meeting after the end of the fiscal year, including:

1. The actual transaction amount and terms.
2. Whether the transaction was conducted in accordance with the transaction price calculation principles approved by the Board of Directors.
3. Whether the transaction exceeded the maximum annual transaction amount approved by the Board of Directors. If it has exceeded the transaction amount limit, the reasons, necessity, and justification should be explained.

Article 10: The Company shall handle asset transactions, derivative transactions, mergers, divisions, acquisitions, or transfers of shares between the Company and related parties in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the “Regulations Governing the Acquisition and Disposal of Assets” established by the Company.

Article 11: When the Company intends to conduct any acquisition or disposal of real property from or to any of its affiliated enterprises, it should follow the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and the “Regulations Governing the Acquisition and Disposal of Assets” established by the Company.

Article 12: Financial transactions between the Company and related parties that require approval from the Board of Directors shall fully consider the opinions of each independent director, and the clear opinions of their agreement or dissent and the reasons for dissent shall be recorded in the minutes of the Board of Directors.

Directors who have conflicts of interest with matters discussed at the meeting, which may harm the interests of the Company, shall voluntarily abstain from participating in the discussion and voting, and shall not delegate their voting rights to other directors. Directors shall exercise self-discipline and shall not improperly support each other. The spouses, blood relatives within the second degree, or companies in a controlling or subordinate relationship with directors,

who have conflicts of interest with matters discussed at the meeting as mentioned above, shall be deemed to have conflicts of interest with the directors regarding those matters.

The Audit Committee shall notify the Board of Directors or directors to cease their actions when they violate laws, regulations, or resolutions of the shareholders' meeting, and shall take appropriate measures to prevent the expansion of misconduct. If necessary, they shall report to the relevant competent authority or unit.

Article 13: The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

This Corporation shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE or GTSM within 2 days of the change.

Information on any material transaction between this Corporation and an affiliated enterprise shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If an affiliated enterprise experiences financial difficulties, this Corporation shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of this Corporation, and when necessary, appropriate conservatory measures shall be adopted to safeguard this Corporation's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on this Corporation's financial position in its annual report and prospectus, this Corporation shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14: When any of the following circumstances applies to an affiliated enterprise, this Corporation shall make a public disclosure and regulatory filing on its behalf:

1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.

3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of this Corporation.
4. Any matter regarding a subsidiary or the unlisted (neither TWSE nor GTSM listed) parent of this Corporation constitutes material information required to be announced under the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and of the GreTai Securities Market Procedures for Verification and Disclosure of Material Information of Companies with GTSM Listed Securities.

Article 15: These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors. The Rules were established on April 10, 2024.

CPA's Audit Report and 2023 Individual and Consolidated Finance Statements**Independent Auditors' Report**

To the Board of Directors of Forward Electronics Co., Ltd.:

Opinion

We have audited the financial statements of Forward Electronics Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

For the accounting policy of revenue recognition, please refer to Note 4(n) of the financial statements; for the description of revenue recognition, please refer to Note 6(s) of the financial statements.

Description of key audit matter:

The Company's revenue is recognized when the performance obligations is satisfied, which depends on the various trade terms agreed with customers. Therefore, the accuracy of revenue recognition is considered to be one of the most significance in the audit.

How the matter was addressed in our audit:

- Understand and test the internal control design and implementation of the sales cycle.
- Sample the original orders or contracts and review the transaction terms in order to evaluate whether the timing of revenue recognition is correct.
- Perform the cut-off point test during the periods before and after the balance sheet date, and assess

that sales revenue is recognized in an appropriate period.

- Perform sales analysis procedures, and check whether there are major sales returns and discounts after the period, so as to confirm the rationality of revenue recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements.
- We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yin, Yuan-Sheng and Wang, Yung-Sheng.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2024

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

FORWARD ELECTRONICS CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 334,142	12	97,613	4
1110	Current financial assets at fair value through profit or loss (Note 6(b))	5,670	-	7,746	-
1136	Current financial assets at amortized cost (Notes 6(d) and 8)	2,488	-	403,380	14
1150	Notes receivable, net (Note 6(e))	5,511	-	5,527	-
1170	Accounts receivable, net (Note 6(e))	106,668	3	128,765	5
1180	Accounts receivable—related parties, net (Notes 6(e) and 7)	3,773	-	10,059	-
1200	Other receivables (Notes 6(f) and 7)	3,520	-	4,226	-
1220	Current tax assets	1,427	-	-	-
130X	Inventories (Note 6(g))	61,689	2	81,804	3
1410	Prepayments	1,665	-	2,619	-
1470	Other current assets	1,480	-	1,497	-
	Total current assets	528,033	17	743,236	26
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	836,346	27	583,913	20
1550	Investments accounted for using equity method (Note 6(h))	1,058,825	35	865,226	30
1600	Property, plant and equipment (Notes 6(i) and 8)	543,162	18	561,386	20
1755	Right-of-use assets (Note 6(j))	7,507	-	5,260	-
1780	Intangible assets	358	-	207	-
1840	Deferred tax assets (Note 6(p))	68,685	2	86,048	3
1920	Refundable deposits (Note 8)	2,605	-	1,821	-
1975	Non-current net defined benefit assets (Note 6(o))	32,132	1	30,996	1
	Total non-current assets	2,549,620	83	2,134,857	74
Total assets		\$ 3,077,653	100	2,878,093	100

FORWARD ELECTRONICS CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings	\$ 18,000	-	-	-
2130	Current contract liabilities (Notes 6(s) and 7)	18,369	1	6,824	-
2170	Accounts payable	61,567	2	58,183	2
2180	Accounts payable to related parties (Note 7)	50,138	2	48,960	2
2200	Other payables (Note 6(k))	24,974	1	96,074	3
2220	Other payables—related parties (Note 7)	1,198	-	338	-
2230	Current tax liabilities	-	-	478	-
2250	Current provisions	-	-	1,670	-
2280	Current lease liabilities (Note 6(m))	6,324	-	3,397	-
2322	Long-term borrowings, current portion (Notes 6(l) and 8)	24,000	1	12,000	-
2399	Other current liabilities	2,874	-	2,954	-
	Total current liabilities	<u>207,444</u>	<u>7</u>	<u>230,878</u>	<u>7</u>
Non-Current liabilities:					
2540	Long-term borrowings (Notes 6(l) and 8)	975,000	32	719,000	25
2570	Deferred tax liabilities (Note 6(p))	215,066	7	233,042	8
2580	Non-current lease liabilities (Note 6(m))	1,236	-	1,920	-
2645	Guarantee deposits received	2,268	-	2,355	-
2670	Other non-current liabilities	1,479	-	1,479	-
	Total non-current liabilities	<u>1,195,049</u>	<u>39</u>	<u>957,796</u>	<u>33</u>
	Total liabilities	<u>1,402,493</u>	<u>46</u>	<u>1,188,674</u>	<u>40</u>
Equity (Note 6(q)):					
3100	Share capital	1,399,830	45	1,399,830	49
3200	Capital surplus	48,716	2	48,716	2
3300	Retained earnings	35,674	1	189,998	7
3400	Other equity	190,940	6	50,875	2
	Total equity	<u>1,675,160</u>	<u>54</u>	<u>1,689,419</u>	<u>60</u>
	Total liabilities and equity	<u><u>\$ 3,077,653</u></u>	<u><u>100</u></u>	<u><u>2,878,093</u></u>	<u><u>100</u></u>

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

FORWARD ELECTRONICS CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(s) and 7)	\$ 485,756	100	564,181	100
5000	Operating costs (Notes 6(g), (i), (j), (o), (t) and 7)	497,997	102	502,969	89
5910	Unrealized profit (loss) from sales	(135)	-	(812)	-
5920	Realized profit (loss) from sales	812	-	354	-
	Gross (loss) profit from operations	<u>(11,564)</u>	<u>(2)</u>	<u>60,754</u>	<u>11</u>
	Operating expenses (Notes 6(e), (i), (j), (o) and (t)):				
6100	Selling expenses	22,204	5	20,104	4
6200	Administrative expenses	28,820	6	31,193	-
6300	Research and development expenses	10,176	2	9,155	2
6450	Expected credit gains	(1,239)	-	(2,291)	-
	Total operating expenses	<u>59,961</u>	<u>13</u>	<u>58,161</u>	<u>6</u>
	Net operating (loss) income	<u>(71,525)</u>	<u>(15)</u>	<u>2,593</u>	<u>5</u>
	Non-operating income and expenses (Notes 6(f), (h), (i), (m), (u) and 7):				
7100	Interest income	13,044	3	10,321	2
7010	Other income	14,641	3	15,174	3
7020	Other gains and losses	1,015	-	17,560	3
7050	Finance costs	(15,125)	(3)	(11,488)	(2)
7070	Share of (loss) profit of subsidiaries and associates accounted for using equity method, net	(83,393)	(17)	14,648	3
7055	Expected credit gains	-	-	6,506	1
	Total non-operating income and expenses	<u>(69,818)</u>	<u>(14)</u>	<u>52,721</u>	<u>10</u>
	(Loss) profit before tax	<u>(141,343)</u>	<u>(29)</u>	<u>55,314</u>	<u>15</u>
7950	Income tax benefit (Note 6(p))	<u>(1,060)</u>	<u>-</u>	<u>(116,715)</u>	<u>(21)</u>
	Net (Loss) Income	<u>(140,283)</u>	<u>(29)</u>	<u>172,029</u>	<u>36</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans	(1,241)	-	4,937	1
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	154,720	32	30,854	5
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>153,479</u>	<u>32</u>	<u>35,791</u>	<u>6</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	-	-	-	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(13,457)	(3)	18,921	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(13,457)</u>	<u>(3)</u>	<u>18,921</u>	<u>4</u>
8300	Other comprehensive income (after tax)	<u>140,022</u>	<u>29</u>	<u>54,712</u>	<u>10</u>
	Total comprehensive income	<u>\$ (261)</u>	<u>-</u>	<u>226,741</u>	<u>46</u>
	(Losses) earnings per share (NT dollars) (Note 6(r))				
9750	Basic (losses) earnings per share	<u>\$ (1.00)</u>		<u>1.23</u>	
9850	Diluted (losses) earnings per share	<u>\$ (1.00)</u>		<u>1.23</u>	

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

FORWARD ELECTRONICS CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Other equity	Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total		Unrealized gains on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2022	\$ 1,399,830	48,716	-	41,029	41,029	(113,941)	115,041	1,100	1,490,675
Net income	-	-	-	172,029	172,029	-	-	-	172,029
Other comprehensive income	-	-	-	4,937	4,937	18,921	30,854	49,775	54,712
Total comprehensive income	-	-	-	176,966	176,966	18,921	30,854	49,775	226,741
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,103	(4,103)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(27,997)	(27,997)	-	-	-	(27,997)
Balance on December 31, 2022	1,399,830	48,716	4,103	185,895	189,998	(95,020)	145,895	50,875	1,689,419
Net loss	-	-	-	(140,283)	(140,283)	-	-	-	(140,283)
Other comprehensive income	-	-	-	(1,241)	(1,241)	(13,457)	154,720	141,263	140,022
Total comprehensive income	-	-	-	(141,524)	(141,524)	(13,457)	154,720	141,263	(261)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	17,697	(17,697)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(13,998)	(13,998)	-	-	-	(13,998)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	1,198	1,198	-	(1,198)	(1,198)	-
Balance on December 31, 2023	\$ 1,399,830	48,716	21,800	13,874	35,674	(108,477)	299,417	190,940	1,675,160

FORWARD ELECTRONICS CO., LTD.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (141,343)	55,314
Adjustments:		
Adjustments to reconcile (loss) profit		
Depreciation expense	24,669	22,818
Amortization expense	217	259
Expected credit impairment gains	(1,239)	(8,797)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(3,020)	1,901
Interest expense	15,125	11,488
Interest income	(13,044)	(10,321)
Dividend income	(258)	(210)
Share of loss (profit) of subsidiaries and associates accounted for using equity method	83,393	(14,648)
Losses on disposal of property, plant and equipment	1,073	999
Impairment loss (gain) on non-financial assets	1,441	(2,388)
Unrealized profit from sales	135	812
Realized profit on from sales	(812)	(354)
Provisions	-	3,270
Total adjustments to reconcile (loss) profit	107,680	4,829
Changes in operating assets and liabilities:		
Notes receivable	16	6,569
Accounts receivable	23,336	20,752
Accounts receivable—related parties	6,286	(97)
Other receivables	677	17,053
Inventories	17,688	22,511
Prepayments	954	(441)
Other current assets	17	(93)
Net defined benefit asset	(2,377)	(1,812)
Contract liabilities	11,545	4,708
Accounts payable	3,384	(34,897)
Accounts payable—related parties	1,178	15,219
Other payables	(71,629)	54,967
Other payables—related parties	860	278
Provisions	(1,670)	-
Other current liabilities	(80)	210
Total adjustments	97,865	109,756
Cash flows (used in) from operations	(43,478)	165,070
Interest received	13,073	9,387
Dividends received	258	210
Interest paid	(14,419)	(11,258)
Income taxes paid	(1,458)	(1,582)
Net cash flows (used in) from operating activities	(46,024)	161,827
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(103,239)	(407,174)
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,526	-
Acquisition of financial assets at amortized cost	(211,954)	(482,117)
Proceeds from disposal of financial assets at amortized cost	44,782	89,969
Proceeds from maturity of financial assets at amortized cost	559,263	97,475
Acquisition of financial assets at fair value through profit or loss	-	(3,812)
Proceeds from disposal of financial assets at fair value through profit or loss	5,096	7,032
Acquisition of investments accounted for using equity method	(290,000)	-
Acquisition of property, plant and equipment	(2,489)	(6,518)
Increase in refundable deposits	(784)	-
Acquisition of intangible assets	(368)	-
Dividends received	-	557,335
Net cash flows from (used in) investing activities	5,833	(147,810)
Cash flows from (used in) financing activities:		
Increase in short-term loans	18,000	-
Increase in long-term borrowings	280,000	-
Repayments of long-term borrowings	(12,000)	(12,000)
Increase in guarantee deposits received	-	436
Decrease in guarantee deposits received	(87)	-
Payment of lease liabilities	(4,394)	(3,346)
Cash dividends paid	(13,998)	(27,997)
Net cash flows from (used in) financing activities	267,521	(42,907)
Effect of exchange rate changes on cash and cash equivalents	9,199	(9,396)
Net increase (decrease) in cash and cash equivalents	236,529	(38,286)
Cash and cash equivalents at beginning of period	97,613	135,899
Cash and cash equivalents at end of period	\$ 334,142	97,613

Independent Auditors’ Report

To the Board of Directors of Forward Electronics Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Forward Electronics Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

For the accounting policy of revenue recognition, please refer to Note 4(p) of the consolidated financial statements; for the description of revenue recognition, please refer to Note 6(u) of the consolidated financial statements.

Description of key audit matter:

The Group's revenue is recognized when the performance obligations is satisfied, which depends on the various trade terms agreed with customers. Therefore, the accuracy of revenue recognition is considered to be one of the most significance in the audit.

How the matter was addressed in our audit:

- Understand and test the internal control design and implementation of the sales cycle.
- Sample the original orders or contracts and review the transaction terms in order to evaluate whether the timing of revenue recognition is correct.
- Perform the cut-off point test during the periods before and after the balance sheet date, and assess that sales revenue is recognized in an appropriate period.
- Perform sales analysis procedures, and check whether there are major sales returns and discounts after the period, so as to confirm the rationality of revenue recognition.

2. Impairment of non-financial assets

For the accounting policy of non-financial assets impairment, please refer to Note 4(n) of the consolidated financial statements; for the description of impairment assessment of real estate, plant and equipment, please refer to Note 6(h) of the consolidated financial statement.

Description of key audit matter:

The prosperity of the industry where the Group is located is affected by market environment factors and economic influences, resulting in unfavorable changes to the Group. Therefore, the assessment of non-financial asset impairment is important. Since the evaluation process of impairment depends on the subjective judgment and estimation of the management, it is with a high degree of estimation uncertainty. Therefore, the impairment of non-financial assets is considered to be one of the most significance in the audit.

How the matter was addressed in our audit:

- Understand the relevant policies of the Group on impairment assessment.
- Evaluate the professional competence, competency and objectivity of management experts of the Group.
- For the recoverable amount determined by the management based on the independent evaluation report issued by a third party, we reviewed the reasonableness of the relevant assumptions, evaluated the qualification and independence of the appraiser.
- Inspect whether the book value of the Group's non-financial assets is consistent with the results of the evaluation report.

Other Matter

Forward Electronics Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yin, Yuan-Sheng and Wang, Yung-Sheng.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2024

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,132,328	36	461,594	16
1110	Current financial assets at fair value through profit or loss (Note 6(b))	5,670	-	7,746	-
1136	Current financial assets at amortized cost (Notes 6(d) and 8)	2,488	-	403,380	14
1150	Notes receivable, net (Note 6(e))	5,511	-	9,770	-
1170	Accounts receivable, net (Note 6(e))	192,109	7	272,876	10
1180	Accounts receivable—related parties, net (Notes 6(e) and 7)	106	-	1,355	-
1200	Other receivables (Notes 6(f) and 7)	6,592	-	5,679	-
1220	Current tax assets	1,478	-	-	-
130X	Inventories (Note 6(g))	92,297	3	147,141	5
1410	Prepayments	2,545	-	11,743	-
1470	Other current assets	1,550	-	1,497	-
	Total current assets	1,442,674	46	1,322,781	45
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	108,375	3	220,450	7
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	836,346	28	583,913	21
1600	Property, plant and equipment (Notes 6(h) and 8)	557,869	18	600,629	20
1755	Right-of-use assets (Note 6(i))	15,424	-	32,823	1
1760	Investment property, net (Note 6(j))	10,719	-	16,873	1
1780	Intangible assets	427	-	405	-
1840	Deferred tax assets (Note 6(r))	68,941	2	86,394	3
1920	Refundable deposits (Note 8)	6,700	-	5,986	-
1930	Long-term receivables (Notes 6(e) and (k))	50,998	2	43,833	1
1975	Non-current net defined benefit assets (Note 6(q))	32,132	1	30,996	1
		1,687,931	54	1,622,302	55
	Total assets	\$ 3,130,605	100	2,945,083	100

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (Notes 6(l) and 8)	\$ 18,000	-	-	-
2130	Current contract liabilities (Notes 6(u) and 7)	20,358	1	9,621	-
2170	Accounts payable	111,745	4	107,505	4
2180	Accounts payable—related parties (Note 7)	55	-	314	-
2200	Other payables (Note 6(m))	45,941	1	110,834	4
2220	Other payables—related parties (Note 7)	1,198	-	338	-
2230	Current tax liabilities	-	-	5,099	-
2250	Current provisions	7,108	-	3,351	-
2280	Current lease liabilities (Note 6(o))	15,779	1	28,347	1
2322	Long-term borrowings, current portion (Notes 6(n) and 8)	24,000	1	12,000	1
2399	Other current liabilities	2,962	-	2,954	-
	Total current liabilities	247,146	8	280,363	10
Non-Current liabilities:					
2540	Long-term borrowings (Notes 6(n) and 8)	975,000	32	719,000	24
2570	Deferred tax liabilities (Note 6(r))	215,066	7	233,042	8
2580	Non-current lease liabilities (Note 6(o))	10,999	-	14,686	1
2645	Guarantee deposits received	5,755	-	7,094	-
2670	Other non-current liabilities	1,479	-	1,479	-
	Total non-current liabilities	1,208,299	39	975,301	33
	Total liabilities	1,455,445	47	1,255,664	43
Equity (Note 6(s)):					
3100	Share capital	1,399,830	45	1,399,830	48
3200	Capital surplus	48,716	1	48,716	1
3300	Retained earnings	35,674	1	189,998	6
3400	Other equity	190,940	6	50,875	2
	Total equity	1,675,160	53	1,689,419	57
	Total liabilities and equity	\$ 3,130,605	100	2,945,083	100

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(u) and 7)	\$ 722,577	100	893,807	100
5000	Operating costs (Notes 6(g), (h), (i), (j), (q), (v) and 7)	721,991	100	811,680	91
	Gross profit from operations	586	-	82,127	9
	Operating expenses (Notes 6(e), (h), (q), (v) and 7):				
6100	Selling expenses	33,199	5	34,876	4
6200	Administrative expenses	71,076	10	54,139	6
6300	Research and development expenses	16,888	2	17,958	2
6450	Expected credit impairment loss	33,424	5	4,283	1
	Total operating expenses	154,587	22	111,256	13
	Net operating loss	(154,001)	(22)	(29,129)	(4)
	Non-operating income and expenses (Notes (f), (h), (j), (k), (o), (p), (w) and 7):				
7100	Interest income	27,740	4	33,689	3
7010	Other income	33,530	5	49,711	6
7020	Other gains and losses	(30,630)	(4)	23,845	3
7050	Finance costs	(15,868)	(2)	(12,992)	(1)
7055	Expected credit impairment (loss) gain	(1,444)	-	6,506	1
	Total non-operating income and expenses	13,328	3	100,759	12
	(Loss) profit before tax	(140,673)	(19)	71,630	8
7950	Income tax benefit (Note 6(r))	(390)	-	(100,399)	(11)
	Net (loss) income	(140,283)	(19)	172,029	19
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans	(1,241)	-	4,937	1
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	154,720	21	30,854	3
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	153,479	21	35,791	4
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(13,457)	(2)	18,921	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(13,457)	(2)	18,921	2
8300	Other comprehensive income (after tax)	140,022	19	54,712	6
	Total comprehensive income	\$ (261)	-	226,741	25
	(Losses) earnings per share (NT dollars) (Note 6(t))				
9750	Basic (losses) earnings per share	\$ (1.00)		1.23	
9850	Diluted (losses) earnings per share	\$ (1.00)		1.23	

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

						Other equity			
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through		
							other comprehensive income	Total	Total equity
	Share capital			Retained earnings					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total				
Balance on January 1, 2022	\$ 1,399,830	48,716	-	41,029	41,029	(113,941)	115,041	1,100	1,490,675
Net income	-	-	-	172,029	172,029	-	-	-	172,029
Other comprehensive income	-	-	-	4,937	4,937	18,921	30,854	49,775	54,712
Total comprehensive income	-	-	-	176,966	176,966	18,921	30,854	49,775	226,741
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,103	(4,103)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(27,997)	(27,997)	-	-	-	(27,997)
Balance on December 31, 2022	1,399,830	48,716	4,103	185,895	189,998	(95,020)	145,895	50,875	1,689,419
Net loss	-	-	-	(140,283)	(140,283)	-	-	-	(140,283)
Other comprehensive income	-	-	-	(1,241)	(1,241)	(13,457)	154,720	141,263	140,022
Total comprehensive income	-	-	-	(141,524)	(141,524)	(13,457)	154,720	141,263	(261)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	17,697	(17,697)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(13,998)	(13,998)	-	-	-	(13,998)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	1,198	1,198	-	(1,198)	(1,198)	-
Balance on December 31, 2023	\$ 1,399,830	48,716	21,800	13,874	35,674	(108,477)	299,417	190,940	1,675,160

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (140,673)	71,630
Adjustments:		
Adjustments to reconcile (loss) profit		
Depreciation expense	53,366	56,586
Amortization expense	275	311
Expected credit impairment loss (gain)	34,868	(2,223)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(3,020)	1,901
Interest expense	15,868	12,992
Interest income	(27,740)	(33,689)
Dividend income	(258)	(210)
Loss on disposal of property, plant and equipment	4,328	1,515
Impairment loss (gain) on non-financial assets	28,279	(1,481)
Gain on lease modification	(629)	-
Expense transferred from property, plant and equipment	49	-
Provisions	5,455	3,270
Total adjustments to reconcile (loss) profit	<u>110,841</u>	<u>38,972</u>
Changes in operating assets and liabilities:		
Notes receivable	4,259	8,936
Accounts receivable	61,909	(44,420)
Accounts receivable—related parties	1,249	(111)
Other receivables	(2,949)	12,962
Inventories	51,295	33,757
Prepayments	9,198	(2,490)
Other current assets	(53)	(1,497)
Long-term receivables	(19,976)	(28,571)
Net defined benefit assets	(2,377)	(1,812)
Contract liabilities	10,774	3,613
Accounts payable	4,241	(59,337)
Accounts payable—related parties	(259)	(402)
Other payables	(65,422)	55,745
Other payables—related parties	860	278
Other current liabilities	8	210
Total adjustments	<u>163,598</u>	<u>15,833</u>
Cash inflow generated from operations	22,925	87,463
Interest received	26,028	29,289
Dividends received	258	210
Interest paid	(15,162)	(12,762)
Income taxes paid	(6,710)	(10,616)
Net cash flows from operating activities	<u>27,339</u>	<u>93,584</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(103,239)	(407,174)
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,526	-
Acquisition of financial assets at amortized cost	(211,954)	(482,117)
Proceeds from disposal of financial assets at amortized cost	44,782	89,969
Proceeds from maturity of financial assets at amortized cost	559,263	97,475
Acquisition of financial assets at fair value through profit or loss	-	(432,734)
Proceeds from disposal of financial assets at fair value through profit or loss	114,980	1,302,641
Acquisition of property, plant and equipment	(5,101)	(13,313)
Proceeds from disposal of property, plant and equipment	594	33
Increase in refundable deposits	(784)	(62)
Net cash flows from investing activities	<u>404,067</u>	<u>154,718</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	18,000	-
Decrease from long-term borrowings	280,000	-
Repayments of long-term borrowings	(12,000)	(12,000)
Increase in guarantee deposits received	-	437
Decrease in guarantee deposits received	(1,188)	-
Payment of lease liabilities	(30,103)	(27,613)
Cash dividends paid	(13,998)	(27,997)
Net cash flows from (used in) financing activities	<u>240,711</u>	<u>(67,173)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,383)	(8,601)
Net increase in cash and cash equivalents	670,734	172,528
Cash and cash equivalents at beginning of period	461,594	289,066
Cash and cash equivalents at end of period	<u><u>\$ 1,132,328</u></u>	<u><u>461,594</u></u>

Attachment6

Forward Electronic Co., Ltd.2024 Shareholders Meeting List of Candidate for Directors (including independent Directors)

Nomonator: The Board of Directors

Position	Name	Education & Work Background	Current position	Shares in possession
director	Representative of Tatung Co., Ltd.: Hong Chi-Chang	<p>Graduated from the Medical Department of Taipei Medical University</p> <p>Master's degree in Preventive Medicine from the School of Public Health at National Taiwan University</p> <p>Master's degree in Community Medicine from the University of Toronto, Canada</p> <p>Independent Director at International Ticketing Finance Co., Ltd.</p> <p>Chairman of the Cross-Strait Exchange Foundation, a public foundation</p> <p>Chief of Psychiatry at Mackay Memorial Hospital</p> <p>Board Member of Taipei Medical University Board of Directors (Convener of the Medium and Long-term Planning Committee)</p> <p>Member of the 18 Founding Members Working Group of the Democratic Progressive Party</p> <p>Convenor/Secretary-General of the Legislative Yuan Party Caucus of the Democratic Progressive Party in the 1st to 6th terms</p> <p>Legislator in the 1st to 6th terms</p>	<p>Chairman of Forward Electronics Co., Ltd.</p> <p>Chairman of Forward Intelligent Co., Ltd.</p> <p>Independent Director at Jusheng Biomedical Co., Ltd.</p> <p>Chairman of Taiwan Institute of Economic and Business Development</p> <p>Member of the Chinese Taipei Olympic Committee</p> <p>Member of the Commission for the Promotion of Peace of the Chinese Taipei Olympic Committee</p> <p>Advisory Committee Member at Taiwan Institute of Economic Research</p> <p>Executive Advisor of the Chinese National Federation of Industries</p> <p>Executive Advisor of the Chinese National Association of Industry and Commerce</p> <p>Advisor of the Taiwan General Chamber of Commerce</p>	31,635,411 shares
director	Representative of Tatung Co., Ltd.:	Honorary Doctor of Engineering from National Taiwan Ocean University	<p>Chairman of Tatung Co., Ltd.</p> <p>Chairman of Shan Yuan Construction Co., Ltd.</p>	31,635,411 shares

Position	Name	Education & Work Background	Current position	Shares in possession
	Wang Kuang- Hsian	Master's degree from the Department of Agricultural Economics, National Taiwan University Chairman of Shan Yuan Construction Co., Ltd.	Chairman of Lung Hwa Electronics Co., Ltd. Chairman of San Yuan Investment Enterprises Co., Ltd. Chairman of San Yuan Entrepreneurial Investment Co., Ltd. Chairman of San Yu Biotech Co., Ltd. Chairman of Eontronics International Co., Ltd. Chairman of Taipei Industrial Co., Ltd. Chairman of Tatung Intelligent Co., Ltd. Chairman of Shang Xin Energy Co., Ltd. Chairman of Yao Yang Energy Co., Ltd. Chairman of Ting Xin Energy Co., Ltd. Chairman of Zhi Xin Energy Co., Ltd. Chairman of Tong Xin Energy Co., Ltd. Chairman of Tong Guang Energy Co., Ltd. Chairman of Chuang Shi Energy Co., Ltd. Chairman of Da Tang Energy Co., Ltd. Director of Shang Zhi Asset Development Co., Ltd. Director of Zhi Sheng Real Estate Co., Ltd. Director of Fu Hua Co., Ltd. Director of Fu Hua Intelligent Co., Ltd. Director of San Yuan Construction Co., Ltd. Director of Midea International BioTech Co., Ltd. Director of San Meng Construction Co., Ltd. Director of Jiu Yuan Industrial Co., Ltd. Director of Long Lin Construction Co., Ltd. Director of Hua Zhu Engineering Co., Ltd. Director of Guo Guang Media Co., Ltd.	

Position	Name	Education & Work Background	Current position	Shares in possession
			Director of De Sheng Technology Co., Ltd. Director of Chief Entrepreneurial Investment Co., Ltd. Director of Chief Financial Management Consultant Co., Ltd. Director of Shou Chuang Investment Co., Ltd. Director of Qi Yi Technology Co., Ltd. Director of Cheng Tai Electronics (Wujiang) Co., Ltd. Director of Qingdao Liansheng Industrial Co., Ltd.	
director	Representative of Tatung Co., Ltd.: Chang Yao- Yong	Master of Finance from the University of Washington, USA Independent Director of Kaohsiung Bank Director of Taiwan Motech Co., Ltd. Vice President of Morgan Stanley Asia Vice President of Merrill Lynch International Bank	Chairman of Turing Mergers & Acquisitions Investment Co., Ltd. Chairman of Turing Quantitative Trading Co., Ltd. Chairman of Turing Financial Advisory Co., Ltd. Director of Fan Jia Technology Co., Ltd.	31,635,411 shares
director	Representative of Tatung Co., Ltd.: He Jing-Ming	Graduate of the Air Force Institute of Technology Director/General Manager of Kang-Yung Development Co., Ltd. Chairman of Kaohsiung Geomancy Association Consultant for Nanliang International Co., Ltd. Consultant for Cayman Dongming Holdings Co., Ltd. Consultant for Jinhe Enterprises Co., Ltd. Consultant for Tsiyang Technology Industrial Co., Ltd. Consultant for Kaijing Industrial Co., Ltd. Consultant for Xiangding Industrial Co., Ltd. Consultant for Youxin Machinery Co., Ltd.	Head of Shoufu International Co., Ltd. Head of Original International Channel Co., Ltd. Director of Kaohsiung City Private Tian Sheng Social Welfare Foundation Director of Kaohsiung City Yi Guan Dao Tian Yi Foundation	31,635,411 shares

Position	Name	Education & Work Background	Current position	Shares in possession
		<p>Consultant for Taiwan Denture Enterprises Co., Ltd.</p> <p>In Malaysia:</p> <p>Consultant for Tong He Industries Co., Ltd.</p> <p>Consultant for Jin Wei Screws Co., Ltd.</p> <p>In mainland China:</p> <p>Consultant for Jin Yi Industrial Co., Ltd.</p>		
director	Representative of Tatung Co., Ltd.: Shen Ying-Yi	<p>Graduate of the Department of Electrical Engineering at National Taiwan University</p> <p>Project Software Engineer at LingQun Computer</p> <p>General Manager at Feida Information Technology Co., Ltd.</p> <p>CEO at Professional System Corp.</p> <p>Manager of the Proprietary Trading Department at First Securities Futures</p> <p>Chief Investment Officer at Abitron Investment Co., Ltd.</p>	<p>General Manager of Forward Intelligent Co., Ltd.</p> <p>Director of Eorward Intelligent Co., Ltd.</p>	31,635,411 shares
director	Representative of Tatung Co., Ltd.: Ma Jin-Yao	<p>Philippines Tariq National University Doctor of Education in Educational Management (jointly conducted with Beijing Normal University)</p> <p>Master of Business Administration in Enterprise Management from Lawrence Technological University, USA</p> <p>Bachelor's degree in Mass Communication from Fu Jen Catholic University / Phi Tau Phi Honor Society member</p> <p>General Manager of Timberland Taiwan, Timberland, USA</p> <p>Vice President of Asia-Pacific, Timberland, USA (Singapore)</p> <p>General Manager of Greater China, Timberland, USA</p>	<p>Director of Forward Intelligent Co., Ltd.</p> <p>General Manager of Eorward Intelligent Co., Ltd.</p>	31,635,411 shares

Position	Name	Education & Work Background	Current position	Shares in possession
		(Shanghai) Managing Director of Greater China, Under Armour, USA (Shanghai) CEO of Gymboree, USA (affiliated with Bain Capital Group) China Region (Shanghai) President of Greater China, Sit-in Group (affiliated with KKR Group, one of the top three private equity funds in the United States) (Shanghai, Dongguan)		
director	Yeh Huang-Chi	Bachelor's degree in Banking from Tamkang University Chairman of Yuanta Futures Co., Ltd. General Manager and Director of Yuanta Securities Co., Ltd. Director of Yuanta Securities (Asia) Limited Executive Director of the Futures Association of the Republic of China Executive Supervisor of the Securities Association of the Republic of China Director of Shuang Mei Biotechnology Co., Ltd.	Independent Director of Forward Electronics Co., Ltd. Independent Director of GrandTech World Co., Ltd. Executive Director of MetaNano Inc. Advisor of SinoPac Futures Co., Ltd.	0 shares
Independent director	Shi Yi-Chen	Ph.D. in Finance from National Taiwan University Senior ESG Expert Principal Investigator of the "International ESG Product Development Research" project at the Securities and Futures Institute Instructor for the "Asset Management Trends - Sustainable Investment" digital course as part of the Securities and Futures Institute's digital course offerings	Associate Professor, National Taipei University, Department of Finance and Cooperative Business Director, Taiwan Carbon Rights Digital Economy Development Association Director, Taiwan Financial Education Association Instructor, United Nations ESG Senior Training Program Director, Republic of China Occupational Go Association	0 shares

Position	Name	Education & Work Background	Current position	Shares in possession
		<p>Recipient of the Special Outstanding Talent Award from the Ministry of Science and Technology for the 105th academic year</p> <p>Adjunct Assistant Professor in the Department of Information Management and Finance at National Chiao Tung University</p> <p>Co-Principal Investigator of the project "Feasibility Analysis of Compiling Taiwan Sustainability Indices" at the Taiwan Stock Exchange</p> <p>Co-Principal Investigator of the "Corporate Responsibility Index" and database project at Taipei University</p> <p>Head of the Academic Development Section at the Research and Development Office of Taipei University</p> <p>Head of the International Student Section at the International Office of Taipei University</p>		
Independent director	Chiu Jin-Yi	<p>Bachelor of Laws, College of Law, National Taiwan University</p> <p>Bachelor of Economics (Double Major), College of Social Sciences, National Taiwan University</p> <p>Master of Laws, College of Law, National Taiwan University</p> <p>Master of Construction Engineering and Management, Department of Civil Engineering, College of Engineering, National Taiwan University</p> <p>Ph.D. candidate, Criminal Justice School, China University of Political Science and Law (2010/09—)</p> <p>Legal Aid Attorney, Taipei/Shilin/Banciao Legal Aid Foundation</p> <p>Member, Taipei City Land Surveyor Association</p> <p>President, Chinese Oral Communication Education Association</p> <p>2019-2020 District Legal Affairs Committee Member,</p>	<p>Co-partner Lawyer at Zhao Yun Law Firm</p> <p>Principal at Ming Guan Land Surveyor Office</p>	0 shares

Position	Name	Education & Work Background	Current position	Shares in possession
		Rotary International District 3521 2020-2023 Advisor, Rotary Club of Taipei Long Run Member, National Compensation Incident Handling Team, Criminal Police Bureau, National Police Agency, Ministry of the Interior Instructor, Bao Cheng Cultural and Educational Institution and Chi Kuang Public Service Institute on Criminal Law and Criminal Procedure Law.		

Attachment7

Forward Electronics, Co., Ltd.

Comparison Table for the Procedures for Acquisition or

Disposal of Assets Before and After Amendment

Articles after amendment	Articles before amendment	Explanation
<p>Article 5</p> <p>Except for bonds with buyback or sell-back conditions and domestic bond-type funds, the Company's acquisition or disposal of assets that exceed the value of <u>NT\$150 million</u> requires prior approval from the board of directors.</p>	<p>Article 5</p> <p>Except for bonds with buyback or sell-back conditions and domestic bond-type funds, the Company's acquisition or disposal of assets that exceed the value of <u>NT\$30 million</u> requires prior approval from the board of directors.</p>	<p>In response to operational needs.</p>
<p>Article 36</p> <p>This procedure was established on May 9, 2000. It was first amended on February 12, 2003, secondly amended on June 14, 2007, thirdly amended on June 17, 2010, fourthly amended on June 27, 2012, fifthly amended on June 17, 2013, sixthly amended on June 18, 2014, seventhly amended on June 19, 2017, eighthly amended on June 21, 2019, ninthly amended on June 27, 2022, and tenthly amended on June 13, 2023, <u>and the eleventh amended on May 27, 2024.</u></p>	<p>Article 36</p> <p>This procedure was established on May 9, 2000. It was first amended on February 12, 2003, secondly amended on June 14, 2007, thirdly amended on June 17, 2010, fourthly amended on June 27, 2012, fifthly amended on June 17, 2013, sixthly amended on June 18, 2014, seventhly amended on June 19, 2017, eighthly amended on June 21, 2019, ninthly amended on June 27, 2022, and tenthly amended on June 13, 2023</p>	<p>The time when the most recent amendment is made is added for reference.</p>

Attachment 8

Forward Electronics Co., Ltd.

List of Directors (including Independent Directors) and Their Representatives Released from Non-competition Restrictions

Title	Name	Current positions in other companies.		
Director	Tatung Co., Ltd.	Director, Elite Computer Co., Ltd. Director, Shangzhi Precision Chemical Co., Ltd. Director, Tatung Integrated Communications Co., Ltd. Director, Tatung Integrated Co., Ltd. Director, Tatung Thailand Co., Ltd. Director, Zhisheng Investment Co., Ltd. Director, Tatung Singapore Information Co., Ltd. Director, Tatung World Technology Co., Ltd. Director, Shangzhi Asset Development Co., Ltd.	Director, Tatung Healthcare Co., Ltd. Director, Kundex Co., Ltd. Director, Tatung Japan Co., Ltd. Director, China Electronics Investment Co., Ltd. Director, Tatung Singapore Electric Co., Ltd. Director, Shangzhi Semiconductor Co., Ltd. Director, Tatung Intelligent Co., Ltd. Director, Tuo Zhi Guang Electromechanical Co., Ltd. Director, Taiwan Otis Elevator Co., Ltd.	Director, Tatung Healthcare Co., Ltd. Director, Kundex Co., Ltd. Director, Tatung Japan Co., Ltd. Director, China Electronics Investment Co., Ltd. Director, Tatung Singapore Electric Co., Ltd. Director, Shangzhi Semiconductor Co., Ltd. Director, Tatung Intelligent Co., Ltd. Director, Tuo Zhi Guang Electromechanical Co., Ltd. Director, Taiwan Otis Elevator Co., Ltd.
Director	Hong Chi- Chang	Independent Director, Jusheng Biomedical Co., Ltd. Chairman, Taiwan Institute for Economic and Industrial Research	Member, Chinese Taipei Olympic Committee Member, Chinese Taipei Olympic Committee's Commission for the Promotion of Sport and Peace Consultant, Taiwan Institute of Economic Research	Consultant, Chinese National Association of Industry and Commerce Consultant, Chinese National Innovation and Entrepreneurship Association Consultant, Taiwan Federation of Industries

Title	Name	Current positions in other companies.		
Director	Wang Kuang- Hsan	Chairperson, Tatung Co., Ltd. Chairperson, Sanyuan Construction Co., Ltd. Chairperson, Longhua Electronics Co., Ltd. Chairperson, Sanyuan Investment Enterprise Co., Ltd. Chairperson,, Sanyuan Entrepreneurial Investment Co., Ltd. Chairperson, Sanyu Biotechnology Co., Ltd. Chairperson, Eontronics International Co., Ltd. Chairperson,Taipei Industrial Co., Ltd. Chairperson, Tatung Intelligent Co., Ltd. Chairperson, Shang Xin Energy Co., Ltd. Chairperson,Yao Yang Energy Co., Ltd.	Chairman, Ting Xin Energy Co., Ltd. Chairman, Zhi Xin Energy Co., Ltd. Chairman, Tong Xin Energy Co., Ltd. Chairman, Tong Guang Energy Co., Ltd. Chairman, Chuang Shi Neng Co., Ltd. Chairman, Da Tang Energy Co., Ltd. Director, Shangzhi Asset Development Co., Ltd. Director, Zhisheng Real Estate Co., Ltd. Director, Sanyuan Construction Co., Ltd. Director, Midea International Biotechnology Co., Ltd. Director, Sanming Construction Co., Ltd.	Director, Jiuyuan Industrial Co., Ltd. Director, Longlin Construction Co., Ltd. Director, Huazhu Engineering Co., Ltd. Director, Guoguang Media Co., Ltd. Director, Desheng Technology Co., Ltd. Director, Chief Entrepreneurial Investment Co., Ltd. Director, Chief Financial Management Consultant Co., Ltd. Director, Shouchuang Investment Co., Ltd. Director, Qiyi Technology Co., Ltd. Director, Chengtai Electronics (Wujiang) Co., Ltd. Director, Qingdao Liansheng Industrial Co., Ltd.
Director	Chang Yao- Yong	Chairman, Turing Mergers and Acquisitions Investment Co., Ltd. Chairman, Turing Quantitative Trading Co., Ltd.	Chairman, Turing Financial Advisory Co., Ltd. Director, Fanjia Technology Co., Ltd.	
Director	He Jing-Ming	Chairperson, Shoufu International Co., Ltd. Chairperson, Yuanguo International Channel Co., Ltd.	Director, Kaohsiung City Private Tian Sheng Social Welfare Foundation	Director, Kaohsiung City Yiguandao Tianyi Foundation
Independent Director	Yeh Huang-Chi	Independent Director, Tatung World Technology Co., Ltd.	Executive Director, MetaNano Inc.	Consultant, Yuanta Futures Co., Ltd.
Independent Director	Shi Yi-Chegn	Associate Professor, Department of Finance and Cooperative Business, National Taipei University Director, Taiwan Carbon Rights Digital Economy Development Association	Director, Taiwan Financial Education Association Instructor, United Nations ESG Senior Training Program	Director, Chinese Taipei Professional Go Association

Title	Name	Current positions in other companies.		
Independent Director	Chiu Jin-Yi	Lawyer, Joint Law Firm of Zhao Yun	Principal, Ming Guan Land Surveyor Office	

APPENDICES

Forward Electronic Co., Ltd.

Appendix 1: Rules of Procedure for Shareholders' Meetings

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company 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 before 15 days before the date of a special shareholders meeting. The Company 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 before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and 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, before 15 days before the date of the shareholders meeting, the Company 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 Company and the professional shareholder services agent designated thereby, and printed copies should be distributed at the venue of shareholders' meeting.

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 and supervisors 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 Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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 Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall 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

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

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

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 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.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholder 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.

Shareholders or legal representatives of shareholder (hereafter referred to as shareholders) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company 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 Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

Article 7 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 Company 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 The Company, beginning from the time it accepts shareholder attendance

registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials 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.

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.

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.

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.

After a meeting is adjourned, shareholders are not allowed to continue the meeting at the same venue or at a different venue with an alternative chair.

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.

Article 12 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 Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised 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 Company 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; therefore, the Company should 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 Company before 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 Company, by the same means by which the voting rights were exercised, before 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 Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the

numbers of votes with which they were elected, and the names of directors and supervisors 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 Company 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 or supervisors. The minutes shall be retained for the duration of the existence of The Company.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders 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, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

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

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

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this

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 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 venue.

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 The Rules shall take effect after having been submitted to and approved by shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

Forward Electronics Co., Ltd.

Appendix 2 : Articles of Incorporation

June 27, 2022

Approved by the amendment of the shareholders' meeting.

Chapter 1 General provisions

Article 1 The Company is organized in accordance with the provisions of the Company Act for Limited Liability Companies, and named as Forward Electronics Co., Ltd., in order to enhance the competence of electronic industry in our country and develop electronic products for export.

Article 2 The Company focuses on the following businesses:

1. CC01010 Power generating, power transportation, and manufacturing of power transferring machinery
2. CC01030 Electronic Appliances and Audio-visual Electronics Manufacturing
3. CC01040 Illuminating appliances Manufacturing
4. CC01070 Wireless telecommunication appliances Manufacturing
5. CC01080 Electronic Components Manufacturing
6. CC01101 Telecommunications Regulatory Radio Frequency Equipment Manufacturing
7. CC01110 Computer and Peripheral Equipment Manufacturing
8. CC01990 Manufacturing Other Electronical and Electronic Machineries
9. CD01030 Automobile and Parts Manufacturing
10. CD01050 Bicycle and parts Manufacturing
11. CD01040 Motorcycle and Parts Manufacturing
12. CE01010 General Instrument Manufacturing
13. CF01011 Medical Equipment Manufacturing
14. C805050 Industrial Plastic Products Manufacturing
15. F108031 Wholesale Business of Medical Equipment
16. F113010 Wholesale Business of Machinery
17. F113020 Wholesale Business of Electric Appliances
18. F113050 Wholesale Business of Computers and Machines for Clerical purposes
19. F113070 Wholesale Business of Telecommunication equipment
20. F113090 Wholesale Business of Traffic Sign and Equipment
21. F114030 Wholesale Business of Automobile and Motorcycle Parts
22. F114040 Wholesale Business of Bicycles and Parts
23. F119010 Wholesale Business of Electronic Materials
24. F208031 Wholesale Business of Medical Equipment

- 25.F213010 Retail Business of Electronic Appliances
- 26.F213030 Retail Business of Computers and Machine equipment for clerical Purposes
- 27.F213040 Retail Business of Precision Instrument
- 28.F213060 Retail Business of Telecommunication Equipment
- 29.F213080 Retail Business of Machinery and Tools
- 30.F213090 Retail Business of Traffic Sign and Equipment
- 31.F214030 Retail Business of Automobile and Motorcycle Parts
- 32.F214040 Retail Business of Bicycles and Parts
- 33.F219010 Retail Business of Electronic Materials
- 34.F401010 International Trade
- 35.F401021 Importing of Telecommunications Controlled Radio Frequency Equipment
- 36.I 301010 Information Software Service
- 37.ZZ99999 The Company may, in addition to licensed businesses, operate businesses that are not prohibited or restricted by law.

Article 3The Company has its headquarter settled in Taipei City. It may establish branch offices or representative coppices at appropriate locations as business requires.

Article 4The Company's announcements shall be carried out through publication in newspapers published in the place where the Company is located or official letters issued by the Company.

Article 5The Company may serve as a warrantor to external parties as required by business needs.

Article 6The Company's investment in other businesses is not subject to the restrictions specified in the Company Act on re-investment exceeding 40% of the Company's paid-in capital, and is authorized to be decided by the board of directors.

Chapter 2 Capital Stock

Article 7The total capital of the Company is set at NT\$ 2.6 billion dollars, divided into 260 million shares with a per value of NT\$10 dollars per share, to be issued in installments. Within the total number of shares, 40 million shares are reserved for the issuance of employee stock option certificates.

Article 8The Company shall issue shares after certifications according to relevant laws. The Company may also be exempted from issuing printed stock certificates and may consolidate printing and entrust the securities central depository institutions to handle the total number of shares to be issued each time.

Article 9When shareholders of the Company handle stock transfers, set up rights pledges, report losses, inheritances, gifts, changes to seal or address changes, and exercise all of their rights, except for when regulations under laws and securities regulations specify otherwise, such procedures shall be handled in accordance with the

“Guidelines for the Handling of Stock Affairs of Publicly Traded Companies.”

Article 10 When the stocks of the Company are lost, the reporting of loss and issuance of replacement stock certificates shall be handled according to provisions in “Regulations Governing the Administration of Shareholder Services of Public Companies.”

Article 11 Within 60 days prior to each regular shareholders' meeting, within 30 days prior to any special shareholders' meeting, or within 5 days prior to the record date for distribution of stock dividends, cash dividends, or other benefits, stock transfers shall be suspended.

Chapter 3 Shareholders' Meeting

Article 12 Shareholders' meetings of the Company are of two kinds: regular meetings and special meeting. Regular meetings shall be convened once a year within six months after close of each fiscal year, and shareholders shall be informed at least thirty days before the meeting. Special meetings shall be convened whenever necessary according to the laws and regulations. The notice in the preceding paragraph shall specify the date, location, and purpose of the meeting. Unless otherwise provided for in the Company Act, a meeting of shareholders shall be convened by the Board of Directors.

Article 13 Any resolution on the shareholders' meeting shall require the attendance of shareholders representing more than half of the total issued shares, and shall be passed with the approval of more than half of the voting rights represented by the attending shareholders, unless otherwise provided by the Company Act. Each share entitles its holder to one vote, except for those subject to restrictions or those without voting rights as the listed in Article 179, Paragraph 2 of the Company Act.

Article 14 A shareholder who cannot attend the shareholders' meeting in person shall issue a power of attorney issued by the Company, specifying the authorized range and entrusting the proxy to attend. However, when one person is entrusted by two or more shareholders at the same time, the voting rights of the proxy shall not exceed three percent of the total voting rights of the issued shares, and any excess voting shall not be counted. Unless otherwise is specified in provisions of the Company Act, the method of entrusting shareholders to attend the meeting shall be handled in accordance with “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.”

Article 15 Unless otherwise is specified by provisions in the Company Act, the chairperson of the board shall serve as chairperson of the shareholders' meeting. In the event

that the chairperson of the board is absent or unable to perform his or her duties due to certain reasons, he or she shall designate a director as his or her proxy. If the chairperson of the board fails to designate a proxy, the directors shall elect one among themselves to act as a proxy. The meeting of shareholders shall be conducted in accordance with the Company's Rules of Procedures.

Article 16 Resolutions of the shareholders 'meeting shall be recorded in minutes and handled following provisions in Article 183 of the Company Act. The minutes shall include the year, month, day, location, name of the chairperson, method of resolution, essential points of the proceedings, and the result. They shall be kept permanently during the existence of the Company. The signature book of the attending shareholders and the proxy form for attendance shall be preserved for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the documents shall be kept until the end of the lawsuit.

Chapter 4 Directors and Audit committee

Article 17 The Company has nine directors, each serving a term of three years and eligible for reelection. The total number of shares held by all directors may not be less than the minimum percentage set by the regulatory authority of securities. Of the above-mentioned director positions, at least three must be independent directors, accounting for no less than one-fifth of the board seats and are nominated by candidates. Shareholders should select independent director candidates from the list of candidates. Independent and non-independent directors should be elected separately, and the number of elected positions for each should be calculated separately. The independent directors 'qualifications, shareholding, and current job restrictions, independence determination, nomination and election methods, exercise of duties, and other matters they should observe, shall be handled in accordance with the Securities and Exchange Act and other relevant laws and regulations. Except for independent directors mentioned in the second paragraph, since the 17th director election, the selection of director candidates has adopted a nomination system. Shareholders should select director candidates from the list of candidates.

Article 18 The Board of Directors is organized with directors. The directors elect one among themselves as the Chairperson of the Board to manage all internal affairs of the Company and represent the Company externally.

Article 19 The Board of Directors shall be convened by the Chairperson of the Board. The Chairperson shall preside over the meeting, and in case that the Chairperson is absent or unable to perform his or her duties, a director designated by the Chairperson shall act as the proxy. If the Chairperson does not designate a proxy, the directors elect one among themselves to act as a proxy. If the Board of Directors convenes a meeting through video conferencing, directors who

participate via video conferencing shall be regarded as present. If a director is unable to attend the meeting due to unforeseen circumstances, they may issue a letter of authorization specifying the scope of authority and authorizing another director to act as their proxy. The Board of Directors shall be notified seven days prior to the meeting. Notification of the meeting may be made in writing, by email, or by fax. In the event of an emergency, the Board of Directors may be convened at any time.

Article 20 Unless otherwise is specified in provisions of the Company Act, the resolutions of the Board of Directors shall require the presence of more than half of the directors and the consent of more than half of the attending directors.

Article 21 The Company follows provisions in Article 14-4 of Securities and Exchange Act and has established the Audit Committee, which shall be composed entirely of independent directors. The Audit Committee's powers, rules of procedure, and other matters to be observed, shall be handled according to the provisions of Company Act, the Securities and Exchange Act, and other relevant laws and regulations, as well as Articles of Incorporation of the Company.

Article 22 Regardless of the Company's profits or losses, The Board is authorized to determine the remunerations of all directors based on their level of participation in the Company's operations and the value of their contributions, taking into account with usual industry standards.

Article 23 During the term of office of the directors, the company may purchase liability they are required to bear by law within the scope of their business operations. The insurance period shall be from January 1st of each year to December 31st.

Chapter 5 Managers

Article 24 The Company has appointed several managers, and their appointment, dismissal, and remuneration shall be handled in accordance with the provisions of Article 29 of Company Act.

Article 25 The general manager reports to the Chairperson and take the responsibility to handle overall business of the Company and implements the resolutions of the Board of directors. Business operation in each department is organized within a hierarchical system, and the general manager authorizes the center directors in each factory to handle their respective responsibilities with full authority.

Chapter 6 Accounting

Article 26 The Company's fiscal year lasts between January 1st and December 31. At the end of each fiscal year, the Board of directors shall prepare and submit the following documents to the audit committee for review and approval at least 30 days prior to the annual shareholders' meeting:

- 1 Business report
- 2 Financial statements
- 3 Proposal for distribution of profits or allocation of losses.

Article 27 If the Company makes a profit for the year, it shall allocate no less than 1% for employees' remuneration and not more than 2% for directors' remuneration. However, if the Company has accumulated losses, an amount shall be reserved in advance to make up for the losses. When distributing employee remuneration in the form of stocks or cash, the case must be approved by the Board of directors with at least two-thirds of the directors attending the meeting and with the consent of a majority of the directors attending the meeting, and the decision must be reported to the shareholders' meeting. Employees of subsidiary companies who meet certain conditions may also receive stocks or cash as compensation. If the annual final accounts of the Company show a profit, the Company shall first pay taxes following relevant laws, make up for losses from the previous year, and then allocate 10% of the profit as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total capital amount, this requirement does not apply. The company shall also allocate or reserve the special surplus reserve as required by law, and combine it with the undistributed profits at the beginning of the period to form the accumulated distributable profit of the shareholders. The board of directors shall prepare a profit distribution plan and submit it to the shareholders' meeting for approval. The total amount of profit distribution shall not be less than 60% of the accumulated distributable profit. The ratio of stock dividends to cash dividends for profit distribution shall be determined based on the actual profits and the financial planning of the Company for that year. However, the ratio of cash dividends shall not be less than 10% of the profit distribution of that year.

Article 28 The directors' transportation expenses are generally covered in the location where the Company is located.

Chapter 7 Additional provisions

Article 29 The organization and service regulations of the Company are established separately.

Article 30 The matters not covered in this Articles of Incorporation shall be handled according to provisions of the Company Act and other relevant laws and regulations.

Article 31 The establishment or amendment of this Articles of Incorporation shall be implemented after being submitted to the authority concerned for approval.

Article 32 This Articles of Incorporation was established on July 25, 1970. The first amendment was made on September 25, 1970, the second amendment on December 20, 1970, the third amendment on April 14, 1973, the fourth amendment on April 23, 1974, the fifth amendment on November 16, 1976, the sixth amendment on April 22, 1977, the seventh amendment on April 15, 1978, the eighth amendment on April 7, 1979, the ninth amendment on December 28,

1979, the tenth amendment on April 11, 1980, the eleventh amendment on April 8, 1981, the twelfth amendment on April 23, 1982, the thirteenth amendment on April 22, 1983, the fourteenth amendment on March 26, 1985, the fifteenth amendment on April 24, 1986, the sixteenth amendment on July 10, 1986, the seventeenth amendment on May 31, 1988, the eighteenth amendment on September 22, 1989, the nineteenth amendment on April 17, 1990, the twentieth amendment on September 21, 1990, the twenty-first amendment on December 15, 1992, the twenty-second amendment on March 8, 1994, the twenty-third amendment on March 14, 1995, the twenty-fourth amendment on November 1, 1997, the twenty-fifth amendment on July 15, 1998, the twenty-sixth amendment on September 10, 1998, the twenty-seventh amendment on June 9, 2000, the twenty-eighth amendment on March 29, 2001, the twenty-ninth amendment on June 5, 2002, the thirtieth amendment on April 29, 2003, the thirty-first amendment on June 7, 2005, the thirty-second amendment on June 9, 2006, the thirty-third amendment on June 14, 2007, the thirty-fourth amendment on June 27, 2008, the thirty-fifth amendment on June 16, 2009, the thirty-sixth amendment on June 9, 2010, the thirty-seventh amendment on June 9, 2011, the thirty-eighth amendment on June 27, 2012, the thirty-ninth amendment on June 18, 2015, and the fortieth amendment on June 23, 2016. The forty-first amendment was made on June 27, 2022.

Forward Electronics Co., Ltd.

Appendix 3 : Procedures for Election of Directors

- Article 1 The election of directors of the company shall be conducted in accordance with these Regulations, the company's articles of association, and relevant laws and regulations.
- Article 2 The election of directors of the company shall adopt the method of single-name cumulative voting. The names of the voters may be represented by the attendance certificate numbers on the ballot. In the election of directors of the company, when electing directors, each share shall have the same number of voting rights as the number of directors to be elected. These voting rights may be used to elect one person collectively or to distribute votes to elect multiple persons.
- Article 3 The Board of Directors shall prepare voting ballots equal to the number of directors to be elected, each indicating their respective voting rights, and distribute them to shareholders attending the shareholders' meeting.
- Article 4 At the beginning of the election, the chairman shall designate a presiding officer and several vote counters to perform various related duties.
- Article 5 The voting ballots shall be prepared and issued by the company, indicating the voting rights. However, shareholders who exercise their voting rights electronically shall not be issued separate voting ballots.
- Article 6 If the candidate is a shareholder, the voter must fill in the candidate's name and shareholder account number in the "Candidate" column of the voting ballot. If the candidate is not a shareholder, their name and national ID number should be provided. However, in the case where the candidate is a government entity or a legal person shareholder, the "Candidate" column on the voting ballot shall contain the name of the government entity or legal person. Alternatively, it may include both the name of the government entity or legal person and the name of its representative. If there are multiple representatives, their names should be separately listed.
- Article 7 The votes for directors shall be counted separately for independent directors and non-independent directors, and the results shall be determined separately.
- Article 8 The following circumstances render a voting ballot invalid:
- (1) Not using the voting ballot prescribed by these Regulations.
 - (2) Inserting a blank voting ballot into the ballot box.
 - (3) Illegible or altered handwriting.
 - (4) For candidates who are shareholders, discrepancies between the name, shareholder account number, and shareholder registry; for candidates who are not shareholders, discrepancies between the name, national ID number, and verified

information.

(5) Besides filling in the candidate's name (or shareholder's name) or shareholder account number (or national ID number), writing any other text or symbols.

(6) Failing to fill in the shareholder account number (or national ID number) for identification when the candidate's name (or shareholder's name) is the same as that of another shareholder.

(7) Listing two or more candidates on the same voting ballot.

(8) Listing more candidates than the number of directors to be elected.

Article 9 The directors of the company shall be elected through a candidate nomination system, in accordance with the quotas and procedures stipulated in the company's articles of association. The voting rights of independent directors and non-independent directors shall be separately calculated. The candidate with the most votes representing each category of voting rights shall be elected as independent directors or non-independent directors, respectively. In the event that two or more candidates receive an equal number of votes representing the same number of voting rights, exceeding the prescribed number of directors to be elected, the selection shall be determined by drawing lots among the candidates with equal voting rights. If any candidate is absent, the chairman shall draw lots on their behalf.

Article 10 After the completion of voting, the ballots shall be counted on the spot, and the results shall be announced immediately by the chairman.

Article 11 If the election violates the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, the election results shall be invalidated.

Article 12 Matters not specified in these Regulations shall be handled in accordance with the Company Act, the company's articles of association, and relevant laws and regulations.

Article 13 These Regulations shall come into effect upon approval by the shareholders' meeting, and amendments shall also require the same procedure for approval.

Forward Electronics Co., Ltd.

Appendix4 : Procedures for Acquisition or Disposal of Assets

- Article 1 These regulations are established in accordance with the official letter of Financial Supervisory Commission R.O.C. (Taiwan) (hereafter referred to as FSC) No.0910006105 (1) which was issued in 2002.
- Article 2 The term "assets" as used in these Regulations 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 right of use for land) 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 3 The evaluation of the assets to be acquired by the company and procedures are as below:
- When the Company is acquiring assets, the department in charge shall submit to the authorities concerned for decision the reasons, the subject matter, the counterparty of the transaction, the transfer price, payment terms, price references, and other matters related to the acquisition that should be disclosed according to this procedure, in accordance with the relevant operation rules of the internal control system of the company and the processing procedures of this department.
- For the evaluation of the acquisition of real estate and other unmovable assets, the application form or project proposal shall be filled out by the unit using the asset or the management team, and it can only be carried out after evaluation and approval by the authority unit. For other assets that are not real estate or other unmovable asserts, evaluation by the executing department is required before proceeding.
- Transfer of ownership for the acquired assets shall be processed promptly

from the date of acquisition.

After the acquisition of assets, registration, management, and use of the asset shall be carried out in accordance with the relevant regulations of the Company's asset management principles.

Article 4 The evaluation of the assets to be disposed of by the company and procedures are as below:

When the Company is disposing of its assets, the department in charge shall submit to the authorities concerned for decision the reasons, the subject matter, the counterparty of the transaction, the transfer price, payment terms, price references, and other matters related to the acquisition that should be disclosed according to this procedure, in accordance with the relevant operation rules of the internal control system of the company and the processing procedures of this department.

For the evaluation of the acquisition of real estate and other unmovable assets, the application form or project proposal shall be filled out by the unit using the asset or the management team, and it can only be carried out after evaluation and approval by the authority unit. For other assets that are not real estate or other unmovable asserts, evaluation by the executing department is required before proceeding.

Article 5 The acquisition or disposal of assets by the Company, except for bonds with buyback or sell-back conditions and domestic bond-type funds, with a value exceeding NT\$30 million, shall be subject to prior approval by the Board of Directors.

Article 6 When the company is acquiring or disposing of assets, the determination of price and pricing reference are based on the relevant considerations:

For the acquisition or disposition of market-traded securities or bonds conducted in centralized exchange markets or securities dealers' offices, the price shall be determined based on the equity or bond price at the time of transaction.

For the acquisition or disposition of non-market-traded securities or bonds conducted outside of centralized exchange markets or securities dealer's offices, the price shall take into consideration factors such as per share net value, earning capacity, future growth potential, market interest rate, bond coupon rate, debtor's creditworthiness, and the agreed transaction price at the time.

For the acquisition or disposition of other assets not covered by the preceding two paragraphs, the price shall be determined through methods such as comparison, negotiation, or bidding, and shall take into account factors such as publicly announced fair value, appraised value, actual transaction prices or adjacent immovable properties, etc. If the transaction

amount reaches the standard set in this procedure, a valuation report issued by a professional appraiser shall be obtained.

Article 7 Executing units:

The department responsible for acquisition or disposition of assets by the Company are listed below by nature of the assets:

1 The unit responsible for executing transactions of marketable securities is the Finance Department.

2 The unit responsible for executing transactions of real estate and other unmovable assets at the departments authorized for relevant matters and the unit responsible for use of the assets.

3 The unit responsible for executing transactions of other assets that do not fall under marketable securities, real estate, or other fixed assets, evaluation of pricing shall be conducted by relevant units before execution.

Article 8 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% 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 shall be engaged to 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% or more of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is 10% 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 9 When the company is acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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 (FSC).

Article 10 When the company is acquiring or disposing of intangible assets or right-of-use assets, or memberships, and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 10-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 28, 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 10-2 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company 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.

Article 11 When the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Article 12 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% or more of paid-in capital, 10% 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 approved by the board of directors and recognized by the supervisors:

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 Article 13 and Article 14.
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 evaluation 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 should be obtained if the transaction amount reaches 10% of the total asset of the Company in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

If the Company or its subsidiary, which is not a publicly listed company in Taiwan, has a transaction that meets the criteria of the first item, with a transaction amount exceeding 10% of the total assets of the Company, the transaction contract and payment shall only be executed after relevant information listed in the first item is submitted to the shareholders' meeting for approval. However, this does not apply to transactions between the Company and its parent company, subsidiaries, or subsidiaries of its subsidiaries.

The transaction amount mentioned in the preceding paragraph shall be calculated according to the provisions of Article 28, paragraph 2. For transactions that occurred within one year, the reference date shall be the date of the occurrence of the transaction, and transactions that have already been submitted to the shareholders' meeting, audit committee, and board of directors for approval according to this procedure shall be excluded from the calculation.

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% 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.

When submitting for discussion board of direction meeting in accordance with the provisions of the first paragraph, full consideration shall be given to the opinions of each independent director. If an independent director has a dissenting or reserved opinions, such opinions shall be recorded in the minutes of the board meeting.

If the above mentioned matter is to be executed without the consent of more than half of the members of the audit committee, it shall require the approval of at least two-thirds of the entire board of directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

Article 13 When the Company acquires real property or right-of-use assets thereof from a related party, it 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.

When 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 preceding two paragraphs, it shall also engage a CPA to check the appraisal and render a specific opinion.

When 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 Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.

Article 14 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 15. 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:

(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) 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.

(3) The term applies to other non-related party lease cases of other floors of the same subject property within one year with estimation for their transaction conditions based on the reasonable floor price difference as determined by customary practices of real estate leasing.

2. Then the company is acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party, it should provide 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 fifty 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 15 When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the 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 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. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply *mutatis mutandis* to the independent director members of the audit committee.

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.

When the Company has set aside a special reserve under the preceding

paragraph, it 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.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms-length transaction.

Article 16 Principles and strategies for derivative trading of the Company

1 The Company shall follow the principles and operational strategies below when trading derivatives:

(1) Principles: The Company's derivative trading operations shall be guided by the principle of avoiding risks arising from exchange rates, interest rates, and other risks associated with business activities.

(2) Strategies: The Company shall conduct hedging operations, taking into account its current and future holdings of assets or liabilities, in anticipation of market changes, in order to mitigate operational and financial risks, and to look in or reduce non-operating losses for the Company.

2. Categories

(1) Types of derivatives that the Company has been trading on the financial market:

Assets\Category	Forward contract(note1)	Options (Note 2)	Financial swap(note3)
Exchange rate	Forward foreign exchange contract	Foreign exchange options	1.currency exchange 2.interest rate swap
Interest rate	Forward interest rate contract	Interest rate options	1.interest rate exchange 2.currency exchange

Note 1: forward contract: an agreement to buy (or sell) an underlying asset as a specified future date for delivery.

Note 2: options: The buyer (seller) of an option, after paying (receiving) the option premium, has the right (obligation) to buy (call option) or sell (put option) the specified quantity of an underlying asset at the contract price from (to) the seller (buyer) on a specific

(European-style) expiration date or an unspecified (American-style) expiration date, if it is advantageous to the buyer.

Note 3: finance swap: Finance swap refers to the exchange of different financial instruments in the financial market, with the basic types being currency and interest rate swaps between different currencies, and interest rate swaps based on different interest rates within the same currency.

(2) monthly quota

- | | | |
|----|------------------|-----------------------------|
| 1. | Authorized level | monthly quota |
| | General manager | No more than US\$ 5 million |
| | Chairperson | Over US\$ 5 million |
2. The accumulated cash flow each month shall not exceed 80% of the difference between foreign currency accounts receivable and accounts payable. If the amount exceeds the above limit, written project approval from the immediate supervisor shall be required.
3. The upper limit of aggregate contract lost is NT\$ 10 million, and the maximum individual contract loss limit is NT\$ 1 million.
4. The Financial Management Committee may adjust the amount mentioned in the first paragraph in response to market changes.

3. Range

The Company's operations that involve exchange rates and interest rates are mainly in the following areas:

- (1) Export sales revenue.
- (2) Expenditure on purchasing raw materials, supplies, machinery, and equipment priced in foreign currencies.

4. organization

The Finance Management Committee of the Company is composed of the General manager, Deputy General Manager, and five managers, appointed by the Board of Directors; they are responsible for overseeing the processing procedures and other related financial management measure.

The Finance Management Committee is presided over by the General Manager. It shall convene with at least three members, supervising and hearing the execution reports from the Operation Team, which should be evaluated on a weekly basis, and the audit report from the Audit Team. If necessary, ad hoc meetings may be also convened.

5. The organization and assignment of tasks are planned by the Operation Team and the Audit Team. Operation Team: it is composed of the Finance Department, and its responsible for judging the timing of entry into the market based its analysis on the types, quantities, and terms of investment target confirmed by the Finance Management Committee, and implementing

operations within the limits set forth in Article 14, Paragraph 2. Audit Team: it is composed of Audit Office, and it's responsible for conducting regular or irregular audit of derivative transactions.”

6. A back-up log should be prepared.

Article 17 Operation procedures of the Company's transactions of derivatives

1 The “Operation Team” shall designate traders who are responsible for placing orders for transactions between the Company and other banks.

2 Prior to transactions, the “Operation Team” shall phone the other banks to inquire and compare prices.

3 After the transaction is completed, the trader shall fill out an internal transaction notice and relevant vouchers for verification, and then submit them to the Forward exchange manager and the finance department for accounting.

4 The foreign exchange manager shall record the internal transaction notice, prepare a daily report, and after confirming the transaction details with the other banks, submit the confirmation letter to the Finance Department for filing.

5 Prior to the expiration of the contract, the trader shall submit the original transaction notice and relevant vouchers to the Foreign exchange manager and the delivery personnel, who shall handle the delivery process with the banks, and submit the relevant documents to the Finance Department for accounting.

6 After the delivery, the foreign exchange manager shall record the delivery in the records and prepare a daily report.

Article 18 The Company' accounting matters related to transactions of derivatives are handled as follows:

Derivative transactions related to exchange rates shall be processed in accordance with International Accounting Standards (IAS) Article 14 as issued by the IASB; other derivative transactions shall be processed in accordance with Articles 34 and 36 in Financial Accounting Standards.

Article 19 Risk management should be taken into consideration when the Company is engaged in derivative transactions:

1. Consideration of credit risk

When selection counterparties for derivative transactions, the Company shall prioritize institutions with excellent credit, larger scale, and ability to provide professional financial information.

2. Consideration of Market risk:

The Company conducts derivative transactions mainly for hedging purposes, and any resulting losses are expected to offset losses from the hedged items, in order to mitigate potential market price risks.

3. Consideration of liquidity:

(1) liquidity of the commodity:

The Company shall consider whether the traded commodity is wide accepted and commonly traded on the market.

(2) Liquidity of cash:

The Company shall monitor its cash flow regularly to ensure smooth completion of settlement operations for various transactions at maturity.

4. Consideration of operations:

The company shall adhere to authorized limits, transaction processes, and recording and control of transaction records.

5. Consideration of legal matters:

The company shall consult the legal department prior to entering into contracts related to transactions, in order to avoid potential risks for the company in the future.

6. Consideration of commodity risk:

Operators involved in derivative transactions should possess comprehensive and accurate professional knowledge to avoid misuse of derivative products that may result in losses.

Article 20 Internal control:

The purpose of internal control is to prevent unauthorized transactions, transactions outside of authorized limits, unrecorded transactions, and unrecognized losses. This includes the following provisions:

1. The Company shall formally notify the banks it works with in writing of the names of the company's transaction personnel, and update the information in case of any changes.

2 Each transaction, after being completed, should be reported and submitted to the finance department for recording immediately, along with a confirmation letter from the bank for the finance department to keep on record.

3 Transaction, confirmation, and settlement shall not be taken charge of by the same person, nor shall the personnels hold concurrent positions or act as representatives for each other.

4 The personnel responsible for confirmation shall accurately verify transaction records and control transaction positions.

5 Finance personnel shall periodically reconcile with the incoming bank or obtain confirmation letters.

6 Audit and finance personnel shall verify at any time whether the total amount of transactions exceeds the total contract amount specified in the processing procedures.

7 Audit personnel shall conduct independent post-audit of the entire transaction process.

Article 21 The regular items to be evaluated in the Company's derivative transactions are as follows:

- 1 The "Operation Team" shall request each associated bank to provide timely pricing and valuation data for outstanding transaction details of various types of derivatives.
- 2 The "Operation Team" shall, based on this data, submit reports to the Finance Management Committee on a weekly basis for various types of derivatives.
- 3 The finance department shall conduct review and confirmation based on the evaluation reports from the "Operation Team."
- 4 The Finance Management committee shall periodically report the results of the operations to the Board of Directors.

Article 22 Internal audit for the Company's transactions of derivatives are as follows:

- 1 The internal audit personnel shall regularly evaluate whether internal control of the derivatives transactions is appropriate and justifiable and conduct monthly audits of the processing procedures for derivative transactions in the trading department, analyze transaction cycles, and prepare audit reports.
- 2 The audit reports mentioned above should be submitted to authorities concerned along with the implementation status of the annual internal audit plan by the end of February of the following year. Any improvements made to glitches should be reported to authorities concerned for record-keeping no later than the end of May of the following year. In case of significant violations, the Audit Committee should be promptly informed, and relevant personnel should be disciplined according to the violation.

Article 23 When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, it 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 the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

When the Company is participating in a merger, demerger, acquisition,

or transfer of shares, it 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 a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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 24 When the Company is participating in a merger, demerger, or acquisition, it 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. When the Company is participating in a transfer of shares, it 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.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, and 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.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, and the Company is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, the company shall 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 paragraphs three and four.

Article 25 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 26 When the Company is participating in a merger, demerger, acquisition, or transfer of shares, it may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and it 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.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 27 The contract for participation by the 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. The contract 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 28 When the Company acquires or disposes of assets and the following situations occur, relevant information should be announced and reported to the designated website of the Financial Supervisory Commission within two days from the date of the event, using the prescribed format:

1. Acquisition or disposal of immovable properties or the right to use immovable properties from related parties, or acquisition or disposition of other assets from related parties, with transaction amount reaching 20% of the company's paid-in capital, 10% of its total assets, or NT\$ 300 million, or more. However, this does not apply to transactions involving domestic government bonds, repos, bonds with buyback conditions, or money market funds issued by domestic securities investment trust companies.
2. Mergers, divisions, acquisitions, or transfer of shares.
3. Losses that is resulted from derivative transactions that reach the total or individual contractual loss limit as specified in the proceeding procedure.
4. Acquisition or disposition of equipment for the right to use equipment that is used for business purposes and the counterparty is not a related party, with transaction amount reaching NT\$500 million or more.
5. Acquisition of immovable properties through self-development, leasehold development, joint development with profit sharing, or joint development with separate sales methods, and the counterparty is not related party, and the company's estimated investment in the transaction reaches NT\$500 million or more.

6. Except for the cases in the preceding five paragraphs, for transaction involving assets, disposal of debt claims by financial institutions, or investments in Mainland China, if the total transaction amount or the accumulated transaction amount within one year with the same counterparty for the same nature of subject matter, or the accumulated amount of acquisition or disposal (separately accumulated) of real estate properties under the same development project within one year, or the accumulated amount of acquisition or disposal (separately accumulated) of the same securities within one year, reaches 20% of the company's paid-in capital or exceeds NT\$300 million, the following situations are not subject to the rules:

- (1) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
- (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations 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.

When the Company is acquiring or disposing of assets, it 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 29 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.

Article 30 The Company and its subsidiary may invest in and purchase non-operating real estate and tradeable securities, in addition to acquiring assets for business use, subject to the following limitations: a

The total amount of non-operating real estate purchased by the Company and its subsidiaries individually shall not exceed 100% of the respective paid-in capital of the Company and its subsidiaries.

The total amount of investments in tradable securities made by the Company and its subsidiaries individually, excluding those approved by the shareholders' meetings of the company and each of its subsidiary, shall not exceed 100% of the respective paid-in capital of the Company and its subsidiaries, and the investment amount in any single tradable security shall not exceed 65% of the respective paid-in capital of the Company and its subsidiaries. However, the total amount of investments in marketable securities made by the Company, excluding long-term equity investments under the equity methods and valuation allowances for impairment losses shall not exceed 20% of the net value of the most recent statements, and the investment amount in any single marketable security, excluding long-term equity investments under the equity method and valuation allowance for impairment losses, shall not exceed 10% of the net value of the most recent financial statements.

If the Company and its subsidiaries exceed the above limitation in acquiring or disposing of assets, such transactions must be submitted to the Board of Directors for approval before execution.

Article 31 The term "subsidiaries" herein refers to the following companies that are directly or indirectly controlled by the Company, both domestically and internationally:

Companies in which the Company directly holds more than 50% of the issued voting shares.

Companies in which the Company holds, indirectly through subsidiaries more than 50% of the issued voting shares, and so on.

Companies in which the Company holds, directly or indirectly through subsidiaries, 50% of the issued voting shares, and so on.

Article 32 Matters announced to be reported by the subsidiaries: :

The acquisition and disposition of the subsidiaries' assets shall be conducted

according to the procedures.

For subsidiaries that are not publicly listed, if the acquisition or disposition of assets meets the disclosure and reporting standards set forth in Article 28, the Company shall also handle the disclosure and reporting matters.

The criteria for disclosure and reporting of subsidiaries, as referred to in “20% of the paid-in capital or 10% of the total assets of the company,” shall be based on the paid-in capital or total assets of the parent company,” shall be based on the paid-in capital or total assets of the parent company.

Article 32-1 Regarding the regulations about 10% of the Company’s total asset, the calculation is based on the total assets amount in the most recent individual financial statements prepared in accordance with the financial reporting standards for security issuers.

For companies whose stocks have no face value or other than NT\$10 face value, the transaction amount requirement of 20% of the paid-in capital in Articles 8 to 10, Article 12 , Article 28, and Article 32 of this guideline shall be calculated based on 10% of the equity attributable to the owners of the parent company.

Article 33 Matters not covered in the procedures shall be handled in accordance with relevant laws and regulations, as well as the relevant rules of the Company.

Article 34 Provisions in the procedures shall be approved by more than half of the members of the Audit Committee, resolved by the Board of Directors, and be submitted to the Shareholders’ meeting for approval. The same applies to amendments.

Article 35 When the Company reports cases related to acquisition or disposition of assets to the Board of Directors for discussion, the opinions of each independent director should be taken into consideration. If any independent director expresses objection or reservation opinions, it shall be recorded in the minutes of the Board of Directors’ meeting.

Article 36 This procedure was established on May 9, 2000. It was first amended on February 12, 2003, secondly amended on June 14, 2007, thirdly amended on June 17, 2010, fourthly amended on June 27, 2012, fifthly amended on June 17, 2013, sixthly amended on June 18, 2014, seventhly amended on June 19, 2017, eighthly amended on June 21, 2019,ninthly amended on June 27, 2022, and tenthly amended on June 13, 2023.

Appendix 5 : Shareholdings by Directors of Forward Electronic Co., Ltd.

As of to: March 29, 2024

Title	Name	Company for which each individual serves as a legal representative	Number of shares in possession	Shareholding ratio
President	Hong Chi-Chang	Tatung Co., Ltd.	31,635,411 shares	22.60%
Director	Wang Kuang-Hsian			
Director	Sui Feng-Zhi			
Director	Yu Jing-Ban			
Director	Fu Yi-Yuan			
Independent director	Wang Jia-Nan	-	-	-
Independent director	Yeh Huang-Chi	-	-	-
Independent director	Tsai Mao-Yinh	-	-	-
Total number of shares possessed by all directors			31,635,411 shares	22.60%
Requirement of minimum shareholding for all directors			8,398,983 shares	6.00%

Note: As of March 29, 2024, the total number of issued shares of common stock were 139,983,060.