



Stock No.: 6182

# **Wafer Works Corporation**

## **2023 Annual Shareholders' Meeting Handbook**

9:00 a.m. on June 19 (Monday), 2023

Type of Meeting : Physical Meeting

No.100, Longyuan 1<sup>st</sup> Rd., Longtan Science Park, Taoyuan, Taiwan

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# Wafer Works Corporation

## 2023 Annual Shareholders' Meeting

Meeting Agenda  
(Translation)

- I. Report on the number of shares attended
- II. Announcing the meeting
- III. Chairman's Address
- IV. Report Items
- V. Ratification Items
- VI. Discussion Items
- VII. Provisional Motions
- VIII. Meeting Adjournment

# Wafer Works Corporation

## 2023 Annual Shareholders' Meeting

Meeting Agenda  
(Translation)

Time: 9: 00 a.m., June 19, 2023

Venue: No.100, Longyuan 1<sup>st</sup> Rd., Longtan Science Park,  
Taoyuan, Taiwan

### I. Chairman's Address

### II. Report Items

- (1) To report the business of 2022
- (2) Audit Committee's review report of 2022
- (3) To report 2022 employees' profit sharing and directors' compensation
- (4) To report the Implementation of Investments in mainland China
- (5) To report 2022 private placement of common shares
- (6) To report the commitments for the listing of Wafer Works (Shanghai) Co., Ltd., on the STAR Market

### III. Ratification Items

- (1) To accept 2022 Business Report and Financial Statements
- (2) To approve the proposal of 2022 earnings distribution

### IV. Discussion Items

- (1) To revise the Articles of Incorporation
- (2) To revise the Procedures for Acquisition or Disposal of Assets
- (3) To approve the issuance of employee restricted stock awards for year 2023

(4) To approve the noncompete clause for Directors

(5) Relocation of headquarters

V. Provisional Motions

VI. Meeting Adjournment

# Report Items

1. To report the business of 2022.

Note: Please refer to pages 5-6 of this Handbook for business report in 2022.

## Business Report

In 2022, the global economy faced challenges due to inflation and rising interest rates, which had an impact on production and consumption worldwide. As a result of the reduced external demand, Taiwan's annual economic growth rate hit the lowest since 2016. The domestic semiconductor industry, on the other hand, continued to thrive due to the emergence of new technologies; whilst the annual output value reached all time high. According to Semiconductor Equipment and Materials International (SEMI), the total area of silicon wafer shipped was 14,713 million square inches (MSI), an increase of 3.9% from year 2021, and sales revenue exceeded US\$13.8 billion, a 9.5% annual increase. Benefiting from the upward trend of semiconductor market and hence an increase in the average selling price, Wafer Works' 2022 consolidated revenue reached a historical high of NT\$12.68 billion, up 22.6% year over year; and earnings per share was NT\$4.0.

Many countries are ending their policies of sharply raising interest rates in 2023, China's consumption power is on a quick rebound after the lift of its zero-COVID policy; all resulting in favorable circumstances for reduction of global inventory. As the use of 5G wireless systems, artificial intelligence (AI), electric vehicles (EV), and other applications accelerate in the post-pandemic era, Taiwan's semiconductor industry will continue to gain momentum, enabling numerous business opportunities. With the continuous increase in market demand, Wafer Works will actively expand production capacity and develop new products to better serve our customers.

The outlook for this year's operations is as follows:

(1) Business: We will continue to deliver high-quality small diameter silicon wafers, and also diligently invest in the development of 300 mm silicon wafer technology and capacity. Moreover, customized services will be offered, which mitigates the impact of market volatility on our operations.

(2) Quality: Product excellence and reliable delivery of high quality wafers is the unchanging commitment to our business partners. We will further automate the

production lines, utilize big data analytic methods and digital transformation to achieve Industry 4.0, which is the cornerstone of manufacturing consistency.

(3) Technology: Apart from our core competence of 300 mm N-type, low-resistance heavily-doped silicon wafers, we will also actively develop 300 mm lightly-doped P-type silicon wafers for logic components. To expand our product portfolio, we will ally with strategic partners to develop compound materials and improve our technology and capability to meet the stringent quality requirements of tier one customers.

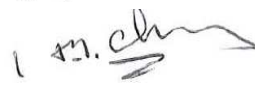
(4) Sustainability: To promote corporate sustainability, we will adopt sustainable management practices which include Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosure (TCFD). We will also integrate ESG (environmental, social and governance) ethos into our daily operations to pursue sustainable management and development.

Wafer Works is a customer-centric corporation, diligently developing new products and technologies, continuously expanding our global business footprint, upholding ethical standards, committed to improving the quality of life for our employees and the society, and implementing specific policies to promote sustainable development relating to ESG. We would like to express our gratitude to all shareholders for your long-term support to Wafer Works.

Chairman: Ping-Hai, Chiao



Manager: Hsien-Yuan, Chang



Accounting Supervisor: Chia-Yu, Lu





# Report Items

2. Audit Committee's review report of 2022.

Note: Please refer to page 8 of this Handbook for the Audit Report of the Audit Committee.

# Wafer Works Corporation

## Audit Committee's Review Report


The 2022 Business Report, the financial report (including individual and consolidated financial report) certified by certified public accountants Ching-Piao, Cheng and Chih-Ming, Chang of Ernst & Young, and the earnings distribution proposal prepared by the Board of Directors have been audited by the Audit Committee to be in compliance with laws and regulations and found the same have been complied with. Thus, a report is hereby reported to the shareholders as described above in compliance with Article 14-4 of the Securities and Exchange Act and the Company's relevant regulations.

This report will be effective under the approval of your excellency  
to  
2023 Annual shareholder meeting of Wafer Works Corporation

Audit Committee of Wafer Works Corporation

Independent Director: Feng-I, Lin 

Independent Director: Yong-Song, Tsai 

Independent Director: De-Wai, Chou 

March 15, 2023

# Report Items

3. To report 2022 employees' profit sharing and directors' compensation

Notes: 1. The company's profit in 2022 was NT\$2,841,119,981. According to the provisions of Article 235-1 of the Company Law and Article 29 of the Articles of incorporation, if the company makes a profit this year, it shall make up for the accumulated losses and then allocate the directors' remuneration and employees' remuneration. The term "annual profit status" refers to the profit before the annual pre-tax profit is deducted from the distributed employee's remuneration and the director's remuneration.

2. It is proposed to distribute 0.37% of directors' remuneration to NT\$10,500,000 and 5.28% of employees' remuneration to NT\$150,000,000, both of which are paid in cash.

# Report Items

4. To report the Implementation of Investments in mainland China

Note: Please refer to Pages 11-12 of this Handbook for the general situation of reinvestment enterprises engaged in indirect investment in mainland China.

Information on investments in Mainland China :

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow						
Wafer Works (Shanghai) Co., Ltd. (Note10)	R&D, production and sales of semiconductor or materials	\$2,627,380 (Note1&3)	-	\$510,951	\$-	\$-	\$510,951	\$1,628,534	47.88%	\$779,760 (Note3,4&14)	\$5,250,379 (Note3,4&14)	\$-
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor or materials	\$2,152,022 (Note3&6)	-	\$516,782	\$-	\$-	\$516,782	\$1,099,295	47.88%	\$1,097,559 (Note3,4&14)	\$1,693,811 (Note3,4&14)	\$-
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor or materials	\$480,629 (Note3&7)	Note 2	\$-	\$-	\$-	\$-	\$35,365	47.88%	\$35,365 (Note3,4&14)	\$236,888 (Note3,4&14)	\$-
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor or materials	\$4,497,623 (Note3&8)	Note 8	\$-	\$-	\$-	\$-	\$666,986	47.88%	\$666,986 (Note3,4&14)	\$2,375,189 (Note3,4&14)	\$-
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	R&D, production and sales of semiconductor or materials	\$- (Note3,9&13)	Note 9	\$-	\$-	\$-	\$-	\$(13,886)	-% (Note13)	\$(13,886) (Note3,4,13&14)	\$- (Note3,4,13&14)	\$-
HuaXin (Shanghai) Technology Co., Ltd.	Selling business	\$30,211 (Note11)	Note 12	\$30,211	\$-	\$-	\$30,211	\$(115,158)	100.00%	\$(115,158) (Note3,4&14)	\$(68,166) (Note3,4&14)	\$-

Investee company	Accumulated Investment in Mainland China as of Dec. 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Wafer Works (Shanghai) Co., Ltd.	\$510,951	\$681,037	Note 5
Wafer Works Epitaxial Corp.	\$516,782	\$1,484,699	Note 5
Wafer Works (Yangzhou) Corp.	\$-	\$-	Note 5
Wafer Works (Zhengzhou) Corp.	\$-	\$-	Note 5
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	\$-	\$-	Note 5
HuaXin (Shanghai) Technology Co., Ltd.	\$30,211	\$30,211	Note 5

Note 1: 53.6413% shares of Wafer Works (Shanghai) Co., Ltd. owned by Silicon Technology Investment (Cayman) Corp. But 89.2615% shares of Silicon Technology Investment (Cayman) Corp. owned by Wafer Works Investment Corp. Therefore, Wafer Works (Shanghai) Co., Ltd. indirectly invested by Wafer Works Corp.

Note 2: Wafer Works (Shanghai) Co., Ltd. invested directly to Wafer Works (Yangzhou) Corp.

Note 3: Foreign currencies were converted into New Taiwan dollars based on exchanged rate on December 31, 2022.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: The Company qualified and approved by Taiwan, R.O.C. government to be operation headquarter in Taiwan, thus there are no limitation of investee in mainland China.

Note 6: It was a wholly-owned subsidiary by the Company's indirect subsidiary, Silicon Technology Investment (Cayman) Corp. The Company's board in a meeting held on November 10, 2016 has resolved that Silicon Technology Investment (Cayman) Corp. participates in a cash addition conducted by Wafer Works (Shanghai) Co., Ltd. by using all ownership interest on Wafer Works Epitaxial Corp. As a result of the capital addition, Wafer Works (Shanghai) Co., Ltd. owns 100% interest of Wafer Works Epitaxial Corp.

Note 7: The Company's board in a meeting held on November 10, 2016 resolved that Wafer Works (Shanghai) Co., Ltd. participates in a cash addition conducted by Wafer Works (Yangzhou) Corp. for 30% ownership interest.

Note 8: The Company's board has resolved on February 16, 2017 Wafer Works (Zhengzhou) Corp. to be established through Wafer Works (Shanghai) Co., Ltd.'s investment.

Note 9: Zhengzhou Airport Economy Zone WaferWorks Technology Corp. has been established by Wafer Works (Shanghai) Co., Ltd. in November 2019.

Note 10: Wafer Works (Shanghai) Co., Ltd. applied for a shareholding restructuring to become a company limited by shares in September 2019. The registration procedures were completed on December 17, 2019.

Note 11: The paid-in capital is USD1,000 thousand, equivalent to NT\$30,211 thousand.

Note 12: The Company invested directly to Huaxin (Shanghai) Technology Co. Ltd.

Note 13: The Company resolved at its shareholder's meeting held on April 8, 2022 that its subsidiary, Wafer Works (Zhengzhou) Corp. merge with another subsidiary: Zhengzhou Airport Economy Zone Wafer Works Technology. Wafer Works (Zhengzhou) Corp. is the surviving company. Zhengzhou Airport Economy Zone Wafer Works Technology Corp. is the dissolved company. The cancellation of registration was completed on June 30, 2022.

Note 14: Transactions between consolidated entities are eliminated in the consolidated financial statements.

# Report Items

5. To report 2022 private placement of common shares

Note: It will be one year on June 21 since the private placement of securities was adopted by the Company's 2022 general shareholders' meeting. However, as no eligible applicants have been selected, no private placement of securities occurred in 2022.

# Report Items

6. To report the commitments for the listing of Wafer Works (Shanghai) Co., Ltd. (hereinafter referred to as “Wafer Works Shanghai”), on the STAR Market

Notes : 1.The commitment letter to be issued by the Company, Wafer Works Investment Corp. (hereinafter referred to as “WWIC”), and Silicon Technology Investment (Cayman) Corp. (hereinafter referred to as “STIC,” and jointly referred to as “subsidiaries” with WWIC) due to Wafer Works Shanghai’s intention to apply for listing on the STAR Market of the Shanghai Stock Exchange has no significant impact on the finance, business or shareholders’ equity of the Company and its subsidiaries. For the commitment items that the Company, its subsidiaries and Wafer Works (Shanghai) plan to issue, please refer to page 15 of this handbook.

2.Relevant commitments may be adjusted in accordance with the implementation of the public listing scheme and the regulations of Taiwan and stock listing places.



- (1) The commitment items required to be issued by the Company, its subsidiaries, and Wafer Works (Shanghai) Corp. are as follows:

Item No.	Commitment Letters
1	A letter to commit no existence of false statements, misguided statements, or material omissions in the prospectus.
2	A letter to commit immediate report on dilution and remedy measures.
3	A letter to commit the issues relevant to unfulfilled commitments.
4	A letter to commit the issues regarding stock price stabilization measures.
5	A letter to commit avoidance of capital occupation and guarantee violation.
6	A letter to commit the policy regarding profit distribution.
7	A letter to guarantee that the issuer, guarantor and relevant main subjects will not affect or interfere with the review process.
8	A letter to commit repurchase fraudulently issued listed shares.

- (2) The commitment items required to be issued by the Company and its subsidiaries:

Item No.	Commitment Letters
1	A letter to commit the lock-up period of the held shares.
2	A letter to commit avoidance of peer competition.
3	A letter to commit compliance with regulations and reduction of connected transactions.
4	A letter to commit the issues regarding litigation, arbitration, and administrative penalties.

- (3) The commitment letters only required to be issued by the subsidiary, STIC:

Item No.	Commitment Letters
1	A letter to commit and elaborate on shareholding intent and the intent for reducing shareholding.
2	A letter to commit the shares held.

- (4) The commitment letters only required to be issued by Wafer Works (Shanghai) Corp.:

Item No.	Commitment Letters
1	A letter to commit consistency between electronic application documents and the original reserved documents.
2	A letter to commit veracity, accuracy, and completeness in application documents, such as the prospectus.
3	A letter to exclusively commit disclosure of shareholder information.

# Ratification Items

(Proposed by the Board of Directors)

Case 1: To accept 2022 Business Report and Financial Statements.

Notes: 1. The Company's 2022 individual financial statements and consolidated financial statements have been compiled, which are attached to the "2022 Business Report" and passed by the board of directors on March 15, 2023.

2. Please refer to pages 5-6 and 17-35 of this handbook for the 2022 business report, accountant's audit report and the above financial statements.

Resolutions:

## AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors and Shareholders  
Wafer Works Corp.

### **Opinion**

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

In our opinion, based on the results of our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$6,614,737 thousand for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia, Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

## Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company's inventory in amount of NT\$1,654,778 thousand, representing 9% of parent-company-only total assets, as of December 31, 2022 is significant to the Company's financial statements. Due to material price being influenced by market demand and supply, the prices of inventory tend to change rapidly. The determination of inventory's net realizable value involved the significant judgement from management. We decide it to be one of our key audit matters and our audit procedures therefore have been prescribed to include, but not limit to, assessing the appropriateness of the Company's inventory provision policy (including how the management estimates the net realizable value of inventory in considering of expecting demand and market values), testing the effectiveness of internal control system and execution regarding inventory management, evaluating the accuracy of the inventory's net realizable value applied by management (including sale price), test samples, etc. Also, we have evaluated the appropriateness of the related disclosure in Notes 5 and 6 to the parent-company-only financial statements.

## **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of Helitek Company Ltd., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of Helitek Company Ltd. as of December 31, 2022 and 2021, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$190,540 thousand and

NT\$156,379 thousand as of December 31, 2022 and 2021 representing 1.08% and 0.97% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT\$16,541 thousand and NT\$13,169 thousand representing 0.62% and 1.09% of the Company's income before tax, are based solely on the audit reports of other auditors.

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

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Cheng, Ching-Piao

/s/Chang, Chih-Ming

Ernst & Young  
March 15, 2023  
Taipei, Taiwan,  
Republic of China

Notices to Readers

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

*Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

Wafer Works Corp.  
Parent-Company-Only Balance Sheets  
As of December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$3,236,935	19	\$3,862,033	25
1136	Financial assets measured at amortized cost	4, 6(3), 8	14,695	-	7,006	-
1170	Accounts receivable, net	4, 6(4)	724,962	4	781,606	5
1180	Accounts receivable - related parties, net	4, 6(4), 7	556,484	3	620,522	4
1200	Other receivables		42,701	-	22,754	-
1210	Other receivables - related parties	7	49,449	-	70,930	-
1310	Inventories, net	4, 6(5)	1,654,778	9	1,197,880	7
1410	Prepayments		258,556	1	215,131	1
1470	Other current assets		1,681	-	1,681	-
11XX	Total current assets		<u>6,540,241</u>	<u>36</u>	<u>6,779,543</u>	<u>42</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2), 6(12)	119	-	2,113	-
1536	Financial assets carried at amortized cost	4, 6(3), 8	21,967	-	9,967	-
1551	Investment accounted for under equity method	4, 6(6)	5,445,848	32	4,767,126	31
1600	Property, plant and equipment, net	4, 6(7), 7, 8, 9	5,082,672	29	3,885,107	24
1755	Right-of-use asset	4, 6(19)	230,575	2	48,469	-
1780	Intangible assets, net	4, 6(8)	10,956	-	6,098	-
1840	Deferred tax assets	4, 6(23)	37,873	-	37,873	-
1915	Prepayment for equipment		171,501	1	215,565	1
1920	Refundable deposits	8	71,840	-	26,845	-
1990	Other non-current assets	7, 9	48,904	-	296,473	2
15XX	Total non-current assets		<u>11,122,255</u>	<u>64</u>	<u>9,295,636</u>	<u>58</u>
1XXX	Total Assets		<u>\$17,662,496</u>	<u>100</u>	<u>\$16,075,179</u>	<u>100</u>

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



Wafer Works Corp.  
Parent-Company-Only Balance Sheets (Continued)  
As of December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	\$513,372	3	\$291,083	2
2130	Contract liability	4, 6(17)	44	-	4,483	-
2170	Accounts payable		413,380	2	361,704	2
2180	Accounts payable - related parties	7	27,316	-	142,564	1
2200	Other payables	6(10)	900,149	5	729,749	5
2220	Other payables - related parties	7	469	-	3,282	-
2230	Current income tax liabilities	4	572,408	3	189,489	1
2281	Lease liabilities	4, 6(19)	14,312	-	5,681	-
2322	Current portion of long-term loans	6(13), 8	329,507	2	184,794	1
2399	Other current liabilities	6(11)	1,905	-	2,219	-
21XX	Total current liabilities		<u>2,772,862</u>	<u>15</u>	<u>1,915,048</u>	<u>12</u>
	Non-current liabilities					
2527	Contract liability	4, 6(17)	177,430	1	699,478	4
2530	Bonds payable	4, 6(12)	288,510	2	284,385	2
2540	Long-term loans	6(13), 8	1,207,199	8	1,522,917	10
2581	Lease liabilities	4, 6(19)	218,359	1	43,956	-
2630	Long-term deferred revenue	6(11)	2,724	-	3,098	-
2640	Accrued pension liabilities	4, 6(14)	29,694	-	50,276	-
2645	Deposits received		66,765	-	95,991	1
25XX	Total non-current liabilities		<u>1,990,681</u>	<u>12</u>	<u>2,700,101</u>	<u>17</u>
2XXX	Total liabilities		<u>4,763,543</u>	<u>27</u>	<u>4,615,149</u>	<u>29</u>
3100	Capital					
3110	Common stock	6(15)	5,409,336	31	5,408,984	34
3130	Bond conversion entitlement certificates		-	-	352	-
3200	Capital surplus	6(15)	4,074,419	23	4,147,189	26
3300	Retained earnings					
3310	Legal reserve		500,513	3	393,239	2
3320	Special reserve		326,457	2	383,893	2
3350	Unappropriated earnings		2,853,686	16	1,452,830	9
3400	Other components of equity		(265,458)	(2)	(326,457)	(2)
3XXX	Total equity		<u>12,898,953</u>	<u>73</u>	<u>11,460,030</u>	<u>71</u>
	Total liabilities and equity		<u>\$17,662,496</u>	<u>100</u>	<u>\$16,075,179</u>	<u>100</u>

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

Wafer Works Corp.  
Parent-Company-Only Statements of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(17), 7	\$6,614,737	100	\$5,910,694	100
5000	Operating costs	7	(4,171,500)	(63)	(4,514,734)	(76)
5900	Gross profit from operations		2,443,237	37	1,395,960	24
5930	Unrealized gross profit (loss) from sales		(5,000)	-	10,000	-
5950	Gross profit from operations		2,438,237	37	1,405,960	24
6000	Operating expenses					
6100	Selling		(207,854)	(3)	(195,055)	(3)
6200	General and administrative		(319,212)	(5)	(293,109)	(5)
6300	Research and development		(267,632)	(4)	(154,797)	(3)
6450	Expected credit gains (losses)	4, 6(18)	1,414	-	-	-
	Operating expenses total		(793,284)	(12)	(642,961)	(11)
6900	Operating income		1,644,953	25	762,999	13
7000	Non-operating income and expenses					
7100	Interest income	6(21)	18,625	-	5,214	-
7010	Other income	6(21)	5,557	-	13,933	-
7020	Other gains and losses	6(21), 7	482,312	7	(15,640)	-
7050	Finance costs	6(21)	(53,373)	(1)	(35,946)	(1)
7060	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	582,546	9	474,012	8
	Non-operating income and expense total		1,035,667	15	441,573	7
7900	Income before income tax		2,680,620	40	1,204,572	20
7950	Income tax benefit	4, 6(23)	(515,681)	(7)	(154,000)	(2)
8200	Net income		2,164,939	33	1,050,572	18
8300	Other comprehensive income (loss)	6(22)				
8310	Item that not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		16,016	-	4,613	-
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income		(51,819)	(1)	105,861	2
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		112,818	2	(30,873)	(1)
	Total other comprehensive income, net of tax		77,015	1	79,601	1
8500	Total comprehensive income (loss)		\$2,241,954	34	\$1,130,173	19
9750	Earnings per share - basic (in NT\$)	6(24)	\$4.00		\$2.02	
9850	Earnings per share - diluted (in NT\$)	6(24)	\$3.95		\$2.01	

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

Wafer Works Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital		Capital Surplus	Retained Earnings			Other Components of equity		Total Equity
		Common stock	Bond conversion entitlement certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income (loss)	
		3100	3130	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2021	\$5,108,984	\$-	\$2,641,147	\$341,802	\$593,580	\$783,831	\$(272,372)	\$(111,521)	\$9,085,451
	Appropriation and distribution of 2020 earnings:									
B1	Legal reserve				51,437		(51,437)			-
B3	Special reserve					(209,687)	209,687			-
B5	Cash dividends - common shares						(561,988)			(561,988)
C5	Equity component of convertible bonds issued by the Company			12,787						12,787
C7	Changes in subsidiaries, associates, and joint ventures accounted for under equity method			212,446						212,446
D1	Net income for 2021						1,050,572			1,050,572
D3	Other comprehensive income (loss) for 2021						4,613	(30,873)	105,861	79,601
D5	Total comprehensive income (loss)	-	-	-	-	-	1,055,185	(30,873)	105,861	1,130,173
E1	Issuance of common stock for cash	300,000		1,255,255						1,555,255
I1	Conversion of convertible bonds		352	1,938						2,290
N1	Share-based payment transaction			23,616						23,616
Q1	Proceeds from disposal of equity instruments measured at fair value through other comprehensive income						17,552		(17,552)	-
Z1	Balance as of December 31, 2021	5,408,984	352	4,147,189	393,239	383,893	1,452,830	(303,245)	(23,212)	11,460,030
	Appropriation and distribution of 2021 earnings:									
B1	Legal reserve				107,274		(107,274)			-
B3	Special reserve					(57,436)	57,436			-
B5	Cash dividends - common shares						(730,261)			(730,261)
D1	Net income for 2022						2,164,939			2,164,939
D3	Other comprehensive income (loss) for 2022						16,016	112,818	(51,819)	77,015
D5	Total comprehensive income (loss)	-	-	-	-	-	2,180,955	112,818	(51,819)	2,241,954
I1	Conversion of convertible bonds	352	(352)							-
M5	Difference between consideration given / received and carrying amount of interest in subsidiaries acquired / disposed of			(72,770)						(72,770)
Z1	Balance as of December 31, 2022	\$5,409,336	\$-	\$4,074,419	\$500,513	\$326,457	\$2,853,686	\$(190,427)	\$(75,031)	\$12,898,953

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

Wafer Works Corp.  
Parent-Company-Only Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$2,680,620	\$1,204,572	B00040	Disposal (acquisition) of financial assets at amortised cost	(19,689)	(3)
A20000	Adjustments:			B01800	Acquisition of investment accounted for under equity method	(112,947)	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(1,661,103)	(683,810)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	1,994	(682)	B02800	Proceeds from disposal of property, plant and equipment	218	7,888
A21200	Interest income	(18,625)	(5,214)	B03700	Decrease (increase) in refundable deposits	(44,995)	127
A20900	Interest expense	53,373	35,946	B04500	Acquisition of intangible assets	(9,385)	(5,046)
A20100	Depreciation	531,141	605,406	BBBB	Net cash provided by (used in) investing activities	<u>(1,847,901)</u>	<u>(680,844)</u>
A20200	Amortization	4,527	5,615				
A20300	Expected credit losses (gain on recovery)	(1,414)	-				
A21900	Cost of share based payment	-	23,616				
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(582,546)	(474,012)	CCCC	Cash flows from financing activities:		
A22500	Gain on disposal of property, plant and equipment	2,154	126,820	C00100	Increase in (repayment of) short-term loans	222,289	(213,256)
A23100	Gain from disposal of investments	-	(618)	C01200	Issuance of convertible bonds	-	296,434
A23700	Impairment loss on non-financial assets	(2,196)	(129,993)	C01600	Increase in long-term loans	35,200	97,700
A24000	Unrealized (gains) losses	5,000	(10,000)	C01700	Repayment of long-term loans	(206,800)	(5,800)
A29900	Loss (gain) on government grants	(769)	(550)	C03000	Increase in guarantee deposits received	(29,226)	79,515
A29900	Recognition of long-term prepayments for materials to loss	183,302	-	C04020	Payments of lease liabilities	(10,651)	(6,846)
A29900	Recognition of Contract liabilities to income	(433,826)	-	C04500	Payment of cash dividends	(730,261)	(561,988)
A30000	Changes in operating assets and liabilities:			C04600	Capital increase by cash	-	1,555,255
A31115	Financial assets at fair value through profit or loss	-	9,618	CCCC	Net cash provided by (used in) financing activities	<u>(719,449)</u>	<u>1,241,014</u>
A31150	Accounts receivable	58,058	(227,257)	EEEE	Net Increase (decrease) in cash and cash equivalents	(625,098)	2,002,543
A31160	Accounts receivable - related parties	64,038	22,998	E00100	Cash and cash equivalents at beginning of period	<u>3,862,033</u>	<u>1,859,490</u>
A31180	Other receivable	(18,877)	2,956	E00200	Cash and cash equivalents at end of period	<u>\$3,236,935</u>	<u>\$3,862,033</u>
A31190	Other receivable - related parties	21,481	51,450				
A31200	Inventories	(456,898)	(373)				
A31230	Prepayment	20,842	(48,901)				
A31240	Other current assets	-	1,456				
A32125	Contract liabilities	(92,661)	175,379				
A32150	Accounts payable	51,676	3,445				
A32160	Accounts payable - related parties	(115,248)	15,145				
A32180	Other payable	152,949	137,949				
A32190	Other payable - related parties	(2,813)	2,831				
A32230	Other current liabilities	(417)	(582)				
A32240	Net defined benefit liability	(4,566)	(3,999)				
A33000	Cash generated from operations	<u>2,100,299</u>	<u>1,523,021</u>				
A33100	Interest received	17,555	4,709				
A33300	Interest paid	(42,840)	(32,548)				
A33500	Income tax paid	(132,762)	(52,809)				
AAAA	Net cash provided by (used in) operating activities	<u>1,942,252</u>	<u>1,442,373</u>				

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

## MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Wafer Works Corp. as of December 31, 2022 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wafer Works Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Wafer Works Corp.

By

A handwritten signature in black ink, appearing to read "Ping-Hai Chiao". The signature is written in a cursive style with a large initial "P".

Ping-Hai, Chiao

Chairman

March 15, 2023

## AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors and Shareholders of  
Wafer Works Corp.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Wafer Works Corp. (the “Company”) and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of

our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$12,677,431 thousand for the year ended December 31, 2022 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the consolidated financial statements.

### Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT\$3,089,355 thousand, representing 11% of consolidated total assets, as of December 31, 2022 is significant to the Company's consolidated financial statements. Due to material price being influenced by market demand and supply, the prices of inventory tend to change rapidly. The determination of inventory's net realizable value involved the significant judgement from management. We decide it to be one of our key audit matters and our audit procedures therefore have been prescribed to include, but not limit to, assessing the appropriateness of the Company's inventory provision policy (including how the management estimates the net realizable value of inventory in considering of expecting demand and market values), testing the effectiveness of internal control system and execution regarding inventory management, evaluating the accuracy of the inventory's net realizable value applied by management (including sale price), test samples, etc. Also, we have evaluated the appropriateness of the related disclosure in Notes 5 and 6 to the consolidated financial statements.

### **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of Helitek Company Ltd. as of December 31, 2022 and 2021. Those financial statements were audited by other auditors whose reports have been furnished

to us. The amounts related to Helitek Company Ltd. were based on the other auditors' reports. The related total assets were NT\$529,520 thousand and NT\$445,562 thousand, representing 1.84% and 1.63% of the total consolidated assets, as of December 31, 2022 and 2021 respectively. And the related net revenues of NT\$1,816,629 thousand and NT\$1,471,149 thousand, representing 14.33% and 14.23% of the consolidated net revenue for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in 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 based on these consolidated financial statements.

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



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

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

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

related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent-company-only financial statements of the Company as of December 31, 2022 and 2021 and for the years then ended.

/s/Cheng, Ching-Piao

/s/Chang, Chih-Ming

Ernst & Young  
March 15, 2023  
Taipei, Taiwan,  
Republic of China

Notices to Readers

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

*Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

Wafer Works Corp. and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2022 and 2021  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$5,423,876	19	\$5,736,575	21
1136	Financial assets measured at amortized cost	4, 6(4), 8	203,775	1	75,614	-
1150	Notes receivable, net	4, 6(5), 8	21,815	-	219,801	1
1170	Accounts receivable, net	4, 6(6)	2,452,105	9	2,401,995	9
1200	Other receivables		88,535	-	37,427	-
1310	Inventories, net	4, 6(7)	3,089,355	11	2,359,750	9
1410	Prepayments	6(8)	338,561	1	351,185	1
1470	Other current assets		41,907	-	563,918	2
11xx	Total current assets		11,659,929	41	11,746,265	43
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2), 6(15)	119	-	2,113	-
1517	Financial asset at fair value through OCI	4, 6(3)	112,141	-	149,325	1
1536	Financial assets measured at amortized cost	4, 6(4), 8	21,967	-	9,967	-
1600	Property, plant and equipment, net	4, 6(9), 8, 9	15,310,321	53	13,402,062	49
1755	Right-of-use assets, net	4, 6(22), 8	1,035,899	4	592,240	2
1780	Intangible assets, net	4, 6(10)	56,389	-	49,357	-
1840	Deferred tax assets	4, 6(26)	43,433	-	40,918	-
1915	Prepayment for equipment	9	400,119	2	1,034,928	4
1920	Refundable deposits	8	79,222	-	34,049	-
1990	Other non-current assets	9	48,904	-	296,473	1
15xx	Total non-current assets		17,108,514	59	15,611,432	57
1xxx	Total Assets		\$28,768,443	100	\$27,357,697	100

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

Wafer Works Corp. and Subsidiaries  
Consolidated Balance Sheets-(Continued)  
As of December 31, 2022 and 2021  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(11), 8	\$999,704	3	\$1,976,531	7
2130	Contract liability	6(20)	47	-	132,431	-
2170	Accounts payable		806,031	3	671,247	2
2200	Other payables	6(12)	1,316,480	5	1,277,593	5
2230	Current income tax liabilities	4	629,560	2	241,934	1
2322	Current portion of long-term loans	6(16), 8	1,092,611	4	633,865	3
2281	Lease liability	4, 6(22)	64,352	-	5,681	-
2399	Other current liabilities	4, 6(13)	4,697	-	3,944	-
21xx	Total current liabilities		4,913,482	17	4,943,226	18
	Non-current liabilities					
2527	Contract liability	6(20), 9	708,608	2	699,478	3
2530	Bonds payable	4, 6(15)	288,510	1	284,385	1
2540	Long-term loans	6(16), 8	3,239,631	11	4,167,002	15
2581	Lease liability	4, 6(22)	447,953	2	43,956	-
2630	Long-term deferred revenue	4, 6(14)	357,556	1	392,181	2
2640	Accrued pension liabilities	4, 6(17)	29,694	-	50,276	-
2645	Deposits received		66,765	-	95,991	-
25xx	Total non-current liabilities		5,138,717	17	5,733,269	21
2xxx	Total liabilities		10,052,199	34	10,676,495	39
	Equity attributable to shareholders of the parent					
31xx	Capital	6(18)				
3100	Common stock		5,409,336	19	5,408,984	20
3130	Bond conversion entitlement certificates		-	-	352	-
3200	Capital surplus	6(18)	4,074,419	14	4,147,189	15
3300	Retained earnings					
3310	Legal reserve		500,513	2	393,239	1
3320	Special reserve		326,457	1	383,893	1
3350	Unappropriated earnings		2,853,686	11	1,452,830	6
3400	Other components of equity		(265,458)	(1)	(326,457)	(1)
31xx	Equity attributable to the parent company		12,898,953	46	11,460,030	42
36xx	Non-controlling interests	6(18)	5,817,291	20	5,221,172	19
3xxx	Total equity		18,716,244	66	16,681,202	61
	Total liabilities and equity		\$28,768,443	100	\$27,357,697	100

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

Wafer Works Corp. and Subsidiaries  
Consolidated Statements Of Comprehensive Incomes  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(20)	\$12,677,431	100	\$10,341,276	100
5000	Operating costs	6(7)	(7,510,616)	(59)	(6,722,996)	(65)
5900	Gross profit		5,166,815	41	3,618,280	35
6000	Operating expenses					
6100	Sales and marketing		(239,906)	(2)	(271,855)	(3)
6200	General and administrative		(753,895)	(6)	(670,860)	(6)
6300	Research and development		(838,440)	(7)	(687,152)	(7)
6450	Expected credit gains (losses)	6(21)	(820)	-	1,091	-
	Total operating expenses		(1,833,061)	(15)	(1,628,776)	(16)
6900	Operating income		3,333,754	26	1,989,504	19
7000	Non-operating incomes and expenses					
7100	Interest incomes	6(24)	34,819	-	10,765	-
7010	Other incomes	6(24)	102,646	1	81,455	1
7020	Other gains or losses	6(24)	496,221	4	(34,047)	-
7050	Finance costs	6(24)	(261,058)	(2)	(178,765)	(2)
	Total non-operating incomes and expenses		372,628	3	(120,592)	(1)
7900	Income before income tax		3,706,382	29	1,868,912	18
7950	Income tax expenses	4, 6(26)	(703,091)	(5)	(327,435)	(3)
8200	Net income		3,003,291	24	1,541,477	15
8300	Other comprehensive income (loss)	6(25)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		16,016	-	4,613	-
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(51,819)	-	105,861	1
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		201,719	1	(51,954)	(1)
	Total other comprehensive income (loss), net of tax		165,916	1	58,520	-
8500	Total comprehensive income		\$3,169,207	25	\$1,599,997	15
8600	Net income attributable to:					
8610	Stockholders of the parent		\$2,164,939	17	\$1,050,572	10
8620	Non-controlling interests		838,352	7	490,905	5
			\$3,003,291	24	\$1,541,477	15
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of the parent		\$2,241,954	18	\$1,130,173	11
8720	Non-controlling interests		927,253	7	469,824	4
			\$3,169,207	25	\$1,599,997	15
9750	Earnings per share-basic (in NTD)	6(27)	\$4.00		\$2.02	
9850	Earnings per share-diluted (in NTD)	6(27)	\$3.95		\$2.01	

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

Wafer Works Corp. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent								Non-controlling Interests	Total Equity	
		Capital		Capital Surplus	Retained Earnings			Others				Total
		Common stock	Bond conversion entitlement certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income (loss)			
3100	3130	3200	3310	3320	3350	3410	3490	31XX	36XX	3XXX		
A1	Balance as of January 1, 2021	\$5,108,984	\$-	\$2,641,147	\$341,802	\$593,580	\$783,831	\$(272,372)	\$(111,521)	\$9,085,451	\$3,968,057	\$13,053,508
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve				51,437		(51,437)			-		-
B3	Special reserve					(209,687)	209,687			-		-
B5	Cash dividends-common shares						(561,988)			(561,988)		(561,988)
C5	Embedded conversion options derived from convertible bonds			12,787						12,787		12,787
D1	Net income for 2021						1,050,572			1,050,572	490,905	1,541,477
D3	Other comprehensive income (loss), net of tax, for 2021.						4,613	(30,873)	105,861	79,601	(21,081)	58,520
D5	Total comprehensive income (loss)	-	-	-	-	-	1,055,185	(30,873)	105,861	1,130,173	469,824	1,599,997
E1	Capital increase by cash	300,000		1,255,255						1,555,255		1,555,255
I1	Shares from bonds converted		352	1,938						2,290		2,290
M7	Change in ownership interest of subsidiaries			212,446						212,446	742,124	954,570
N1	Share-based payment transaction			23,616						23,616		23,616
O1	Non-controlling interests increase (decrease)										41,167	41,167
Q1	Equity instruments measured at fair value through other comprehensive income						17,552		(17,552)	-		-
Z1	Balance as of December 31, 2021	5,408,984	352	4,147,189	393,239	383,893	1,452,830	(303,245)	(23,212)	11,460,030	5,221,172	16,681,202
	Appropriation and distribution of 2021 earnings											
B1	Legal reserve				107,274		(107,274)			-		-
B3	Special reserve					(57,436)	57,436			-		-
B5	Cash dividends-common shares						(730,261)			(730,261)		(730,261)
D1	Net income for 2022						2,164,939			2,164,939	838,352	3,003,291
D3	Other comprehensive income (loss), net of tax, for 2022.						16,016	112,818	(51,819)	77,015	88,901	165,916
D5	Total comprehensive income (loss)	-	-	-	-	-	2,180,955	112,818	(51,819)	2,241,954	927,253	3,169,207
I1	Shares from bonds converted	352	(352)							-		-
M5	Difference between consideration and carrying amount of subsidiaries aquires or disposed			(72,770)						(72,770)	(218,294)	(291,064)
O1	Non-controlling interests increase (decrease)										(112,840)	(112,840)
Z1	Balance as of December 31, 2022	\$5,409,336	\$-	\$4,074,419	\$500,513	\$326,457	\$2,853,686	\$(190,427)	\$(75,031)	\$12,898,953	\$5,817,291	\$18,716,244

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

Wafer Works Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$3,706,382	\$1,868,912	B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	170,912
A20000	Adjustments:			B00040	Disposal (acquisition) of financial assets at amortised cost	(140,161)	75,499
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(2,794,125)	(2,253,834)
A20100	Depreciation (Including right of use assets)	1,603,359	1,348,895	B02800	Proceeds from disposal of property, plant and equipment	19,052	32,890
A20200	Amortization	11,275	12,435	B03700	Decrease (increase) in refundable deposits	(45,173)	4,217
A20300	Expected credit losses (gain on recovery)	820	(1,091)	B04500	Acquisition of intangible assets	(17,628)	(10,482)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	1,994	(682)	B09900	Other investing activities	22,048	106,621
A20900	Interest expense	261,058	178,765	BBBB	Net cash provided by (used in) investing activities	(2,955,987)	(1,874,177)
A21200	Interest income	(34,819)	(10,765)				
A21900	Share-based payment	5,540	64,783	CCCC	Cash flows from financing activities:		
A22500	Loss (gain) on disposal of property, plant and equipment	8,484	122,609	C00100	Increase in (repayment of) short-term loans	(976,827)	(229,050)
A23100	Gain from disposal of investments	-	(618)	C01200	Issuance of corporate bonds	-	296,434
A23700	Impairment loss on non-financial assets	(2,196)	(129,993)	C01600	Increase in long-term loans	123,388	357,481
A29900	Loss (gain) on government grants	(63,177)	(50,184)	C01700	Repayment of long-term loans	(720,704)	(748,950)
A29900	Recognition of long-term prepayments for materials to loss	183,302	-	C03000	Increase in guarantee deposits received	(29,226)	76,219
A29900	Recognition of Contract liabilities to income	(433,826)	-	C04020	Payments of lease liabilities	(66,386)	(6,846)
A30000	Changes in operating assets and liabilities:			C04500	Payment of cash dividends	(730,261)	(561,988)
A31115	Financial assets at fair value through profit or loss	-	9,480	C04600	Capital increase by cash	-	1,555,255
A31130	Notes receivable	197,986	(60,066)	C05800	Increase (decrease) in non-controlling interests	(409,444)	954,570
A31150	Accounts receivable	(51,065)	(715,248)	CCCC	Net cash provided by (used in) financing activities	(2,809,460)	1,693,125
A31180	Other receivable	(50,038)	441				
A31200	Inventories	(729,605)	(55,846)	DDDD	Effect of exchange rate changes on cash and cash equivalents	172,689	(21,229)
A31230	Prepayment	76,891	(126,243)				
A31240	Other current assets	522,011	68,132	EEEE	Net Increase (decrease) in cash and cash equivalents	(312,699)	2,479,738
A32125	Contract liabilities	310,572	278,298	E00100	Cash and cash equivalents at beginning of period	5,736,575	3,256,837
A32150	Accounts payable	134,784	121,886	E00200	Cash and cash equivalents at end of period	\$5,423,876	\$5,736,575
A32180	Other payable	149,714	192,840				
A32230	Other current liabilities	650	(236)				
A32240	Accrued pension liabilities	(4,566)	(3,999)				
A33000	Cash generated from operations	5,805,530	3,112,505				
A33200	Interest received	33,787	10,244				
A33300	Interest paid	(240,013)	(175,417)				
A33500	Income tax paid	(319,245)	(265,313)				
AAAA	Net cash provided by (used in) operating activities	5,280,059	2,682,019				

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

# Ratification Items

(Proposed by the Board of Directors)

Case 2: To approve the proposal of 2022 earnings distribution.



Notes: 1. The company's beginning balance is NT\$672,732,070 and the net profit after tax in 2022 is NT\$2,164,938,516, plus other comprehensive gains and losses (re-measurement of welfare plan) of NT\$16,016,090 and NT\$218,095,461 deducted from the 10% statutory surplus reserve set aside in accordance with the Company Law, and NT\$60,998,931 returned to the special surplus reserve in accordance with the law. The accumulated distributable surplus totals NT\$2,696,590,146; It is planned to distribute a shareholder dividend of NT\$1,352,334,325, which will be paid in cash, that is, a cash dividend of NT\$2.5 per share; After distribution, the undistributed surplus balance is NT\$1,344,255,821.

2. In this distribution case, the surplus of 2022 shall be distributed first, and the surplus of the previous year shall be distributed for the insufficient part.
3. Cash dividends shall be paid until one dollar, and the total amount of abnormal dividends less than one dollar shall be included in other income of the Company.
4. If there is a change in the dividend distribution ratio due to a change in the number of outstanding shares of the Company, the Company intends to request the shareholders' meeting to authorize the chairman of the board of directors to handle the distribution at his sole discretion.
5. Please also authorize the chairman of the board of directors to set the base date of ex-dividend and other related matters after the shareholders' general meeting passes the earnings distribution plan.
6. Attached please find the earnings distribution table as following:



Wafer Works Corporation  
2022 Earnings Distribution Table

Items	Unit: NTD Amount
Beginning balance	672,732,070
Plus: Other comprehensive profit and loss (to determine the re-measurement of welfare plan -2022)	16,016,090
Plus: net profit after tax this year	2,164,938,516
Less: set aside statutory surplus reserve	(218,095,461)
Plus: revolving special surplus reserve	60,998,931
Available distribution surplus	2,696,590,146
Distribution items:	
Dividends-cash	(1,352,334,325)
Ending undistributed surplus	1,344,255,821

Chairman:       Manager:       Accounting supervisor: 

Resolutions:

# Discussion Items

(Proposed by the Board of Directors)

Case 1: To revise the Articles of Incorporation.

Notes: 1. As required by the Company's relocation and practical operations, some of the "Articles of Incorporation" are planned to be amended.

2. A comparison table of articles before and after the amendment of the Articles of Incorporation is hereby prepared. Please refer to pages 39-40 of this Handbook.

Resolutions:

## Wafer Works Corporation

### Comparison table of amendments to articles of incorporation

Provisions before amendment	Amended provisions	Reason for amendment
<p>Article 2</p> <p>The Company's businesses are as follows:</p> <p>CC01080 Electronic component manufacturing industry</p> <p>F401010 International Trade Industry</p>	<p>Article 2</p> <p>The Company's businesses are as follows:</p> <p>CC01080 Electronic component manufacturing industry</p> <p><u>C801990 Other chemical materials manufacturing</u></p> <p><u>CB01010 Mechanical equipment manufacturing</u></p> <p>F401010 International Trade Industry</p> <p><u>The R&amp;D, design, manufacturing, and sale of the following products:</u></p> <p><u>1. Semiconductor silicon materials</u></p> <p><u>2. Semiconductor epitaxy materials</u></p> <p><u>3. Compound semiconductor materials</u></p> <p><u>4. Concurrently engaging in technical consultation, services, and import/export trading for the products related to the preceding items.</u></p>	<p>Amended in keeping with practice</p>
<p>Article 3</p> <p>The Company has its head office in <u>Taoyuan City</u>, and if necessary, it may set up branch companies or factories in other places at home and overseas by the resolution of the Board of Directors.</p>	<p>Article 3</p> <p>The Company has its head office in <u>Hsinchu Science Park</u>, and if necessary, it may set up branch companies or factories in other places at home and overseas by the resolution of the Board of Directors.</p>	<p>Amendment in conjunction with the Company's relocation</p>
<p>Article 17</p> <p>The Company has seven to <u>nine</u> directors, who are elected by the shareholders' meeting. The term of office is three years and they can be re-elected. The Company may, in</p>	<p>Article 17</p> <p>The Company has seven to <u>eleven</u> directors, who are elected by the shareholders' meeting. The term of office is three years and they can be re-elected. The Company may, in</p>	<p>Amended in keeping with practice</p>

Provisions before amendment	Amended provisions	Reason for amendment
accordance with the Code of Practice for Corporate Governance of Listed and OTC Companies, purchase liability insurance for directors	accordance with the Code of Practice for Corporate Governance of Listed and OTC Companies, purchase liability insurance for directors	
<p>Article 33</p> <p>The Articles of Incorporation was established on July 21, 1997, with the first amendment made on August 24, 1997, the second amendment on June 26, 1998, the third amendment on June 15, 1990, the fourth amendment on June 21, 2001, the fifth amendment on June 25, 2002, the sixth amendment on June 30, 2003, the seventh amendment on June 15, 2004, the eighth amendment on June 23, 2006, the ninth amendment on June 21, 2007, the tenth amendment on June 13, 2008, the eleventh amendment on June 19, 2009, the twelfth amendment on June 25, 2010, the thirteenth amendment on June 19, 2012, the fourteenth amendment on June 28, 2013, the fifteenth amendment on June 19, 2014, the sixteenth amendment on June 28, 2016, the seventeenth amendment on June 15, 2017, the eighteenth amendment on June 27, 2018, the nineteenth amendment on June 25, 2019, and the twentieth amendment on July 23, 2021 , and the twenty-first amendment on June 21, 2022.</p>	<p>Article 33</p> <p>The Articles of Incorporation was established on July 21, 1997, with the first amendment made on August 24, 1997, the second amendment on June 26, 1998, the third amendment on June 15, 1990, the fourth amendment on June 21, 2001, the fifth amendment on June 25, 2002, the sixth amendment on June 30, 2003, the seventh amendment on June 15, 2004, the eighth amendment on June 23, 2006, the ninth amendment on June 21, 2007, the tenth amendment on June 13, 2008, the eleventh amendment on June 19, 2009, the twelfth amendment on June 25, 2010, the thirteenth amendment on June 19, 2012, the fourteenth amendment on June 28, 2013, the fifteenth amendment on June 19, 2014, the sixteenth amendment on June 28, 2016, the seventeenth amendment on June 15, 2017, the eighteenth amendment on June 27, 2018, the nineteenth amendment on June 25, 2019, and the twentieth amendment on July 23, 2021 , and the twenty-first amendment on June 21, 2022 , <u>and the twenty-two amendment on June 19, 2023.</u></p>	<p>Added amendment date</p>

# Discussion Items

(Proposed by the Board of Directors)

Case 2: To revise the Procedures for Acquisition or Disposal of Assets.

Notes: 1. As required by the competent authorities and needed for actual implementation, it is proposed to amend some provisions of the Company's " Procedures for Acquisition or Disposal of Assets ".

2. Please refer to pages 42-43 of this Handbook for a comparison table of the provisions before and after the amendment of the Procedures for Acquisition or Disposal of Assets.

Resolutions:

## Wafer Works Corporation

### Comparison table of provisions before and after the amendment of “Procedures for Acquisition or Disposal of Assets”

Provisions before amendment	Amended provisions	Reason for amendment
<p>Article 12: Procedures for acquiring or disposing of derivative commodities</p> <p>1.Trading Principles and Policies</p> <p style="padding-left: 20px;">(3)Division of powers and responsibilities</p> <p style="padding-left: 40px;">4.Determination of the total contract amount and the upper limit of loss</p> <p style="padding-left: 20px;">(2) Loss Cap Setting</p> <p style="padding-left: 40px;">A. For hedging transactions, a stop-loss point should be set after the position is established to prevent excessive losses. The stop-loss point shall be set at a maximum of 10% of the total contract amount or individual contract amount. If the loss exceeds the maximum amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.</p> <p style="padding-left: 40px;">B. For contracts with specific purposes, a stop-loss point shall be established to prevent excessive losses after the contract is established. If the loss exceeds 10% of the contract amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.</p> <p style="padding-left: 20px;"><u>C. The loss amount of individual contracts shall be capped at the lesser of US\$20,000 or 5% of the transaction amount.</u></p>	<p>Article 12: Procedures for acquiring or disposing of derivative commodities</p> <p>1.Trading Principles and Policies</p> <p style="padding-left: 20px;">(3)Division of powers and responsibilities</p> <p style="padding-left: 40px;">4.Determination of the total contract amount and the upper limit of loss</p> <p style="padding-left: 20px;">(2) Loss Cap Setting</p> <p style="padding-left: 40px;">A. For hedging transactions, a stop-loss point should be set after the position is established to prevent excessive losses. The stop-loss point shall be set at a maximum of 10% of the total contract amount or individual contract amount. If the loss exceeds the maximum amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.</p> <p style="padding-left: 40px;">B. For contracts with specific purposes, a stop-loss point shall be established to prevent excessive losses after the contract is established. If the loss exceeds 10% of the contract amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.</p>	<p>1.Relevant regulations have been specified in Article 12, Paragraph 1, Sub-paragraph 3, Item 4-2.</p>

Provisions before amendment	Amended provisions	Reason for amendment
<p>Article 12: Procedures for acquiring or disposing of derivative commodities</p> <p>2.Risk management measures</p> <p>(6)Commodity risk management</p> <p>Internal traders should have complete and accurate expertise in financial instruments and banks are required to fully disclose the risks in order to avoid the risk of using financial instruments.</p>	<p>Article 12: Procedures for acquiring or disposing of derivative commodities</p> <p>2.Risk management measures</p> <p>(6)Commodity risk management</p> <p>Internal traders should have complete and accurate expertise in financial instruments and banks are required to fully disclose the risks in order to avoid the risk of using financial instruments.</p>	<p>1.Typo correction</p>
<p>Article 19: Supplementary Provisions</p> <p>If there are any matters not covered by this procedure, they shall be handled in accordance with the relevant laws and regulations.</p>	<p>Article 19: Supplementary Provisions</p> <p><u>1.In the event that an important subsidiary of the Company plans to go public at home or abroad, the shares of the important subsidiary held by the Company or its subsidiaries shall be no less than the ratio of the shares held after the important subsidiary's initial public offering. In the future, if the Company or its subsidiaries intend to reduce their shareholding of the important subsidiary, or the important subsidiary processes cash capital increase but the Company or its subsidiaries waive their participation in the cash capital increase or fail to follow their shareholding ratio to participate in the cash capital increase, resulting in their lower shareholding ratio, the matters covering the reasons, the impact on the Company's finance and business, expected reduction of the shareholding ratio, pricing reference, etc. shall be put forth to the Audit Committee for review and submitted to the Board for Directors for discussion. On the other hand, the Company shall still maintain its substantive control and operating concessions to the important subsidiary, so as to protect shareholders' equity.</u></p>	<p>1.Correction in accordance with the letter from the competent authorities.</p>

Provisions before amendment	Amended provisions	Reason for amendment
	<p><u>2.</u>If there are any matters not covered by this procedure, they shall be handled in accordance with the relevant laws and regulations.</p>	



# Discussion Items

(Proposed by the Board of Directors)

Case 3: To approve the issuance of employee restricted stock awards for year 2023.

Notes: 1. In order to attract and retain key talents, and link their rewards with shareholders' interests and environmental, social and corporate governance (ESG) achievements, the Company plans to issue new shares with employee restricted stock awards according to relevant laws and regulations.

2. The contents of the new shares with employee restricted stock awards to be issued this time are as follows:

(1) Estimated total amount to be issued: no more than 1,500,000 common shares. The actual number of shares to be issued will be submitted to the board of directors for a resolution after the approval of this ordinary shareholders' meeting and the competent authority for the issue of new shares with employee restricted stock awards.

(2) Issuance period: Within two years after receiving the notice of effective registration from the competent authorities, the new shares shall be issued in one batch or in installments as required by actual needs. The Board of Directors shall authorize the President to determine the actual issuance date and relevant operation details.

(3) Qualifications of employees and the number of shares to be allocated:

1. The eligible employees are limited to the senior executives of the Company, the domestic or foreign companies controlled by the Company, and the Company's subordinate companies who are incumbent full-time regular employees on the restricted stock awards date and have attained a required level of performance. The criteria of the said controlled or subordinate companies shall be determined in accordance with the Company Act, Article 369-2; 369-3; 369-9, Paragraph 2; and Article 369-11 as required by Financial Supervisory Commission's order No. Chin-Kuan-Cheng-Fa-Tzu No.1070121068. The qualified senior executives shall be those directors with the grade of 10<sup>th</sup> senior level or above, who have a significant impact on the Company's operating decisions or play a key role in future core technology and strategic development.

2. The new shares to be actually acquired by the qualified senior executives shall be allocated by referring to factors including the Company's operating outcome and the employee's seniority, job rank, job performance evaluation, overall contribution, special achievements, etc., and the President shall put forth the proposed

allocation to the Board of Directors for approval. However, the employees who are directors or managerial personnel shall first be reviewed by the Remuneration Committee, whereas those who are not directors or managerial personnel shall first be reviewed by the Audit Committee.

3. For the employee stock option certificates issued by the Company, in accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, Article 56-1, Paragraph 1, the total shares to be cumulatively subscribed by an individual subscriber plus the restricted stock awards cumulatively acquired by the subscriber shall not exceed 0.3% of the total number of issued shares; whereas, by adding the employee stock option certificates issued in accordance with the said Article 56, Paragraph 1, the total shares to be cumulatively subscribed by an individual subscriber shall not be over 1% of the total number of issued shares.

(4) Issue conditions:

1. Estimated issue price: Free issue, with an issue price of NT\$0 per share.
  2. Vested conditions: After being awarded restricted shares for employees, if the senior executive is still incumbent in the following expiration year(s), has not breached the Company’s labor contract or work rules, and concurrently meets the personal performance indexes and corporate operating objectives established by the company, the proportion of shares that can respectively meet the vested conditions is as follows:
    - 1-1. Expiration of one year: 40%
    - 1-2. Expiration of two years: 30%
    - 1-3. Expiration of three years: 30%
  3. Personal performance indexes: Includes annual income, annual before-tax net profit, key technology/product development, customer satisfaction, etc.; these are performance indexes of varying weights defined by senior executives’ respective duties.
  4. Corporate operating objectives: The operating objectives adopted by the Board of Directors in the previous year.
  5. Types of shares issued: New shares of ordinary shares of the Company.
3. The necessary reasons for this employee restricted stock awards: To attract and retain key excellent talent, reinforce the connection between employee rewards and the Company’s financial performance, and create the best interests of the company and shareholders.
  4. The amount of possible expenses, dilution of the company's earnings per share and other matters affecting shareholders' equity: Based on the average closing price of NTD45.67 for the common shares of up to

1,500,000 shares and February 2023 (2/1-2/24), and using the valuation model, the total amount that may be expensed is estimated to be NTD68,505,000, and the apportioned expensing amounts for 2024, 2025 and 2026 are NTD27,402,000, NTD20,551,500 and NTD20,551,500, respectively, with an EPS impact of NT\$0.051, NT\$0.038 and NT\$0.038 per share, respectively. The company's operation is expected to continue to grow in the next few years, so the overall assessment shows that the dilution of the company's earnings per share in the next year is still limited, and it has no significant impact on shareholders' equity.

5. The Company will handle the issuance of new shares with employee restricted stock awards in the form of stock trust custody.
6. Please refer to pages 48-53 of this Handbook for the Company's 2023 employee restricted stock awards Issuance Regulations. The Company intends to request the shareholders' meeting to authorize the Board of Directors or its authorized person to handle the related matters in full, if any amendment or adjustment is necessary due to the instruction of the competent authority or the amendment of the relevant laws and regulations.

Resolutions:

## **Wafer Works Corporation**

### **Measures for the Issuance of employee restricted stock awards for year 2023**

#### Article 1 Purpose of Issue

To attract and retain key talents, and to link their rewards with shareholders' interests and environmental, social and corporate governance (ESG) achievements, so as to increase the competitiveness of the company and create the best interests of the company and shareholders. In accordance with Article 267 of the Company Law and the "Guidelines for Issuers to Offer and Issue Securities" and other relevant regulations issued by the Financial Supervisory Commission, the Company's new share issuance measures with employee restricted stock awards (hereinafter referred to as the Measures) are formulated.

#### Article 2. Issue period

Within one year from the date of arrival of the effective notification from the competent authority, it will be issued once or in several times according to the actual needs. The actual issue date and related operational matters shall be determined by the chairman authorized by the board of directors.

#### Article 3 Qualifications of employees and the number of shares to be allocated.

- (1) The incentive plan is applicable to the senior executives of the Company, the domestic or foreign companies controlled by the Company or the Company's subordinate companies, who are incumbent full-time regular employees on the restricted stock awards date and have attained a required level of performance. The criteria of the said controlled or subordinate companies shall be determined in accordance with the Company Act, Article 369-2; 369-3; 369-9, Paragraph 2; and Article 369-11 as required by Financial Supervisory Commission's order No. Chin-Kuan-Cheng-Fa-Tzu No.1070121068. The qualified senior executives shall be the directors with the grade of 10<sup>th</sup> senior level or above, who have a significant impact on the Company's operating decisions or play a key role in future core technology and strategic development.
- (2) The new shares to be actually acquired by the qualified senior executives shall be allocated by referring to factors including the Company's operating outcome and the employee's seniority, job rank, job performance evaluation, overall contribution, special achievements, etc., and the President shall put forth the proposed allocation to the Board of Directors for approval. However, the employees who are directors or

managerial personnel shall first be reviewed by the Remuneration Committee, whereas those who are not directors, or managerial personnel shall first be reviewed by the Audit Committee.

- (3) For the employee stock option certificates issued by the Company, in accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, Article 56-1, Paragraph 1, the total shares to be cumulatively subscribed by an individual subscriber plus the restricted stock awards cumulatively acquired by the subscriber shall not exceed 0.3% of the total number of issued shares, whereas, by adding the employee stock option certificates issued in accordance with the said Article 56, Paragraph 1, the total shares to be cumulatively subscribed by an individual subscriber shall not be over 1% of the total number of issued shares.

#### Article 4 Estimated Total Issue Amount

No more than 1,500,000 ordinary shares, each with a face value of NT\$10. The actual number of shares to be issued will be submitted to the board of directors for a resolution after the approval of this ordinary shareholders' meeting and the competent authority.

#### Article 5 Conditions of Issue

- (1) Estimated issue price: Free issue, with an issue price of NT\$0 per share.
- (2) Vested conditions:
1. After being awarded restricted shares for employees, if the senior executive is still incumbent in the following expiration year(s), has not breached the Company's labor contract or work rules, and concurrently meets the personal performance indexes and corporate operating objectives established by the Company, the proportion of shares that can respectively meet the vested conditions is as follows:
    - 1-1. Expiration of one year: 40%
    - 1-2. Expiration of two years: 30%
    - 1-3. Expiration of three years: 30%
  2. Personal performance indexes: Includes annual income, annual before-tax net profit, key technology/product development, customer satisfaction, etc.; these are performance indexes of varying weights defined according to senior executives' respective duties.
  3. Corporate operating objectives: The operating objectives adopted by the Board of Directors in the previous year.
- (3) Types of shares issued: New shares of ordinary shares of the Company.
- (4) When an employee fails to meet the vested conditions or inherits, it shall be dealt with in the following ways:

1. If a senior executive fails to meet the vested conditions specified in Item (2) of this Article, the Company will take back his shares and cancel them without compensation.
2. Voluntary resignation, dismissal, severance:  
New shares with employee restricted stock awards that have not yet been vested will be deemed not to have been vested as of the effective date of resignation and will be withdrawn by the Company without compensation and cancelled.
3. Leave without pay:  
The rights and obligations of new shares with employee restricted stock awards that have not yet been vested shall not be affected; however, the actual shares that may be vested in each year shall be calculated in proportion to the actual number of months of employment of the executive officers in the year preceding each vesting date, in addition to the vesting conditions set forth herein. If it is left without pay on the vested date, it will be deemed that the vested conditions have not been met, and the company will take back its shares and cancel them without compensation.
4. Retirement:  
If a retiree has not vested any new shares with employee restricted stock awards, the company will take back the previously vested shares and cancel them without compensation.
5. Unable to continue to serve due to physical disability caused by occupational disasters:  
The new shares with employee restricted stock awards that have not been vested can be vested on the resignation date. However, for the vested years in which the company's operating and personal performance goals have been confirmed, the actual shares that can be vested in each year shall be calculated according to the vested conditions stipulated in these Measures. For the vested year in which the company's operation and personal performance goals can't be confirmed, all the new shares with employee restricted stock awards that haven't been vested can be vested.
6. General death or death due to occupational disasters:  
Upon the death of an employee, his or her unvested new shares with employee restricted stock awards may be applied for by the successor to receive his or her inherited shares or disposed interests after the successor has completed the necessary legal procedures and provided relevant documents. However, in the event of the death of an employee, the actual shares that can be vested in each of the vesting years in which the Company's operation and personal performance goals have been recognized shall be calculated in accordance with the vesting conditions set forth in these Measures. For vested years where it is not possible to confirm the degree of achievement of the

Company's operating and personal performance targets, the unvested new shares of employee restricted stock awards may be fully vested.

7. Job transfer:

- (1) When a senior executive is transferred to a subsidiary company, affiliated company or other company, his new shares with employee restricted stock awards that have not been acquired shall be dealt with according to the method of "voluntary resignation" in paragraph 2 of this item.
  - (2) In the event that an executive officer is assigned to a subsidiary, affiliate or other company by the Company for operational reasons, his or her rights and obligations with respect to new shares of employee restricted stock awards that have not yet been vested shall not be affected. However, it is still subject to the vested conditions stipulated in these Measures, and it is still necessary to continue to serve in the company's assigned subsidiary, affiliated enterprise or other company on the vested date. Otherwise, it will be deemed that the vested conditions are not met, and the company will take back its shares and cancel them without compensation. The Chairman of the Board of Directors of the Company shall determine whether or not the vested conditions have been met by reference to the performance evaluation provided by the subsidiary, affiliate or other company to which he/she has transferred.
8. If the senior executive voluntarily renounces the new shares with employee restricted stock awards granted to the Company in a written statement, the Company will take back its shares and cancel them without compensation.
  9. If a senior executive violates any contract signed with the company and the company's working rules after being given new shares that restrict employees' rights, the company will take back his shares and cancel them without compensation.
  10. If the senior executive terminates or cancels the proxy authorization for the trust/custody account of the new shares with employee restricted stock awards, the company will take back the shares of the new shares with employee restricted stock awards and cancel them without compensation.
- (5) Restricted rights until the vesting conditions are met after the allotment of new shares.
1. After the new shares with employee restricted stock awards are issued, they shall be delivered to the trust/custody immediately, and before the vested conditions are fulfilled, the senior executives shall not request the trustee to return the new shares with employee restricted stock awards for any reason or in any way.

2. After the senior executives are allocated new shares, they shall not sell, pledge, transfer, give away, set up, or dispose of the new shares with employee restricted stock awards by other means, except inheritance, before they meet the vested conditions.
  3. In addition to the foregoing restrictions, the new shares with employee restricted stock awards allocated to senior executives in accordance with these Measures have other rights before they meet the vested conditions, including but not limited to: the distribution rights of dividends, bonuses and capital reserves, and the options for cash capital increase, etc., which are the same as the issued ordinary shares of the Company, and the relevant operation methods are implemented according to the trust/custody contract.
  4. Until the executive officers have fulfilled the vested conditions, the attendance, proposal, speech, voting rights and other matters related to shareholders' rights at the Company's shareholders' meetings are entrusted to the trust/custodian institution to exercise them on their behalf.
  5. During the vesting period, if the Company conducts a capital reduction, capital reduction to cover losses, or other reductions in capital not due to a legal capital reduction, the new shares with employee restricted stock awards shall be cancelled in proportion to the capital reduction. In the case of cash capital reduction, the cash refunded shall be delivered to the trustee/custodian and shall be delivered to the senior executive only after the vesting condition is met; however, if the vesting condition is not met, the Company shall recover the cash.
- (6) Handling of mergers and acquisitions:  
The existing rights and obligations of new shares that restrict employees' rights will not be affected, or they may be changed by the relevant contracts or plans of M&A.
- (7) Other agreed matters  
During the trust/custody period of the new shares with employee restricted stock awards, the company's authorized senior supervisor shall negotiate, sign, revise, extend, dissolve and terminate the trust/custody contract with the stock trust/custody institution, and give instructions on the delivery, use and disposition of the trust/custody property.

## Article 6 Contract signing and confidentiality

- (1) Senior executives who are allotted new shares with employee restricted stock awards are required to sign the "Consent Form for Receipt of New Shares with Employee restricted stock awards" and go through the related trust/custody procedures. Failure to sign the relevant documents



in accordance with the regulations shall be considered as a renunciation of the new shares with employee restricted stock awards.

- (2) Any person who acquires new shares with employee restricted stock awards and related interests through this method shall comply with the provisions of this Law and the "Consent to Receive New Shares with Employee restricted stock awards", and any violation shall be deemed to be a failure to meet the vesting conditions. Besides, it shall abide by the relevant confidentiality provisions, except as required by laws and regulations or the competent authority, and shall not inquire about others or disclose the relevant quantity and contents of the new shares granted with employee restricted stock awards, or inform others of the relevant contents and personal rights and interests of this case. In case of violation, the company has the right to take back its shares and cancel them without compensation for the new shares with employee restricted stock awards that have not met the established conditions.

#### Article 7 Taxes

Taxes related to new shares with employee restricted stock awards allocated in accordance with these Measures shall be handled in accordance with the laws and regulations of the Republic of China at that time.

#### Article 8 Other important matters

- (1) These Measures shall be implemented after more than two-thirds of the directors of the board of directors attend and more than one-half of the directors present agree, and they are reported to the competent authority and become effective. The same shall apply in case of any revision before actual insurance. If it is necessary to revise the regulations due to the revision of laws or regulations or the audit requirements of the competent authority, the chairman of the board of directors is authorized to revise the regulations, and then the regulations can be approved by the board of directors before they can be issued.
- (2) If there are any matters not covered in these Measures, please follow the relevant laws and regulations.

# Discussion Items

(Proposed by the Board of Directors)

Case 4: To approve the noncompete clause for Directors

- Notes:
1. According to Article 209 of the Company Law, if a director acts for himself or others within the business scope of the company, he shall explain the important contents of his act to the shareholders' meeting and obtain its permission.
  2. The Company's director, Zhen-Tu, Liu was invited to be elected as the independent director of "Mosel Vitelic Inc." If he is elected, please remove his director noncompete restriction.

Resolutions:

# Discussion Items

(Proposed by the Board of Directors)

Case 5: Relocation of headquarters

- Notes: 1. In conjunction with its requirements for future business planning and management, the Company will relocate to No. 100, Longyuan 1<sup>st</sup> Rd., Longtan District, Taoyuan City from No. 1, Pingguo Rd., Yangmei District, Taoyuan City.
2. While applying to the competent authorities for relocation and address change registration, etc., in accordance with law, the Company also authorizes its Chairman to handle the matters as required by actual needs.

Resolutions:

# **Provisional Motions**

# **Meeting Adjournment**

# Appendix I: Rules and Procedures of Shareholders' Meeting

Approved by Shareholders' meeting on 6/21/2022

## Article 1

In order to establish the company's good shareholders' meeting governance system, improve its supervisory function and strengthen its management function, these Rules are formulated in accordance with the Code of Practice for Governance of Listed and OTC Companies in compliance.

## Article 2

Unless stipulated by laws or articles of incorporation, the rules of procedure of the shareholders' meeting of the Company shall be governed by these rules.

## Article 3 (Notice of convention and meeting of shareholders meeting)

Unless stipulated by laws and regulations, the shareholders' meeting of the Company shall be convened by the Board of Directors.

The change of the way of holding the shareholders' meeting of the Company shall be decided by the Board of Directors, and it shall be done at the latest before the notice of the shareholders' meeting is sent.

The Company shall, 30 days before the general meeting of shareholders or 15 days before the extraordinary meeting of shareholders, prepare the cause of action and explanatory materials of the shareholders' meeting notice, power of attorney, relevant recognition case, discussion case, election or dismissal of directors, etc. into electronic files and send them to the Market Observation Post System. Before the 21 days of the general shareholders' meeting or the 15 days of the interim shareholders' meeting, the meeting manual and supplementary information of the shareholders' meeting shall be prepared and sent to the Market Observation Post System. However, if the paid-in capital of this company at the end of the latest fiscal year reaches NT\$10 billion or more, or the total share of foreign capital and Mainland China capital recorded in the shareholders' name book in the latest fiscal year reaches more than 30%, the transmission of the electronic file before the general shareholders' meeting shall be completed 30 days before. Fifteen days before the meeting of the shareholders' meeting, the Company shall prepare the minutes manual and supplementary materials of the meeting for shareholders to consult at any time, and display them in the Company and

the professional stock affairs agency appointed by the Company.

On the day of the meeting of the shareholders' meeting, the Company shall provide the meeting Handbook and meeting supplementary information referred to in the preceding paragraph to shareholders in the following ways:

1. When an entity shareholders' meeting is held, it shall be distributed at the meeting of the shareholders' meeting.
2. When video-assisted meeting of shareholders' meeting is held, it shall be distributed at the meeting of shareholders' meeting site and transmitted to the video conference platform by electronic files.
3. When the video meeting of shareholders' meeting is held, it should be transmitted to the video conference platform by electronic files.

The notice and announcement shall specify the reasons for convening; If the notice is approved by the counterpart, it may be done electronically.

The election or dismissal of directors, change of articles of incorporation, reduction of capital, application for suspension of public offering, permission for directors to compete for business, transfer of capital from surplus to capital, transfer of capital from provident fund, dissolution, merger, demerger, or matters under Article 185, Paragraph 1 of the Company Law, Article 26-1, Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Rules Governing the Offering and Issuance of Securities by Issuers, shall be listed in the grounds for convening and the main contents thereof shall be stated, and shall not be proposed by extemporary motion; the main contents thereof may be placed on the website designated by the competent securities authority or the public, and the website address shall be set forth in the notice.

The reason for the convening of the shareholders' meeting has stated the comprehensive re-election of directors and the appointment date. After the re-election of the shareholders' meeting is completed, the appointment date shall not be changed by extemporary motions or other means at the same meeting.

Shareholders holding at least one percent of the issued shares may propose to the Company a motion for an annual general shareholders' meeting, subject to a limit of one proposal. However, the Board of Directors may include a proposal from a shareholder to urge the Company to promote the public interest or fulfill its social responsibility. In addition, the Board of Directors may not include a shareholder's proposal in any of the circumstances set forth in Article 172-1, Paragraph 4 of the Company Law.

The Company shall announce the acceptance of the shareholders' proposal, the written or electronic acceptance method, the acceptance place and the acceptance period before the suspension of share transfer before the shareholders' general meeting; the acceptance period shall not be less than ten days.

The proposal put forward by shareholders is limited to 300 words. If it exceeds 300 words, the proposal will not be included in the agenda; The proposer shareholder shall attend the shareholders' general meeting in person or entrust others, and participate in the discussion of the proposal.

The Company shall inform the proposing shareholders of the processing results before the notice of the convening of the meeting of shareholders' meeting, and list the proposals conforming to the provisions of this Article in the notice of the meeting. For shareholders' proposals not included in the proposal, the Board of Directors shall explain the reasons for not including them at the meeting of shareholders' meeting.

#### Article 4

At each shareholders' meeting, shareholders may issue a power of attorney issued by the Company, stating the scope of authorization, and entrust a proxy to attend the shareholders' meeting.

A shareholder shall issue a power of attorney, limited to entrust one person, which shall be delivered to the Company five days prior to the meeting of shareholders' meeting, and in the event of duplicate power of attorney, the first to be delivered shall prevail. However, a declaration of revocation of a previous power of attorney shall be excluded. After the power of attorney is delivered to the Company, shareholders who wish to attend the shareholders' meeting by video shall give a written notice to the Company to cancel the power of attorney two days before the shareholders' meeting; If the cancellation is overdue, the voting right entrusted by the agent to attend and exercise shall prevail.

#### Article 5 (Principles of Place and Time for Holding Shareholders' Meeting)

The place where the shareholders' meeting is held shall be the place where the Company is located or a place convenient for shareholders to attend and suitable for the shareholders' meeting, and the meeting shall not start earlier than 9: 00 a.m. or later than 3: 00 p.m.

When the Company holds the video shareholders' meeting, it shall not be restricted by the venue mentioned in the preceding paragraph.

#### Article 6 (Preparation of signature book and other documents)

The Company shall specify the registration time, registration place and other matters needing attention of the accepting shareholders, solicitors and entrusted agents (hereinafter referred to as shareholders) in the meeting notice.

The registration time for accepting shareholders referred to in the preceding paragraph shall be handled at least 30 minutes before the meeting starts; the place for reporting

shall be clearly marked, and appropriate and competent personnel should be sent to handle it; The video conference of shareholders shall be accepted and registered on the video conference platform of shareholders' meeting 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to attend the shareholders' meeting in person.

Shareholders shall attend the shareholders' meeting with the attendance card, attendance sign-in card or other attendance documents. The Company shall not arbitrarily add other supporting documents to the supporting documents of the shareholders' attendance. It is the requester of the power of attorney, and should bring identification documents for verification.

The Company shall set up an agenda handbook for the attendance shareholders to sign in, or the attendance shareholders shall submit a sign-in card to sign in.

The Company shall deliver the agenda handbook, annual report, attendance cards, speech notes, voting tickets and other meeting materials to the shareholders present at the shareholders' meeting; if a director is elected, an election ticket shall be attached. When the government or legal person is a shareholder, the number of representatives attending the shareholders' meeting is not limited to one. When a legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend the meeting.

If the shareholders' meeting is held by video conference, shareholders who want to attend by video conference shall register with the Company two days before the shareholders' meeting.

If the video conference of the shareholders' meeting is held, the Company shall upload the discussion Handbook, annual report and other relevant materials to the video conference platform of the shareholders' meeting at least 30 minutes before the meeting starts, and continuously disclose them until the end of the meeting.

Article 6-1 (Call video conference of shareholders' meeting, matters to be included in the call notice)

When the Company holds the video conference of the shareholders' meeting, the following matters shall be stated in the notice of convening the shareholders' meeting:

1. Shareholders' participation in video conferences and methods of exercising their rights.
2. The ways to deal with the obstacles caused by natural disasters, incidents or other force majeure, including at least the following:
  - (1) The time when the meeting has to be postponed or resumed due to the persistent obstacles, and the date when the meeting needs to be postponed or resumed.
  - (2) Shareholders who have not registered to participate in the original shareholders'



meeting by video shall not participate in the postponed or resumed meeting.

(3) If the video-assisted shareholders' meeting can't be continued, after deducting the number of shares attending the shareholders' meeting by video, the total number of shares attending the shareholders' meeting reaches the statutory quota, and the shareholders' meeting should be continued. The number of shares attending the shareholders' meeting by video should be included in the total number of shares attending the shareholders' meeting, and all the resolutions of the shareholders' meeting should be regarded as abstention.

(4) In the event that all the motions have been announced, but no extemporary motion has been made, should be handled this way.

3. Hold the video shareholders' meeting, the rules should specify the appropriate alternative measures for shareholders who have difficulty in participating in the shareholders' meeting by video.

#### Article 7 (Chairman of the shareholders' meeting, attendees)

If the shareholders' meeting is convened by the Board of Directors, its chairman shall be the Chairman. If the Chairman is absent or unable to exercise his functions and powers for some reason, the Chairman shall appoint one director to act as his proxy. If the Chairman fails to appoint a proxy, the directors shall appoint one of them to act as their proxy.

If the chairman referred to in the preceding paragraph is represented by a director, it should be a director who has served for more than six months and knows the financial standing and business operation situation of the Company.

At the shareholders' meeting convened by the Board of Directors, the Chairman should personally preside over the meeting, and there should be directors attend in person, and the attendance should be recorded in the minutes of the shareholders' meeting.

If a shareholders' meeting is convened by someone other than the Board of Directors, the chairman of the meeting shall be the convener. If there are more than two conveners, one of them shall be elected from among themselves.

The Company may assign its appointed lawyers, accountants or related personnel attend the shareholders' meeting as nonvoting delegates.

#### Article 8 (Record of Audio or Video Recording of Shareholders' Meeting)

The Company shall continuously record and video the whole process of shareholders' registration, meeting and vote counting from the time of accepting shareholders' registration.

The audio-visual materials referred to in the preceding paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189

of the Company Law, it shall be kept until the end of the lawsuit.

If the shareholders' meeting is held by video conference, the Company shall keep records of the registration, reporting, questioning, voting and the results of the company's vote counting, and record and video the whole video conference continuously.

The information and audio and video recordings referred to in the preceding paragraph shall be properly kept by the Company during the period of existence, and the audio and video recordings shall be provided to those entrusted with video conference affairs for preservation.

If the shareholders' meeting is held by video conference, the Company should record and video the background operation interface of the video conference platform.

## Article 9

The attendance of the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated according to the number of shares submitted by the sign-in card and the video conference platform, plus the number of shares that exercise voting rights in written or electronic form.

At the opening of the session, the chairman shall announce the meeting immediately, and at the same time announce the number of non-voting rights, the number of shares present and other relevant information. However, when shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting, and the number of postponements shall be limited to two, and the total postponement time shall not exceed one hour. If the shareholders representing more than one-third of the total issued shares are not present after the second delay, the chairman shall announce the meeting aborted; If the shareholders' meeting is held by video conference, the Company shall also announce the meeting aborted on the video conference platform of shareholders' meeting.

In the event that the number of shareholders representing at least one-third of the total number of issued shares is still insufficient after the second postponement of the preceding paragraph, the Company may, in accordance with Article 175(1) of the Company Law, make a bogus resolution and notify the shareholders of the bogus resolution to reconvene the shareholders' meeting within one month; if the shareholders' meeting is convened by video conference, the shareholders who wish to attend by video shall re-register with the Company in accordance with Article 6.

If, before the end of the meeting, the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairman may re-submit the fictitious resolution made to the shareholders' meeting for a vote in accordance with Article 174 of the Company Law.

#### Article 10 (Discussion of motion)

If the shareholders' meeting is convened by the Board of Directors, its agenda shall be determined by the Board of Directors, and all relevant proposals (including the provisional motion and the amendment of the original motion) shall be decided case-by-case, and the meeting shall be held according to the scheduled agenda, which shall not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the Board of Directors who has the right to convene, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

Before the agenda mentioned in the preceding two paragraphs is concluded (including provisional motions), the chairman shall not announce adjournment of the meeting without a resolution; if the chairman announces adjournment of the meeting in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the shareholders present in the legal procedures, and with the consent of more than half of the voting rights of the shareholders present, a chairman shall be elected to continue the meeting.

The chairman shall give sufficient explanation and opportunity to discuss the motion and any amendments or extemporar motions proposed by the shareholders, and when he/she is of the opinion that the motion is ready to be voted on, he/she may declare that the discussion is closed, put the motion to vote, and arrange an appropriate time for voting.

#### Article 11 (Speech by Shareholders)

Before speaking, the shareholders should fill in the speech note, stating the gist of the speech, the shareholder's account number (or attendance card number) and the name of the account, and the chairman should decide the order of his speech.

If the shareholders present at the meeting only give a speech slips, but do not speak, they will be deemed as not speaking. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail.

Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and each time shall not exceed five minutes. However, if a shareholder's speech violates the regulations or exceeds the scope of the topic, the chairman may stop his speech.

When an attending shareholder speaks, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaker, and the chairman shall stop the violator.

When a corporate shareholder appoints two or more representatives attend the shareholders' meeting, only one person can speak on the same proposal.

After the attending shareholder speaks, the chairman may personally or designate relevant personnel to reply.

If the video conference of the shareholders' meeting is held, the shareholders who participate in the video conference may ask questions in text on the video conference platform of the shareholders' meeting after the meeting is announced by the chairman and before the meeting is announced. The number of questions for each proposal shall not exceed two times, with a limit of 200 words each time, and the provisions of paragraphs 1 to 5 are not applicable.

If the question mentioned in the preceding paragraph does not violate the regulations or exceed the scope of the proposal, it should be disclosed on the video conference platform of the shareholders' meeting for public knowledge.

#### Article 12 (Calculation of the number of voting shares and withdrawal system)

Voting at the shareholders' meeting shall be calculated on the basis of shares.

The number of shares of shareholders without voting rights shall not be included in the total number of issued shares in the resolution of the shareholders' meeting.

When the matters of the shareholders' meeting are in danger of harming the interests of the Company due to their own interests, they shall not participate in the voting, and shall not exercise their voting rights on behalf of other shareholders.

The number of shares that cannot exercise voting rights mentioned in the preceding paragraph shall not be counted into the voting rights of the shareholders present.

Except trust enterprises or stock agencies approved by the competent securities authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total number of issued shares, and the voting rights exceeded by the proxy shall not be counted.

#### Article 13

Each share of the shareholder has one voting right; however, those who are restricted or have no voting rights listed in Item 2, Article 179 of the Company Law are not subject to this restriction.

When the Company holds the shareholders' meeting, it shall exercise its voting rights electronically and may do so in writing. When voting rights are exercised in written or electronic form, the exercise method shall be stated in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to attend the shareholders' meeting in person. However, the extemporary motion and the amendment of the original motion of the shareholders'

meeting shall be deemed as a waiver.

If the voting right is exercised by written or electronic means as mentioned in the preceding paragraph, its intention should be delivered to the Company two days before the meeting of the shareholders' meeting. In case of any repetition, the first delivery shall prevail. However, this restriction does not apply to those who express their intention before the declaration is revoked.

After the shareholders have exercised their voting rights in writing or electronically, if they want to attend the shareholders' meeting in person or by video, they should cancel the expression of their intention to exercise their voting rights in the preceding paragraph in the same way as they exercise their voting rights at the latest two days before the shareholders' meeting. If it is overdue, the voting rights exercised in writing or electronically shall prevail. If the voting rights are exercised by written or electronic means and the proxy is entrusted to attend the shareholders' meeting by power of attorney, the voting rights of the proxy shall prevail.

Unless otherwise stipulated in the Company Law and the Articles of incorporation of the Company, the voting of the motion shall be approved by a majority of the voting rights of the shareholders present. When voting, the chairman or his designee shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and the shareholders shall vote on a case-by-case basis, and the results of shareholders' consent, opposition and abstention shall be entered into the Market Observation Post System on the day after the shareholders' meeting is held.

If there are amendments or alternatives to the same motion, the chairman shall decide the voting order with the original motion. If one of the cases has been passed, the other motions will be considered as vetoed, and there is no need to vote again.

The scrutineers and counting personnel for voting on the bill shall be appointed by the chairman, but the scrutineers shall have the status of shareholders.

The counting of votes for the shareholders' meeting or election proposal shall be conducted in the public place in the shareholders' meeting, and after the counting of votes is completed, the voting results, including the statistical weights, shall be announced on the spot and recorded.

The Company holds a video conference of the shareholders' meeting. After the meeting is announced by the chairman, the shareholders who participate by video conference shall vote on various proposals and election proposals through the video conference platform, which shall be completed before the chairman announces the end of voting. If the voting is overdue, it will be deemed as abstention.

If the shareholders' meeting is held by video conference, the voting shall be counted once after the chairman announces the end of voting, and the voting and election results shall be announced.

When the Company holds the video-assisted shareholders' meeting, the shareholders who have registered to attend the shareholders' meeting by video in accordance with Article 6, who want to attend the physical shareholders' meeting in person, shall cancel the registration in the same way as the registration two days before the shareholders' meeting; If the cancellation is overdue, the shareholders' meeting can only be attended by video.

Those who exercise their voting rights in writing or electronically, have not revoked their intention, and participate in the shareholders' meeting by video, except for temporary motions, are not allowed to exercise their voting rights on or propose amendments to the original motion or exercise their voting rights on amendments to the original motion.

#### Article 14 (Election Matters)

When the shareholders' meeting elects directors, it shall follow the relevant selection rules stipulated by the Company, and the election results shall be announced on the spot, including the list of elected directors and their elected weights, the list of unsuccessful directors and their elected rights.

The electoral votes for the election matters mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and then properly kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the end of the lawsuit.

#### Article 15

The resolutions of the shareholders' meeting shall be recorded, signed or sealed by the chairman, and distributed to all shareholders within twenty days after the meeting.

The distribution of the minutes mentioned in the preceding paragraph can be made by entering the announcement method of the Market Observation Post System.

The minutes shall be recorded according to the year, month, day, place, chairman's name, resolution method, main points of the proceedings and voting results (including statistical weights). If there is an election of directors, the voting weight of each candidate shall be disclosed. During the existence of the Company, it shall be kept permanently.

If the shareholders' meeting is held by video conference, the minutes shall, in addition to the items required in the preceding paragraph, also record the starting and ending time of the shareholders' meeting, the method of holding the meeting, the names of the chairman and the minutes, and the handling methods and situations when the video conference platform or video participation is hindered due to natural disasters, incidents or other force majeure.

When the Company holds the video shareholders' meeting, it shall, in addition to the provisions in the preceding paragraph, state in the minutes the alternative measures provided by shareholders who have difficulties in participating in the shareholders' meeting by video.

#### Article 16 (Public Announcement)

On the day of the meeting of the shareholders' meeting, the Company shall compile a statistical table in the prescribed format for the number of shares obtained by the solicitors and the number of shares represented by the entrusted agent, and make a clear disclosure in the shareholders' meeting. If the video conference of the shareholders' meeting is held, the Company shall upload the above information to the video conference platform of the shareholders' meeting at least 30 minutes before the meeting starts, and continuously disclose it until the end of the meeting.

When the Company holds a video conference of shareholders' meeting and announces the meeting, it shall disclose the total number of shareholders' shares present on the video conference platform. The same shall apply if there are other statistics on the total number of shares and voting rights of shareholders present at the meeting.

If there is any important information about the matters resolved at the shareholders' meeting as required by laws and regulations or Taipei Exchange, the Company shall transmit the content to the Market Observation Post System within the specified time.

#### Article 17 (Maintenance of Meeting Place Order)

When handling the shareholders' meeting meeting staff shall wear identification cards or armbands.

The chairman may command pickets or security guards to help maintain the order of the venue. When pickets or security guards are present to help maintain order, they should wear armbands or identification cards with the word "pickets".

If the venue is equipped with public address equipment, the chairman may stop the shareholders from speaking other than the equipment provided by the Company.

If a shareholder violates the rules of procedure and refuses to obey the correction of the chairman, which hinders the meeting and is stopped, the chairman may instruct the picket or security guard to ask him to leave the meeting.

#### Article 18 (Rest and Continued Assembly)

When the meeting is in progress, the chairman may announce a break at his discretion. In case of force majeure, the chairman may decide to suspend the meeting temporarily

and announce the time for resuming the meeting as appropriate.

Before the scheduled agenda of the shareholders' meeting is concluded (including extemporary motions), if the venue for the meeting cannot be continuously used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.

In accordance with Article 182 of the Company Law, the shareholders' meeting may decide to postpone or continue the meeting within five days.

#### Article 19 (Disclosure of Information in Video Conference)

If a video conference of shareholders' meeting is held, the Company shall immediately disclose the voting results and election results of various proposals on the video conference platform of shareholders' meeting after the voting is over, and shall continue to disclose them for at least 15 minutes after the meeting is announced by the chairman.

#### Article 20 (Location of the Chairman and Recording personnel of the Video Shareholders' Meeting)

When the Company holds the video shareholders' meeting, the chairman and recording personnel shall be at the same place in Taiwan, and the chairman shall announce the address of the place at the meeting.

#### Article 21 (Handling of Disconnection)

If a video conference of shareholders' meeting is held, the Company may provide a simple connection test for shareholders before the meeting, and provide relevant services immediately before and during the meeting to help deal with the technical problems of communication.

When the shareholders' meeting is held by video conference, the chairman shall announce separately when announcing the meeting, except that there is no need to postpone or resume the meeting as stipulated in Paragraph 4, Article 44-20 of the Standards for the Handling of Stock Affairs of Public Offering Companies. Before the chairman announces the meeting, if the video conference platform or participation by video conference interruption lasts for more than 30 minutes due to natural disasters, incidents or other force majeure, the date of the meeting shall be postponed or resumed within five days and Article 182 of the Company Law shall not apply. Where the meeting referred to in the preceding paragraph should be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponed or resumed meeting.



According to the provisions of Paragraph 2, the meeting should be postponed or resumed. For shareholders who have registered to participate in the original shareholders' meeting by video and completed registration, but have not participated in the postponed or resumed meeting, the number of shares attended at the original shareholders' meeting, their exercised voting rights and voting rights shall be included in the total number of shares, voting rights and voting rights of shareholders attending the postponed or resumed meeting.

When the shareholders meeting is postponed or reconvened in accordance with the provisions of Paragraph 2, it is not necessary to re-discuss and resolve the resolutions on which the voting and counting of votes have been completed, and the voting results or the list of elected directors and supervisors are announced.

When the Company holds a video-assisted shareholders' meeting, and the video conference cannot be continued in the second paragraph, if the total number of shares attending the shareholders' meeting still reaches the statutory quota after deducting the number of shares attending the shareholders' meeting by video, the shareholders' meeting shall be continued, and there is no need to postpone or continue the meeting according to the second paragraph.

In the event that the meeting should be continued in the preceding paragraph, the shareholders who participate in the shareholders' meeting by video conferencing shall count the number of shares present in the total number of shares of the shareholders present, but all the proposals of the shareholders' meeting shall be deemed as abstentions.

If the Company postpones or continues the assembly in accordance with Paragraph 2, it shall, in accordance with the provisions listed in Paragraph 7 of Article 44-20 of the Standards for the Handling of Stock Affairs of Public Offering Companies, conduct relevant preparatory work according to the date of the original shareholders' meeting and the provisions of respective articles.

During the period specified in the second paragraph of Article 12 and the third paragraph of Article 13 of the Rules for the Use of Power of Attorney for Public Companies to Attend Shareholders' Meeting, the second paragraph of Article 45-5, the fifteenth paragraph of Article 44 and the seventeenth paragraph of Article 44 of the Rules for the Handling of Stock Affairs of Public Companies, the Company shall postpone or resume the meeting of shareholders' meeting according to the second paragraph.

#### Article 22 (Handling of digital drop)

When the company convenes a video conference of shareholders, it shall provide appropriate alternative measures for shareholders who have difficulty in attending the

shareholders meeting by video conference.

#### Article 23

These Rules shall come into force after being approved by the shareholders' meeting, and the same applies to amendments.

# Appendix II: Articles of Incorporation

## Articles of Incorporation for Wafer Works Corporation (before amendment)

### Chapter I General Provisions

- Article 1      The Company is organized and established in accordance with the Company Law on joint stock limited companies, and is named "Wafer Works Corporation".  
The English name of the Company is Wafer Works Corporation.
- Article 2      The Company's businesses are as follows:  
CC01080 Electronic component manufacturing industry  
F401010 International Trade Industry
- Article 3      The Company has its head office in Taoyuan City, and if necessary, it may set up branch companies or factories in other places at home and overseas by the resolution of the Board of Directors.
- Article 4      The total investment of the Company is not limited by Article 13 of the Company Law, "It shall not exceed 40% of the paid-in share capital of the Company". The Board of Directors shall be authorized to make business decisions on the transfer of investment.  
In order to meet the business needs, the Company may endorse the guarantee to the outside world, and its operations shall be handled in accordance with the Procedures for Endorsement & Guarantee of the Company.
- Article 5      The announcement method of the Company shall be handled in accordance with Article 28 of the Company Law.

### Chapter II Shares

- Article 6      The capital of the Company is rated at NT\$7 billion only, and it is divided into 700 million ordinary shares, with a par value of NT\$10 per share, of which the unissued shares are authorized by the Board of Directors to be issued by installments. NT\$100 million is reserved in the capital mentioned in the preceding paragraph, with a par value of NT\$10 per share, accounting for 10 million shares for the issuance of corporate bonds with warrants, special shares with warrants, and employee stock warrants, which may be issued in batches according to the resolution of

the board of directors.

Article 7 Unless otherwise stipulated by laws and securities regulations, the shareholders of the Company shall handle the stock affairs such as stock transfer, right creation, pledge, loss reporting, inheritance, gift, seal loss reporting or change of seal, and shall comply with the Standards for Handling Stock Affairs of Public Offering Companies.

The shares issued by this company may not be printed, and shall be registered with the centralized securities depository institution.

Article 8 The transfer of shares shall be stopped within 60 days before the general shareholders' meeting, 30 days before the temporary shareholders' meeting, or five days before the company decides to distribute dividends and bonuses or other benefits.

Article 9 When a company issues new shares, the original shareholders can enjoy the right to subscribe for new shares in proportion to the original shares according to law. If any shareholders or employees give up their right to purchase or subscribe for new shares, the Board of Directors shall negotiate with a specific person to subscribe.

### Chapter III Shareholders' Meeting

Article 10 There are two types of shareholders' meeting: general meeting and temporary meeting. The general meeting will be held once a year, and it will be convened by the Board of Directors according to law within six months after the end of the fiscal year, unless there are legitimate reasons that have been reported to the competent authority for approval. Temporary meetings will be convened according to law when necessary.

Article 10-1 When the shareholders' meeting of the Company is held, it can be done by video conference or other means announced by the central competent authority. The conditions, operating procedures and other matters to be observed in the video shareholders' meeting shall be governed by the provisions of the competent securities authority, if otherwise stipulated.

Article 11 The shareholders' meeting shall be chaired by the Chairman. If the Chairman asks for leave or is unable to exercise his functions and powers for some reason, the Vice Chairman shall act as his proxy. If both the Chairman and Vice Chairman are absent, the Chairman shall appoint one director to act as his proxy; if the Chairman fails to appoint one, the directors shall elect each other to act as their proxy; if the convener is other than the board of directors, the chairman shall be the convener. If

there are more than two conveners, one of them shall be appointed from each other.

Article 12 The general meeting of shareholders shall be called 30 days before the meeting, and the temporary meeting shall be called 15 days before the meeting. The notice shall state the reasons for the meeting and relevant contents in accordance with the Company Law or other laws and regulations.

Article 13 All shareholders of the Company shall have one voting right per share, except that the shares stipulated in Article 179 of the Company Law have no voting rights.

Article 14 Unless otherwise stipulated in relevant laws and regulations, the resolutions of the shareholders' meeting must be attended or entrusted by shareholders representing more than half of the total number of issued shares, with the consent of more than half of the voting rights of the shareholders present or entrusted. According to the regulations of the competent authority, the shareholders of the Company can also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically are deemed to be present in person, and relevant matters shall be handled according to laws and regulations.

Article 15 The resolutions of the shareholders' meeting shall be recorded in Chinese, indicating the date and place of the meeting, the number of shareholders present at the meeting, the number of representative shares, the number of voting rights, the name of the chairman, the resolutions, the resolution method and other necessary matters, which shall be signed or sealed by the chairman, together with the attendance card of shareholders and the proxy letter of attorney. The minutes of the shareholders' meeting shall be distributed by public announcement.

Article 16 If the company intends to cancel the public offering of its shares, it shall submit a resolution to the shareholders' meeting before doing so.

#### Chapter IV Directors, Audit Committee and Managers

Article 17 The Company has seven to nine directors, who are elected by the shareholders' meeting. The term of office is three years and they can be re-elected. The Company may, in accordance with the Code of Practice for Corporate Governance of Listed and OTC Companies.

Article 17-1 According to Article 14-2 of the Securities and Exchange Act, the number of independent directors in the preceding article shall be at least

three. The method of election of directors adopts the candidate nomination system in accordance with Article 192-1 of the Company Law, and shareholders should choose the directors from the list. The acceptance method and announcement of the nomination of directors and other related matters shall be handled in accordance with the relevant laws and regulations of the Company Law and the Securities and Exchange Act. The professional qualifications, shareholding, part-time restrictions, nomination and selection methods of independent directors and other matters to be observed shall be handled in accordance with the relevant regulations of the competent authority.

- Article 17-2 The election of directors shall be conducted by single-name cumulative voting. Each share has the same number of voting rights as the number of directors to be elected. One person may be elected in a centralized way, or several people may be distributed. The votes obtained represent those who have more voting rights and are elected as directors. Non-independent directors and independent directors shall be elected together, and the number of elected directors shall be calculated separately.
- Article 18 The Company's corporate shareholders shall have the right to designate a representative to be elected as a director, and shall have the right to re-designate a representative as a director at any time to fill the original term of office.
- Article 19 The Board of Directors of the Company shall have a Chairman and a Vice Chairman. The election of the Chairman and Vice Chairman shall be attended by more than two thirds of the directors and approved by more than half of the directors present. The chairman represents the Company externally.
- Article 20 The Board of Directors shall be convened by the Chairman of the Board. The first meeting of the Board of Directors of each term shall be convened by the Director who receives the largest number of votes representing the right to vote. A director who is unable to attend may authorize in writing another director to attend on his or her behalf. A director may attend a meeting of the Board of Directors on behalf of another director only if he or she is appointed by one person. A meeting of the Board of Directors shall be convened by written, facsimile or electronic transmission notice to the directors seven days in advance, specifying the reason for the convening; provided, however, that in case of emergency, the meeting may be convened at any time.

Article 21 The Board of Directors shall be chaired by the Chairman. In the absence of the Chairman, the Vice Chairman shall act as proxy. If both the Chairman and the Vice Chairman are absent, the Chairman shall designate one of the directors to act as proxy. If the Chairman does not designate a proxy, the directors shall elect one from among themselves to act as proxy. The Board of Directors shall make a record of its proceedings and the provisions of Article 15 shall apply.

Article 22 The directors organize the Board of Directors, and each director has one voting right when deciding any matters. The following matters shall be approved or verified by the resolution of the board of directors:

1. Drawing up a business plan and compiling the company's budget, final accounts and financial statements;
2. Proposal to the shareholders' meeting to distribute surplus or make up for the loss;
3. Propose to the shareholders' meeting a proposal to amend the Articles of incorporation, change the capital, and dissolve or merge the company;
4. Establishment and abolishment of branches;
5. Appointment and dismissal of accountants;
6. Acquiring or transferring the equity or shares of an investment enterprise;
7. The proposal to mortgage, sell, lease, pledge, mortgage or otherwise dispose of all or important parts of the company's business or property.
8. Approval by the Company if the Company applies to a financial institution or a third party for financing, guarantee, acceptance and any other credit extension or borrowing should the amount exceeds NT\$300 million, and if the amount is less than NT\$300 million (inclusive), it shall be ratified by the latest board meeting conducted afterwards.
9. Approval of capital expenditures in excess of NT\$300 million (inclusive), and if the amount is less than NT\$300 million, the proviso in Subparagraph 8 shall apply mutatis mutandis.

Article 23 The Company shall set up an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors, and the Audit Committee or its members shall be responsible for performing the functions and powers of supervisors stipulated in the Company Law, the

Securities and Exchange Act and other laws and regulations.

Article 24 The Company shall appoint a manager, whose title, appointment, dismissal and remuneration shall be carried out by the Board of Directors with the attendance of more than half of the directors and the resolution agreed by more than half of the directors present.

Article 25 When the chairman and directors of this company perform their duties, the company may pay remuneration, and the remuneration shall be authorized by the Board of Directors to be agreed upon according to the degree of their participation in the operation of the Company and the value of their contributions, and taking into account the level of the industry.

Article 26 The Board of Directors of the Company may set up a salary and remuneration committee or other functional committees for the needs of business operation.

#### Chapter V Accounting

Article 27 The fiscal year of the Company starts on January 1st of each year and ends on December 31st of the same year.

Article 28 At the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for recognition according to law:

1. Business report;
2. Financial statements;
3. The proposal of surplus distribution or loss appropriation;

Article 29 If the Company makes a profit every year, it shall set aside not less than 5% as employee remuneration and not more than 2% as director remuneration.

However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.

Employee remuneration can be paid in stock or cash, and the objects to be paid in stock or cash can include employees of affiliated companies who meet certain conditions.

Article 29-1 If there is any surplus in the final accounts of each year, the Company shall first pay taxes to make up for the losses of previous years, and then set aside 10% as the legal reserve and set aside special reserve or turn-around special reserve according to the requirements of the competent authority, and the accumulated surplus of previous years may be used as



distributable surplus, except that it is reserved according to the business situation. The Board of Directors shall draw up a surplus distribution plan in accordance with this dividend policy and submit it to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors in accordance with the operating plan, investment plan, capital budget and changes in the internal and external environment. Dividends to shareholders shall not be less than 30% of the current year's distributable earnings and shall be distributed in cash or in shares, provided that cash dividends shall not be less than 10% of the current year's total dividends to shareholders.

Article 30 The distribution of shareholders' dividends shall be based on the shareholders recorded in the shareholders' name book on the base date of dividend distributions.

#### Chapter VI Supplementary Provisions

Article 31 The relevant organizational rules, measures and detailed rules of the Company shall be formulated by a resolution of the Board of Directors.

Article 32 Any matters not mentioned in the Articles of incorporation shall be handled in accordance with the Company Law.

Article 33 The Articles of incorporation was concluded on July 21, 1997, with the first amendment on August 24, 1997, the second amendment on June 26, 1998, the third amendment on June 15, 2000, the fourth amendment on June 21, 2001, the fifth amendment on June 25, 2002, the sixth amendment on June 30, 2003, and the seventh amendment on June 15, 2004, the eighth amendment on June 23, 2006, the ninth amendment on June 21, 2007, the tenth amendment on June 13, 2008, the eleventh amendment on June 19, 2009, the twelfth amendment on June 25, 2010, the thirteenth amendment on June 19 2012, the fourteenth amendment on June 28, 2013 and the fifteenth amendment on June 19, 2014, the sixteenth amendment on June 28, 2016, the seventeenth amendment on June 15, 2017, the eighteenth amendment on June 27, 2018, the nineteenth amendment on June 25, 2019 and the twentieth amendment on July 23, 2021 , and the twenty-first amendment on June 21, 2022.

# Appendix III:

## Procedures for Acquisition or Disposal of Assets

### Procedures for Acquisition or Disposal of Assets for Wafer Works Corporation (before amendment)

#### Article 1: Purpose

This procedure is specially formulated to protect assets and implement information disclosure.

#### Article 2: Legal Basis

This procedure is formulated in accordance with Article 36-1 of the Securities and Exchange Act and the relevant provisions of the "Standards for Handling Assets Acquired or Disposed by Public Companies" issued by the competent securities authority.

#### Article 3: Scope of assets

1. Securities: including stocks, government bonds, corporate bonds, financial bonds, securities of commendation funds, depositary receipts, call (put) warrants, beneficiary securities and asset-backed securities.
2. Property (including land, houses and buildings, investment property, inventory and equipment of construction industry) and other fixed assets.
3. Membership card.
4. Intangible assets: including intangible assets such as patents, copyrights, trademarks, franchises, etc.
5. Assets of right to use.
6. Debentures of financial institutions (including receivables, discount of foreign exchange purchase, loan and collection).
7. Derivative commodities.
8. Assets acquired or disposed of by legal merger, demerger, acquisition or share transfer.
9. Other important assets.

#### Article 4: Definition of terms

1. Derivative commodities: refers to forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combined contracts or

structured goods embedded in derivative commodities, whose value is derived from a specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating or credit index, or other variables. The term forward contract does not include insurance contract, performance contract, after-sales service contract, long-term lease contract and long-term purchase (sale) contract.

2. Assets acquired or disposed according to legal merger, demerger, acquisition or share transfer: refers to assets acquired or disposed according to merger, demerger or acquisition of enterprises, financial holding companies, financial institutions or other laws, or those who issue new shares to transfer shares of other companies (hereinafter referred to as share transfer) according to Article 156-3 of the Company Law.
3. Affiliates and subsidiaries: they shall be recognized in accordance with the financial report preparation standards of securities issuers.
4. Professional appraiser: refers to real estate appraisers or other persons who can engage in real estate and equipment appraisal business according to law.
5. The date of occurrence: refers to the transaction signing date, payment date, entrusted transaction date, transfer date, resolution date of the Board of Directors or other date sufficient to determine the transaction object and transaction amount, whichever the earlier. However, for investment to be approved by the competent authority, the aforementioned date or the date of receipt of approval from the competent authority, whichever earlier shall prevail.
6. Mainland China investment: refers to the mainland China investment made in accordance with the regulations of the Investment Review Committee of the Ministry of Economic Affairs on the licensing of investment or technical cooperation in mainland China.
7. The term "within one year" is based on the date of this acquisition or disposal of assets, and it is retroactively calculated for one year, and the announced part is not counted again.
8. The term "latest financial statements" refers to the financial statements that have been audited, certified or reviewed by certified public accountants before the Company acquires or disposes of assets.
9. The requirement of 10% of total assets in this procedure is calculated by the total assets amount in the latest individual or individual financial statements as stipulated in the financial statement preparation standards of securities issuers. In the future, if the company's shares have no denomination or the denomination of each share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated by 10% of the owner's equity of the parent company. The transaction amount of paid-in capital up to NT\$10 billion stipulated in this procedure is calculated by the equity attributable to the owner of the parent company of NT\$20 billion.

Article 5: Investment in negotiable securities and real estate not for business use and the asset quota of the right to use

- (1) Unless approved by the shareholders' meeting of the Company and its subsidiaries, the total investment of the Company and its subsidiaries in individual long-term and short-term securities shall not exceed 40% of the paid-in capital of the Company and its subsidiaries, and the amount of investment in individual securities shall not exceed 10% of the paid-in capital of the Company and its subsidiaries.
- (2) The total amount of non-business real estate and its right to use assets purchased by the Company and its subsidiaries is limited to 20% of the paid-in capital of the Company and its subsidiaries.

Article 6: Valuation report or opinion

1. For an appraisal report obtained by the Company or an opinion from an accountant, attorney or securities underwriter, the professional appraiser and its appraisers, accountants, attorneys or securities underwriters shall comply with the following requirements (omitted)
  - (1) Have never been sentenced to imprisonment for more than one year for violating this Act, the Company Law, the Banking Act, the Insurance Act, the Financial Holding Company Law, the Commercial Accounting Act, or committing fraud, breach of trust, embezzlement, forgery of documents, or business crimes. However, this is not the case if three years have elapsed since the completion of the execution, the expiration of the suspended sentence, or the pardon.
  - (2) The transaction party may not be a related person or a material related person.
  - (3) If the company should obtain appraisal reports from more than two professional appraisers, or appraisers from different professions may not be related or materially related to each other.
2. When issuing appraisal reports or opinions, the personnel referred to in the preceding paragraph shall comply with the self-discipline norms of their respective trade associations and the following matters:
  - (1) Before accepting a case, you should carefully evaluate your professional ability, practical experience and independence.
  - (2) The implementation of the case, should properly plan and implement the appropriate operation process, in order to form a conclusion and issue a report or opinion; The procedures, collected data and conclusions will be published in detail in the working papers of the case.

- (3) For the data sources, parameters and information used, the appropriateness, and rationality should be evaluated item by item, which can be used as the basis for issuing appraisal reports or opinions.
  - (4) The matters to be declared shall include that the relevant personnel are professional and independent, the information used has been assessed as appropriate and reasonable, and the relevant laws and regulations have been followed.
3. If the company acquired or disposed of its assets through court auction, the certificate issued by the court may replace the valuation report or accountant's opinion.
4. Article 7, Article 8, Article 9 and Article 10 shall calculate the transaction amount in accordance with the provisions of sub-paragraph 6, Paragraph 1, Article 14, and the term "one year" shall be based on the date of this transaction, and it shall be retroactively calculated for one year, and the part of the valuation report or accountant's opinion issued by the professional appraiser that has been obtained according to the regulations shall not be counted again.

Article 7: Procedures for acquiring or disposing of real estate, other fixed assets or assets with the right to use them.

1. Evaluation and operation procedures
  - (1) When the Company acquires or disposes of assets, the organizer shall, after feasibility evaluation, sign and check the reasons for the acquisition or disposition, the subject matter, the counterparty, the transfer price, the terms of payment and receipt, and the reference basis of the price, and then handle it according to the hierarchical responsibility authority table of the Company.
  - (2) Operations related to the acquisition or disposal of assets shall be handled in accordance with the relevant provisions of the Company's internal control system.
2. Procedures for determining trading conditions, authorized amount and executing unit
  - (1) The acquisition or disposal of real estate or its right-to-use assets shall be determined by reference to the announced present value, assessed value, and the actual transaction price of the adjacent real estate, unless the counterparty is a related party in substance and in accordance with relevant regulations.
  - (2) The acquisition or disposal of real estate, other fixed assets or their right-to-use assets shall be made by comparison, bargaining or tender.
  - (3) When the Company acquires or disposes of real estate, other fixed assets or its right to use assets, it shall sign and approve them in

accordance with the hierarchical responsibility authority table of the Company. If the approval of the board of directors is required, it shall be handled in accordance with Article 18.

3. Valuation reports of property, other fixed assets or its right to use assets  
When the Company acquires or disposes of real estate, equipment or its right-to-use assets, except for transactions with domestic government agencies, construction on its own land, construction on rented land, or acquisition or disposal of equipment or its right-to-use assets for business use, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$100 million or more, the Company shall obtain an appraisal report issued by a professional appraiser before the date of occurrence of the fact (the items to be recorded in the appraisal report are listed in Attachment 1), and shall comply with the following requirements.
  - (1) If, for special reasons, a limited price, a specific price or a special price is used as a reference for the transaction price, the transaction shall be submitted to the Board of Directors for approval, and the same applies to any subsequent changes in the transaction terms.
  - (2) If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be invited for valuation.
  - (3) If the appraisal result of a professional appraiser is one of the following, except that the appraisal result of an asset acquired is higher than the transaction amount or the appraisal result of an asset disposed of is lower than the transaction amount, the accountant shall be requested to comply with the provisions of Statement of Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as the ARDF) and express a specific opinion on the reasons for the difference and the fairness of the transaction price.
    1. If the difference between the valuation result and the transaction amount is 20% or more of the transaction amount.
    2. If the difference between the appraisal results of two or more professional appraisers reaches 10% or more of the transaction amount.
  - (4) For professional appraisers, the date of issuance of the report shall not exceed three months from the date of establishment of the contract. However, if the current value of the contract is applicable to the same period of publication and is less than six months old, an opinion may be issued by the original professional appraiser.

#### Article 8: Procedures for acquiring or disposing of securities investment

1. Evaluation and Operating Procedures
  - (1) When the Company acquires or disposes of assets, the organizer shall, after feasibility evaluation, sign and check the reasons for the acquisition or disposition, the subject matter, the transaction related

- party, the transfer price, the terms of payment and receipt, and the reference basis of the price, and then handle it according to the hierarchical responsibility authority table of the Company.
- (2) Operations related to the acquisition or disposal of assets shall be handled in accordance with the relevant provisions of the Company's internal control system.
2. The procedures for determining the trading conditions, authorized amount and executing unit.
    - (1) The acquisition or disposal of marketable securities traded on the central exchange market or at securities dealers' offices is determined by the prevailing market price.
    - (2) When acquiring or disposing of marketable securities, the Company shall obtain the most recent audited or reviewed financial statements of the subject company prior to the date of issuance as a reference for evaluating the transaction price, taking into account the net value per share, profitability, market interest rate, coupon rate of the bonds, future development potential and the prevailing transaction price. However, unless the securities are publicly quoted in the active market or otherwise stipulated by the competent securities authority, this restriction shall not apply.
    - (3) When investing in long-term and short-term securities, the Company shall sign and approve them according to the hierarchical responsibility authority table of the Company.
    - (4) The acquisition or disposal of equity or shares of the Company's investee company shall be subject to the approval of the Board of Directors; however, if authorized by the Board of Directors, the Company may first act in accordance with the authorization of the Board of Directors and shall report to the Board of Directors at the most recent meeting afterwards.
  3. Obtaining expert opinions
 

If the transaction amount of securities acquired or disposed of by the Company reaches 20% of the company's paid-in capital or more than NT\$300 million, it shall consult an accountant to express its opinion on the ratio of the transaction price before the fact occurs. However, unless the securities are publicly quoted in the active market or otherwise stipulated by the competent securities authority, this restriction shall not apply.

#### Article 9: Procedures for dealing with related party transactions

1. When the Company and its related parties acquire or dispose of assets, they shall, in addition to the procedures for acquiring real estate, other fixed assets or their right to use assets in accordance with Article 7, go through the relevant resolution procedures and evaluate the reasonableness of the transaction conditions in accordance with the

following provisions. If the transaction amount reaches more than 10% of the total assets of the Company, they shall also obtain the appraisal report issued by a professional appraiser or accountant's opinion in accordance with the regulations. In addition, when judging whether the transaction object is a related party, we should not only pay attention to its legal form, but also consider the substantive relationship.

2. Evaluation and Operating Procedures

If the Company acquires or disposes of real estate or assets with a related party, or acquires or disposes of assets other than real estate or assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, except for the purchase or sale of domestic bonds, bonds with buy-back or sell-back conditions, or the purchase or sale of money market funds issued by domestic securities investment trusts, the Company shall submit the following information to the Audit Committee for consideration and approval by the Board of Directors before signing the transaction contract and making payment. The following information shall be submitted to the Audit Committee for review and approval by the Board of Directors before the transaction contract is signed and payment is made.

- (1) The purpose, necessity and expected benefits of acquiring or disposing of assets.
- (2) The reason for selecting the related person as the transaction object.
- (3) Obtaining real estate or its right to use assets from related parties, and evaluating the rationality of the predetermined transaction conditions in accordance with the provisions of subparagraphs (1) and (4) of paragraph 3 of this article.
- (4) The original acquisition date and price of the related party, the counterparty and its relationship with the Company and the related party.
- (5) The Company estimates the cash flow forecast for each month of the coming year starting from the contract month, and evaluates the necessity of the transaction and the reasonableness of the use of funds.
- (6) A valuation report issued by a professional appraiser obtained in accordance with the regulations, or an accountant's opinion.
- (7) Restrictions and other important agreements of this transaction.

If the Company or a subsidiary company that is not a domestic public company has the transaction mentioned in Paragraph 2 of this Article, and the transaction amount reaches more than 10% of the total assets of the Company, the Company shall submit the information listed in Paragraph 2 of this Article to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this restriction does not apply to transactions between the Company and its subsidiaries or between subsidiaries. The calculation of the transaction amount in the



second paragraph and the preceding paragraph of this Article shall be handled in accordance with the provisions of subparagraph 6, Paragraph 1, Article 14, and the term “within one year” is based on the date of the occurrence of this transaction, and it has been retroactively calculated for one year. It has been submitted to the Audit Committee for deliberation according to the regulations, and the Board of Directors and shareholders' meeting have approved that part of the transaction amount shall not be counted again.

The calculation of the transaction amount in the preceding paragraph shall be carried out in accordance with the provisions of Subparagraph 6 of Paragraph 1 of Article 14, and the term within one year shall be based on the date of the actual occurrence of the transaction, and shall be retrospectively calculated for one year, which has been submitted in accordance with the regulations. The part under review by the Audit Committee and approval by the Board of Directors will be exempted from re-accounting.

3. Evaluation of the reasonableness of transaction costs
  - (1) The Company shall evaluate the reasonableness of the transaction cost for acquiring real estate or its right-to-use assets from a related party based on the following methods.
    1. According to the transaction price of related parties, add the necessary capital interest and the cost that the buyer should bear according to law.

The interest cost of necessary capital is calculated based on the weighted-average interest rate on loans made by the Company in the year the assets are acquired, provided that it is not higher than the maximum interest rate on non-financial loans announced by the Ministry of Finance.
    2. If a related party has set up a collateralized loan with the subject matter to a financial institution, the financial institution shall assess the total value of the loan on the subject matter, provided that the cumulative value of the actual loan on the subject matter by the financial institution shall be at least 70% of the total assessed value of the loan and the loan has been made for a period of more than one year. However, this does not apply if the financial institution and one of the parties to the transaction are related parties.
  - (2) If you purchase in combination or lease the same land and house, you may evaluate the transaction cost of the land and house by any of the methods listed in the preceding paragraph.
  - (3) When the Company obtains the real estate or its right to use assets from related parties, it shall evaluate the cost of the real estate or its right to use assets according to the provisions of subparagraphs (1) and (2) of Paragraph 3 of this Article, and shall consult an accountant for review and express specific opinions.
  - (4) If the appraisal results of the real estate or its right to use assets

acquired by the Company from related parties are lower than the transaction price according to the provisions of subparagraphs (1) and (2) of the third paragraph of this article, it shall be handled according to the provisions of subparagraph (5) of the third paragraph of this article. However, this restriction shall not apply if objective evidence and specific reasonable opinions from professional appraisers and accountants of real estate are presented due to the following circumstances:

1. If the related party has acquired plain land or leased land for re-construction, it may prove that it meets one of the following conditions:
  - (1) If the evaluation of plain land is based on the method stipulated in the preceding article, the house shall be based on the construction cost of the related party plus the reasonable construction profit, and the total amount exceeds the actual transaction price. The term “reasonable construction profit” shall be based on the average operating gross profit margin of the related party’s construction department in the last three years or the most recent construction gross profit rate announced by the Ministry of Finance, whichever is lower.
  - (2) Any other floor of the same subject premises or other unrelated transactions within one year in the vicinity of the subject premises that are similar in size and where the terms of the transaction have been evaluated on the basis of reasonable floor or area price differentials that are customary for the sale or lease of real estate.
2. The Company certifies that the purchase of real estate from a related party or the acquisition of real estate use right assets by lease is on terms comparable to those of other non-related party transactions in the neighboring area within one year and of similar size. In the aforementioned cases of neighboring area transactions, the same or neighboring street block and the distance from the subject of the transaction is less than 500 meters in circumference or its announced present value is similar; in the case of similar area, the area of other non-related party transactions is not less than 50% of the subject of the transaction. The aforementioned one-year period is based on the date of acquisition of real estate or its right-to-use assets and extrapolated back one year.
- (5) If the Company obtains real estate or its right to use assets from related parties, and the evaluation results are lower than the transaction price according to subparagraphs (1) and (2) of paragraph 3 of this article, it shall handle the following matters.
  1. The difference between the transaction price of real estate or its right-to-use assets and the appraised cost shall be set aside as a

special reserve in accordance with Article 41-1 of the Securities and Exchange Act, and shall not be distributed or transferred to additional paid-in capital. If an investor whose investment in the Company is accounted for under the equity method is a public company, a special reserve should also be appropriated in proportion to the shareholding in accordance with Article 41(1) of the Securities and Exchange Act.

2. Independent directors of the audit committee shall act in accordance with Article 2 ¶ 8 of the Company Law.
3. The Company shall report to the shareholders' meeting on the handling of points 1 and 2 of paragraph 3 (5) of this paragraph and disclose the details of the transaction in the annual report and prospectus.

The treatment of points 1 and 2 in subparagraph (5) of Paragraph 3 of this paragraph shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.

If the Company has set aside a special reserve in accordance with the aforementioned regulations, the special reserve may be used only after the Company has recognized a loss on decline in value of assets acquired or leased at a high price, or has disposed of or terminated a lease, or has made appropriate compensation or restoration to the original condition, or has other evidence to confirm that it is not unreasonable, and has received the consent of the competent securities authority.

- (6) If the Company acquires real estate or its right-to-use assets from a related party under any of the following circumstances, the Company shall comply with the provisions of paragraphs 1 and 2 of this Article regarding the evaluation and operating procedures, and the provisions of paragraphs 3(1), (2) and (3) of this Article regarding the evaluation of the reasonableness of the transaction costs shall not apply.
  1. A related party acquires real estate or its right-to-use assets by inheritance or gift.
  2. The related party has contracted to acquire real estate or its right-to-use assets for more than five years from the date of this transaction.
  3. The Company acquires real estate by signing a joint construction contract with a related party, or by commissioning a related party to build real estate on its own land or on rented land.
  4. The Company acquires real estate right-of-use assets for business use between the Company and its parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital.
- (7) If the Company acquires real estate or its right-to-use assets from

a related party and there is other evidence that the transaction is not in accordance with business practices, the Company shall also apply the provisions of paragraph 3 (5) of this Article.

Article 10: Procedures for obtaining or disposing of membership cards, intangible assets or right to use assets.

1. Evaluation and Operating Procedures
  - (1) When the Company acquires or disposes of an asset, the contractor shall sign the table of hierarchy authority of the Company after evaluating the reasons for the proposed acquisition or disposal, the subject matter, the counterparty, the transfer price, the terms of receipt and payment, and the price reference, etc.
  - (2) Operations related to the acquisition or disposal of assets are carried out in accordance with the relevant provisions of the Company's internal control system.
2. The procedures for determining the trading conditions, authorized amount and executing unit.
  - (1) When acquiring or disposing of a membership card or its right-to-use assets, the terms of the transaction and the transaction price shall be resolved with reference to the fair market value.
  - (2) When the Company acquires or disposes of membership cards, intangible assets or assets with the right to use, the Company shall follow the table of authority of the Company's hierarchical responsibilities and sign it, and if the Board of Directors' approval is required, the Company shall follow the provisions of Article 18.
3. Report of expert evaluation opinions on membership cards, intangible assets or right to use assets  
If the transaction amount of the company's acquisition or disposal of membership card, intangible assets or its right-to-use assets reaches 20% of the paid-in capital of the company or more than NT\$300 million, in addition to the transaction with domestic government agencies, the company shall ask an accountant to express his opinion on the rationality of the transaction price before the fact occurs.

Article 11: Procedures for obtaining or disposing of debentures of financial institutions

In principle, the Company does not engage in transactions to acquire or dispose of the debentures of financial institutions. In the future, if the Company wishes to engage in transactions to acquire or dispose of the debentures of financial institutions, the Company will submit them to the board of directors for approval and then establish the evaluation and operating procedures

Article 12: Procedures for acquiring or disposing of derivative commodities

1. Trading Principles and Policies
  - (1) Types of transactions

1. The Company engages in derivative financial instruments, which are contracts (such as forward contracts, options, futures, interest rates or exchange rates, swaps, and compound contracts resulting from a combination of the above) whose values are derived from assets, interest rates, exchange rates, indices, or other interests.
  2. The forward contracts referred to in this procedure do not include insurance contracts, performance guarantees, after-sales service guarantees, long-term lease contracts and long-term purchase (sales) contracts.
- (2) Business (hedge) strategy
- The Company shall engage in derivative financial instruments for hedging purposes and shall select the instruments to be used to hedge the risks arising from the Company's business operations. Transactions for other specific purposes should be carefully evaluated and submitted to the Board of Directors for approval before proceeding.
- (3) Division of powers and responsibilities
1. Finance Department
    - (1) Traders
      - A. Responsible for the strategy formulation of the entire company's financial commodity trading.
      - B. Trading personnel shall regularly calculate positions, collect market information, make trend judgments and risk assessments, and formulate operating strategies on a monthly basis, which shall be used as the basis for engaging in trading after approval by the approval authority.
      - C. Execute transactions according to the authorized authority and the established strategy.
      - D. When there are significant changes in the financial market, and traders judge that the established strategy is no longer applicable, they shall submit an evaluation report at any time, and re-formulate the strategy, which will be used as the basis for trading after the approval of the general manager.
    - (2) Accounting personnel
      - A. Execute transaction confirmation.
      - B. Review whether the transaction is conducted according to the authorized authority and the established strategy.
      - C. Conduct regular evaluation.
      - D. Accounting treatment.
      - E. Make declaration and announcement according to the regulations of the competent securities authority.
    - (3) Delivery personnel: perform delivery tasks.
    - (4) Approval authority of derivative goods

A. Approval authority of interest rate and exchange rate hedging transactions (forward contracts)

	Upper limit of single transaction amount	Upper limit of total amount
Chairman	USD 4 million	USD 30 million
President	USD 2 million	
Finance and Accounting (Deputy) Director	USD 1 million	

B. For other special-purpose transactions, the total amount is capped at USD30 million, which can only be carried out after being submitted to the Board of Directors for approval.

C. If the acquisition or disposal of derivatives by the Company requires the approval of the Board of Directors, the Company shall comply with the provisions of Article 18.

2. Audit Department

Responsible for understanding the adequacy of the internal control of derivatives trading, checking the compliance of the trading department with operating procedures, analyzing the trading cycle, making audit reports, and reporting to the Board of Directors when there are major deficiencies.

3. Performance evaluation

(1) Hedging transactions

A. Performance is evaluated on the basis of the exchange rate cost in the company's books and the gain or loss from engaging in derivative financial transactions.

B. In order to fully grasp and express the valuation risk of the transactions, the Company uses a monthly valuation method to evaluate the profit and loss.

C. The finance department shall provide the evaluation of the foreign exchange position and the foreign exchange market trend and market analysis to the General Manager for management reference and instruction.

(2) Special purpose transaction

The actual profit or loss generated is used as the basis for performance evaluation, and the accounting staff must regularly prepare reports on the positions for the management's reference.

4. Determination of the total contract amount and the upper limit of loss

(1) Total contract amount

A. Hedging transaction limit

The financial department should grasp the overall position of the company to avoid transaction risks, and the amount of hedging transactions should not exceed the overall position of the company.

B. Special Purpose Transactions

Based on the forecast of market changes, the Finance Department may formulate strategies as needed and submit them to the Board of Directors for approval before proceeding.

(2) Loss Cap Setting

A. For hedging transactions, a stop-loss point should be set after the position is established to prevent excessive losses. The stop-loss point shall be set at a maximum of 10% of the total contract amount or individual contract amount. If the loss exceeds the maximum amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.

B. For contracts with specific purposes, a stop-loss point shall be established to prevent excessive losses after the contract is established. If the loss exceeds 10% of the contract amount, the loss shall be reported to the General Manager immediately for consideration of necessary measures.

C. The loss amount of individual contracts shall be capped at the lesser of US\$20,000 or 5% of the transaction amount.

2. Risk management measures

(1) Credit risk management

Since the market is subject to various factors that may cause operational risk of derivative financial instruments, market risk management is conducted in accordance with the following principles:

(1) Transaction object: mainly domestic and foreign famous financial institutions.

(2) Traded commodities: only those provided by famous financial institutions at home and overseas.

(2) Market risk management

The main focus is on the open foreign exchange market provided by banks, and the futures market will not be considered for the time being.

(3) Liquidity risk management

To ensure market liquidity, the selection of financial products is based on a high degree of liquidity, and the financial institution entrusted with the transaction must have sufficient information and the ability to trade in any market at any time.

(4) Cash flow risk management

In order to ensure the stability of the Company's working capital cycle, the Company's sources of funds for derivative transactions are limited to its own funds, and its operating amounts should take into account the funding requirements of cash flow projections for the next three months.

(5) Operational Risk Management

1. The company's authorization limits, operational procedures and internal audits should be followed to avoid operational risks.
2. Traders engaged in derivative products and operators engaged in confirmation and delivery shall not concurrently serve each other.
3. Risk measurement, supervision and control personnel should be in a separate department from those in the preceding paragraph and should report to the Board of Directors or to a senior executive who is not responsible for making decisions about transactions or position decision-making.
4. The positions held in derivative transactions should be evaluated and presented on a regular basis

(6) Commodity risk management

Internal traders should have complete and accurate expertise in financial instruments and banks are required to fully disclose the risks in order to avoid the risk of using financial instruments.

(7) Legal risk management:

Documents signed with financial institutions should be inspected by specialists in foreign exchange and legal affairs or legal counsel before they are formally signed to avoid legal risks.

3. Internal audit system

- (1) The internal auditors shall regularly understand the appropriateness of the internal controls over derivative transactions, and check the compliance of the trading department with the procedures for handling derivative transactions on a monthly basis, analyze the transaction cycle, and prepare an audit report; if significant irregularities are found, they shall notify the Audit Committee in writing.
- (2) The internal auditors shall report the audit report together with the annual audit of internal audit operations to the SEC by the end of February of the following year, and report the improvement of irregularities to the SEC for examination by the end of May of the following year at the latest.

4. Periodic evaluation method

- (1) The Board of Directors shall authorize senior executives to regularly supervise and evaluate whether the trading of derivative products is conducted in accordance with the trading procedures set by the Company, and whether the risks they undertake are within the allowable commitment range. If there is any abnormality in the market evaluation report, they shall



- immediately report to the Board of Directors and take corresponding measures.
- (2) The positions held in derivative transactions shall be evaluated at least once a week, except for hedging transactions for business purposes, which shall be evaluated at least twice a month, and the evaluation report shall be submitted to a senior officer authorized by the Board of Directors.
5. Principles of supervision and management of the board of directors when engaging in derivative commodity trading.
- (1) The Board of Directors shall designate senior management to monitor and control the risk of derivative transactions at all times, and the management principles are as follows.
    1. Periodically evaluate whether the risk management measures currently in use are appropriate and ensure that they are handled in accordance with this Standard and the procedures established by the Company for engaging in derivative transactions.
    2. Supervise the transaction and profit and loss situation, and take necessary countermeasures when any abnormality is found, and report to the Board of Directors immediately. The Board of Directors shall have independent directors present and express their opinions.
  - (2) Periodically evaluate whether the performance of derivative transactions is in line with the established business strategy and whether the risks assumed are within the Company's tolerance.
  - (3) If the Company engages in derivative transactions and authorizes the relevant personnel to handle such transactions in accordance with the provisions of these Procedures, the Company shall report to the most recent Board of Directors afterwards.
  - (4) When the Company engages in derivative transactions, the Company shall establish a record book to record details of the types and amounts of derivative transactions engaged in, the dates of approval by the Board of Directors, and the matters that should be carefully evaluated in accordance with Paragraphs 4(2), 5(1) and 5(2) of this Article in the record book.

#### Article 13: Procedures for Handling Mergers, Demergers, Acquisitions or Share Transfers

1. In the event of a merger, demerger, acquisition or transfer of shares by a public company, an accountant, attorney or securities underwriter shall be appointed to express an opinion on the reasonableness of the share exchange ratio, acquisition price or allotment of cash or other property to the shareholders for discussion and approval by the Board of Directors prior to the resolution of the board of directors.

2. A public company participating in a merger, demerger or acquisition shall prepare a public document to its shareholders, together with the expert opinion in the first paragraph of the preceding Article and the notice of the shareholders' meeting, prior to the shareholders' meeting for the purpose of determining whether or not to agree to the merger, demerger or acquisition, and the related matters. However, the Company is exempted from convening a shareholders' meeting to resolve a merger, demerger or acquisition under other laws. If a stockholders' meeting of a company participating in a merger, demerger or acquisition cannot be convened or resolved due to insufficient attendance or voting rights or other legal restrictions, or if the proposal is rejected by the stockholders' meeting, the company participating in the merger, demerger or acquisition shall immediately disclose to the public the reasons for the occurrence, the subsequent handling operations and the expected date of the stockholders' meeting.
3.
  - (1) A company participating in a merger, demerger or acquisition shall hold a Board of Directors' meeting and a shareholders' meeting on the same day to resolve matters related to the merger, demerger or acquisition, unless otherwise provided by other laws or if there are special factors that have been reported to the competent securities authorities for prior approval.
  - (2) A company participating in the transfer of shares shall convene a board meeting on the same day unless otherwise required by other laws or special factors are reported to the competent securities authorities for prior approval.
  - (3) Companies involved in mergers, demergers, acquisitions or share transfers that are listed or whose shares are traded on the business premises of a securities dealer shall make complete written records of the following information and keep them for five years for inspection.
    1. Basic personnel information: including the title, name, and ID number (or passport number in the case of foreign nationals) of all persons involved in the merger, demerger, acquisition, or share transfer plan or the execution of the plan prior to the disclosure of the information.
    2. Date of important events: including the date of signing a letter of intent or memorandum of understanding, appointing a financial or legal advisor, signing a contract and Board of Directors' meeting, etc.

3. Important documents and minutes: including merger, demerger, acquisition or share transfer plans, letters or memoranda of intent, important contracts and minutes of board meetings.
- (4) A company participating in a merger, demerger, acquisition or transfer of shares listed or traded on the business premises of a securities dealer shall, within two days from the date of approval of the Board of Directors' resolution, report the information in Items 1 and 2 of the preceding paragraph in the prescribed format to the Internet Information System for the Association's records.
- (5) If any company participating in a merger, demerger, acquisition or transfer of shares is not a listed company or a company whose shares are traded on the business premises of a securities broker, the listed company or the company whose shares are traded on the business premises of a securities broker shall enter into an agreement with it and comply with the provisions of Paragraphs 3 and 4.
4. All persons participating in or having knowledge of the Company's merger, demerger, acquisition or share transfer plan shall give a written undertaking of confidentiality and shall not disclose the contents of the plan to the public until the information is made public, nor shall they trade, on their own or in the name of others, all shares of the Company and other marketable securities of an equity nature in connection with the merger, demerger, acquisition or share transfer.
5. When the Company participates in a merger, demerger, acquisition or transfer of shares, the share exchange ratio or acquisition price shall not be changed at will except in the following circumstances, and the circumstances under which the merger, demerger, acquisition or transfer of shares may be changed shall be stipulated in the merger, demerger, acquisition or transfer of shares contract.
  - (1) Cash capital increase, issuance of convertible bonds, allotment of shares without consideration, issuance of bonds with stock options, preferred shares with stock options, stock warrants and other marketable securities with stock options.
  - (2) Disposal of significant assets and other actions affecting the Company's financial operations.
  - (3) The occurrence of major disasters, major technological changes and other events affecting the interests of shareholders or the price of securities.

- (4) Adjustment for the purchase of treasury stock by either party involved in a merger, demerger, acquisition or transfer of shares in accordance with the law.
  - (5) Increase or decrease in the number of entities or companies involved in mergers, demergers, acquisitions or share transfers.
  - (6) Other conditions that may be changed are stipulated in the contract and are publicly disclosed.
6. If the Company participates in a merger, demerger, acquisition or transfer of shares, the deed shall set forth the rights and obligations of the company participating in the merger, demerger, acquisition or transfer of shares, and shall set forth the following.
  - (1) Handling of breach of contract.
  - (2) The principles of handling treasury stock issued or repurchased by a company that has been dissolved or divided as a result of a merger.
  - (3) The number of treasury shares that a participating company may legally buy back after the base date for calculating the conversion ratio and the principles for handling such shares.
  - (4) How to deal with the increase or decrease in the number of participating entities or companies.
  - (5) Estimated plan implementation progress and expected completion schedule.
  - (6) When the plan is overdue and not completed, the relevant handling procedures such as the scheduled date of the shareholders meeting shall be convened according to the law.
7. If any party to a merger, demerger, acquisition or transfer of shares intends to merge, demerge, acquire or transfer shares with another company after the information has been made public, the participating company shall be exempted from convening a shareholders' meeting to resolve the matter again, unless the number of participants has been reduced and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority of the merger, demerger, acquisition or transfer of shares, and the procedures or legal acts that have been completed in the original merger, demerger, acquisition or transfer of shares shall be repeated by all participating companies.
8. If a company participating in a merger, demerger, acquisition or transfer of shares is not a public company, the public company shall enter into an agreement with it and follow the provisions of Article

13, Items 3, 4 and 7.

Article 14: Information Disclosure Procedures

1. Items and standards to be declared shall be announced.
  - (1) To acquire or dispose of real estate or its right-to-use assets from a related party, or to acquire or dispose of assets other than real estate or its right-to-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more. However, the purchase and sale of domestic bonds, bonds with buy-back or sell-back conditions are not subject to this limitation.
  - (2) Carrying out merger, split, acquisition or share transfer.
  - (3) Losses from derivative transactions reach the maximum amount of losses on all or individual contracts as specified in the prescribed treatment procedures.
  - (4) Acquisition or disposal of equipment or right-to-use assets for business use, where the counterparty is not a related party, and the amount of the transaction meets one of the following requirements :
    1. The paid-in capital is less than NT\$10 billion, and the transaction amount is more than NT\$500 million.
    2. The paid-in capital is over NT\$10 billion, and the transaction amount is over NT\$1 billion.
  - (5) Acquisition or disposal of real estate or its right to use assets for construction purposes by a company in the construction business, where the counterparty is not a related party and the transaction amount reaches NT\$500 million or more; among which, if the paid-in capital amounts to NT\$10 billion or more and the disposal of real estate for construction projects completed by the company, where the counterparty is not a related party, the transaction amount reaches NT\$1 billion or more.
  - (6) The Company expects to invest more than NT\$500 million in the acquisition of real estate through self-commissioned construction, land-leased construction, joint construction and subdivision, joint construction and subdivision, and joint construction and subdivision sales, and the counterparties are not related parties.
  - (7) Assets transactions other than the preceding six subparagraphs, financial institutions disposing of creditor's rights, or investment in the mainland China area, and the transaction amount exceeds

20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not subject to this limitation :

1. Buying and selling domestic public bonds or foreign public bonds with a credit rating not lower than Taiwan's sovereign rating.
  2. Investment professionals engage in the trading of securities in domestic and overseas stock exchanges or securities firms' business offices, or purchase foreign government bonds or common corporate bonds and general financial bonds (excluding subordinated bonds) issued in the domestic primary market, or purchase or buy back securities investment trust funds or futures trust funds, or purchase or sell back index investment securities, or securities firms act as guidance and recommendation securities firms for underwriting business, and subscribe for securities in accordance with the regulations of the OTC Securities Market of the Republic of China and Taipei Exchange regulations.
  3. Buying and selling bonds with buy-back and sell-back conditions, purchasing or buying back money market funds issued by domestic securities investment trust enterprises; Or obtain and dispose of all kinds of publicly offered open-end funds or wealth management products with guaranteed capital and interest that expire within three months issued by commercial banks; Trading information of derivative commodities reported before the 10th day of each month.
- (8) The calculation method of the transaction amount in the aforesaid subparagraph 4 is as follows, and the term within one year is based on the date of the actual occurrence of the transaction, and is retrospectively calculated for one year, and the part that has been announced in accordance with the regulations is exempted from re-calculation.
1. The amount of each transaction.
  2. Accumulate the amount of transactions with the same counterparty to acquire or dispose of the same subject matter within one year.
  3. The accumulated amount of acquisition or disposal (acquisition and disposal are accumulated separately) within one year of the real estate or its right-to-use assets of the same development plan.
  4. The accumulated amount of the same securities acquired or

disposed of (acquired and disposed of separately) within one year.

2. Time limit for making announcements and declarations

If the Company acquires or disposes of assets with items that should be announced in this article and the transaction amount reaches the standard for announcement and declaration in this article, it shall make announcement and declaration within two days from the day when the fact occurs.

3. Announcement declaration procedure

(1) The Company shall make announcements and declarations of relevant information on the website designated by the securities regulatory authority.

(2) The company shall, on a monthly basis, enter the information reporting website designated by the securities regulatory authority before the 10<sup>th</sup> day of each month in accordance with the prescribed format of the company and its non-domestic subsidiaries engaged in derivatives transactions as of the end of the previous month.

(3) If there is an error or omission in the items that should be announced in accordance with the regulations and should be corrected, the Company shall re-announce and report all items within two days from the date of knowledge.

(4) When acquiring or disposing of assets, the Company shall keep the relevant deeds, minutes, docket, valuation reports, and opinions of accountants, attorneys, or securities underwriters at the Company for at least five years, unless otherwise required by other laws.

(5) If any of the following circumstances apply after the Company has announced and reported a transaction in accordance with the provisions of this Article, the Company shall report the relevant information on the designated website of the competent securities authority within two days from the date of occurrence of the fact.

1. The relevant contract signed in the original transaction has been changed, terminated or cancelled.

2. The merger, split, acquisition or share transfer is not completed according to the schedule of the contract.

3. Changes in the original announcement and declaration.

4. Announcement Format

The announcement format of the matters and contents to be announced in accordance with the Procedures shall be in accordance with the format prescribed by the competent securities authorities.

Article 15: The Company's subsidiaries shall comply with the following regulations.

1. In accordance with the "Regulations Governing the Acquisition or

Disposal of Assets by Public Companies", the subsidiaries shall establish procedures for the acquisition or disposal of assets, and the same shall apply when the regulations are amended.

2. If a subsidiary has not yet established "Procedures for Acquisition or Disposal of Assets", it should follow the Company's relevant regulations when acquiring or disposing of assets.
3. If a subsidiary, which is not a public company, acquires or disposes of assets up to the announcement and reporting standards set forth in Article 14, the parent company shall also file the announcement and reporting on behalf of the subsidiary.
4. In the announcement and reporting standards for subsidiaries, the term "20% of the Company's paid-in capital or 10% of the Company's total assets" refers to the parent company's paid-in capital or total assets.

#### Article 16: Penalties

Any employee of the Company who undertakes to acquire and dispose of assets in violation of the provisions of this handling procedure shall be subject to regular reporting and evaluation in accordance with the Company's Personnel Management Regulations and Employee Handbook, and shall be punished according to the severity of the situation.

#### Article 17: Implementation and Amendment

1. The Company's "Procedures for the Acquisition or Disposal of Assets" shall be approved by the Board of Directors and submitted to the shareholders' meeting for approval, and the same applies to any amendment. If a director expresses dissent and there is a record or written statement of dissent, the Company shall send the information of the director's dissent to the Audit Committee.
2. The opinions of independent directors shall be fully considered when the Procedure for Handling Acquisition or Disposal of Assets is submitted to the board of directors for discussion. If the independent directors have objections or reservations, they shall be recorded in the minutes of the board of directors.
3. The establishment or amendment of the "Procedures for the Acquisition or Disposal of Assets" shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution.
4. If the preceding item is not approved by more than one-half of all members of the Audit Committee, it may be approved by more than two-thirds of all directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.
5. All members of the Audit Committee referred to in Item 3 and all directors referred to in the preceding item shall be counted as those who are actually in office.



Article 18: Resolution of the Board of Directors on Acquisition or Disposal of Assets

1. If the Company acquires or disposes of assets that should be approved by the Board of Directors in accordance with the prescribed procedures or other legal requirements, the Company shall send the information of the directors' dissenting opinions to the Audit Committee if the directors express dissenting opinions with records or written statements.
2. When submitting the transaction of acquiring or disposing assets to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of independent directors shall be fully considered. If the independent directors have objections or reservations, they shall record them in the minutes of the Board of Directors.
3. Significant asset or derivative transactions shall be approved by at least one-half of all Audit Committee members and submitted to the Board of Directors for resolution, in accordance with Article 17, Paragraphs 4 and 5.
4. The Board of Directors may authorize within certain limits the Chairman of the Board of Directors to decide on the following transactions between the Company and its parent company, subsidiaries or subsidiaries in which the Company directly or indirectly holds 100% of the outstanding shares or capital stock, and then submit them to the most recent Board of Directors for ratification.
  - (1) Acquisition or disposal of equipment or right-to-use assets for business use.
  - (2) Acquisition or disposal of real estate right-to-use assets for business use.

Article 19: Supplementary Provisions

If there are any matters not covered by this procedure, they shall be handled in accordance with the relevant laws and regulations.

## Annex I

Matters to be entered in the valuation report are as follows

1. Matters to be recorded as stipulated in the technical rules for real estate valuation.
2. Matters related to professional appraisers and appraisers.
  - (1) The name of the professional appraiser, its capital, organizational structure, and composition of personnel.
  - (2) The name, age, and academic and work experience (with proof) of the appraiser, the number of years and period of employment in appraisal work, and the number of appraisal cases undertaken.
  - (3) The relationship between the professional appraiser, the appraisers and the appraisers commissioned.
  - (4) A statement that "the matters contained in the appraisal report are not false or concealed".
  - (5) The date the appraisal report was issued.
3. The basic information of the subject matter of the survey shall include at least the name of the subject matter and its nature, location, area, and other information.
4. Comparative examples of real estate transactions in the subject area.
5. If the appraisal category adopts the limited price, specific price or special price, the limited, specific or special condition and whether it meets the condition at present, as well as the reason and rationality of the difference from the normal price, and whether the limited price, specific price or special price is sufficient as a reference for the buying and selling price.
6. In the case of a joint construction contract, the reasonable allocation ratio between the two parties shall be stated.
7. Estimation of land value-added tax.
8. Has a difference of 20 percent or more between professional appraisers' estimates of prices on the same date been handled in accordance with Article 41 of the Real Estate Appraisers Law?
9. Attachments include details of the appraisal of the subject property, ownership registration information, transcript of the cadastral map, sketch of the urban plan, location map of the subject property, proof of land zoning, and photographs of the subject property in its current condition.

# Appendix IV: Shareholdings of All Directors

## Director Information of Wafer Works Corporation

Number of shares held by individuals and all directors as of April 21, 2023 as recorded in the shareholders' register:

- The statutory minimum number of shares required to be held by all directors: 17,309,879 shares.

Title	Name	Date of election	Term of office	Number of shares held at the time of election		Register of Shareholders as of 2023 Number of shares held by shareholders on April 21	
				Number of shares	Percentage % (Note 1)	Number of shares	Percentage % (Note 2)
Chairman	Ping-Hai, Chiao	2021.07.23	3 years	11,500,849	2.25	12,072,954	2.23
Director	Nan-Yang, Wu	2021.07.23	3 years	0	0.00	0	0.00
Director	Zhen-Tu, Liu	2021.07.23	3 years	124	0.00	124	0.00
Director	Hua Eng Wire&Cable Co., LTD. Representative: Hsiu-Mei, Liu	2021.07.23	3 years	4,493,217	0.88	4,699,013	0.87
Director	Chung-Hou, Tai	2021.07.23	3 years	1,526,162	0.30	1,523,162	0.28
Director	Hitech Holding (BVI) Corp. Representative: Chun-Lin, Chen	2021.07.23	3 years	3,545,887	0.69	3,545,887	0.66
Independent Director	Yong-Song, Tsai	2021.07.23	3 years	0	0.00	0	0.00
Independent Director	Feng-I, Lin	2021.07.23	3 years	0	0.00	0	0.00
Independent Director	De-Wai, Chou	2021.07.23	3 years	0	0.00	0	0.00
Total				21,066,239	4.12	21,841,140	4.04

Note 1: Total shares issued on July 23, 2021: 510,898,436 common shares.

Note 2: Total shares issued on April 21, 2023: 540,933,730 common shares.

## Appendix V: Information on proposals from shareholders holding more than one percent of the Company's total issued shares

1. Pursuant to Article 172-1 of the Company Law, shareholders holding at least 1% of the Company's outstanding shares may propose in writing to the Company a motion for the 2023 Annual General Meeting of Shareholders. The proposal period is from April 13, 2023 to April 24, 2023.
2. Proposal from shareholders holding more than one percent of the total issued shares of the Company at the 2023 Annual General Meeting of Shareholders: None.

Thank you for attending the annual shareholders'  
meeting!

We welcome your comments any time!

# MEMO

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