

Stock Code : 3707

EPISIL

EPISIL TECHNOLOGIES INC

(Formerly EPISIL HOLDING INC.)

2024 Annual General Meeting

Meeting Handbook

Date: Friday, June 14, 2024, 9:00 a.m. By: Meeting of Entity Shareholders

Meeting place: No. 17, Innovation 1st Road, Hsinchu Science Park

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2024 Annual General Shareholders' Meeting

MEETING AGENDA

Meeting Type: physical meeting

Time: 9:00 am., June 14, 2024 (Friday)

Location of Meeting: No.17 Innovation Rd.1, Science Park, Hsinchu

1.Meeting Commencement Announcement

2.Chairperson' s Address

3.Report Items

(1)Business report of 2023

(2)Audit Committee' s review report

(3)To report 2023 employee' s compensation and directors' s remuneration.

(4)The status of private placement

4.Ratification Items

(1)2023 business report and financial statements.

(2)Distribution of 2023 retained earnings.

5.Discussion Item

(1)The issuance plan of private placement for common shares

6.Extraordinary Motions

7.Meeting Adjournment

REPORT ITEMS

Item 1:

Business Report of 2023

Description:

1. Please refer to Attachment 1 (pages 5-6) for the Business Report.

Item 2:

Audit Committee' s review report

Description:

1. Please refer to Attachment 2 (page 7) for the Audit Committee' s Review Report

Item 3:

To report 2023 employees' compensation and directors' remuneration

Description:

1. According to Article 20-1 of the company' s articles of association, the company should allocate no less than 5% as employee remuneration and no more than 2% as director' s remuneration according to the current year' s profit situation
2. The company plans to distribute NT\$5,896,571 in cash for employees and NT\$737,071 for directors

Item 4:

The status of private placement:

Description:

1. According to the resolution of AGM on June 14, 2023 and Article 43-6 of Securities Exchange Act, new shares within the issuance of 50,000,000 shares will be expired on June 13, 2024. Rejection will be conducted from the expiration date.

RATIFICATION ITEMS

Proposal 1:

To approve 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

Description:

1. The 2023 Business Report and the Financial Statements have been approved by the Board of Directors and have been reviewed by the Audit Committee. Please refer to Attachments 1、3 and 4 documents mentioned above Shareholders.
2. Adoption is respectively requested.

Resolution:

Proposal 2:

To approve the proposal for distribution of 2023 earnings.

(Proposed by the Board of Directors)

Description:

1. The company's net profit after tax in 2023 is NT\$67,073,491. After setting aside the statutory surplus reserve and reversed special surplus reserve in accordance with the law, no dividends will be distributed in 2023.
2. The Company's 2023 annual surplus distribution table is as follows.

EPISIL TECHNOLOGIES INC (Formerly EPISIL HOLDING INC.)

2023 Profit Distribution Table

Item	Amount
Beginning retained earnings	456,456,991
Add: Profit for the year	67,073,491
Add: Remeasurement numbers for defined benefit plans	15,167,099
Minus: Appropriated for Legal reserve	(8,224,059)
Plus: Reversal for Special Reserve	2,692,944
Cumulative Earnings Available for Distribution for 2023	533,166,466
Dividends to Shareholders (\$0 per share)	0
Unappropriated Retained Earnings	533,166,466

Note: As of December 31, 2023, 333,215,747 shares were outstanding

3. Adoption is respectively requested.

Resolution:

DISCUSSION ITEM

Proposal 1:

TO Propose the issuance plan of private placement for common shares
(Proposed by the Board of Directors)

Description:

1. In response to the company's future development and enrichment of working capital, the company plans to issue common shares within the range of 50 million shares by private placement of cash. This private offering of common shares may be conducted once or in batches (no more than three times at most) within one year from the date of the resolution of the ordinary meeting of shareholders. In this case, the basis and rationality of setting the private placement price, the necessary reasons for handling the private placement, the selection method of specific person, etc. Please refer to Attachment 9.
2. The board of directors shall be authorized to handle all matters not covered in this issue of new shares, and any necessary amendment due to changes in laws and regulations, opinions of the competent authority or changes in the objective environment.

Resolution:

Extraordinary Motions

Meeting Adjourned

ATTACHMENTS
EPISIL TECHNOLOGIES INC
(Formerly EPISIL HOLDING INC.)
Attachment 1:2023 Annual Business Report

As rising inflation affected terminal demand, revenue fell by 20% compared with the previous year, and operations faced the first recession in the past five years. Facing the new year, although short-term terminal demand is still facing inventory pressure, with the expectation that inflation will gradually come under control, terminal demand will gradually recover and get back on track.

We continue to be optimistic about the long-term development of compound semiconductors in the next few years. Under the general trend of energy conservation and carbon reduction, there will be long-term growth in the demand for semiconductor green energy and electric vehicles, thereby expanding the demand for compound semiconductor power components. Faced with these long-term growth momentum, Episil has successively invested resources to develop next-generation new technologies and fully expanded its gallium nitride (GaN) and silicon carbide (SiC) related product lines and deployment capabilities to expand our expertise in professional power components and Market share in the field of energy components.

The management team will adhere to the above-mentioned business principles, commit to the continuous improvement of the quality system, the improvement of production efficiency and cost control, and show a good presentation of revenue and profitability.

2023 Business Performance :

Implementation and Results of 2023 Business Plan:

Consolidated revenue amount to NT\$7.080 billion in 2023. A decrease of 20.26% compared with NT\$8.879 billion in 2022. The net profit in 2023 is NT\$136 million, a decrease of 87.68% compared with the net profit in 2022 of NT\$1.106 billion.

Operating Performance in 2023

Consolidated financial results :

Unit : NT\$ thousands (Except EPS: NT\$)

Item	2023Y	2022Y
Operating Revenue	7,080,216	8,879,881
Gross Profit(Gross loss)	809,484	1,735,994
Profit after tax(Net loss)	136,199	1,106,087
Earnings Per Share (Deficit)	0.2	2.47

Research and Developments Status

1. Continue to have stable mass production, enhance the capacity and competitive process: Mainly to complete the development of FRED and FRMOS, while TVS and ATV have progressed into mass production. We will continue to develop new process and explore the application of the technology.
2. WBG components: 4-inch and 6-inch SiC SBD and MOSFET products have entered mass production; at the same time, a new generation of 6-inch SiC technology with higher performance and smaller size has also been developed and introduced to customers for trial production. Gallium Nitride GaN-HEMT product strategy: At present, the customer's new-generation G6 product development has entered small-scale mass production, gradually replacing the previous generation of products, which can reduce the chip area by half..
3. Strengthen execution and focus on niche products, accelerate their revenue ratio and increase gross profit margin.

Future Outlooks:

According to the 2024 market outlook released by market research agency Gartner, the global semiconductor market will grow by 16.8%, reaching a scale of US\$624 billion. The global compound power semiconductor market size is estimated to be around US\$5 billion in 2024, and is expected to expand at a compound annual growth rate of 34.6% during the forecast period, reaching US\$10 billion in 2026. For Episil Technology, the demand for automobiles, green energy and energy-saving products is rising steadily, driving the demand for compound components to heat up. This layout will cater to the market growth opportunity. The company's 4-inch SiC production line and the existing 6-inch SiC production line are both at full capacity. In order to meet customer needs, the 6-inch SiC production line will expand new production capacity this year. It is the first foundry in Taiwan to take the lead in expanding SiC production capacity. Due to geopolitical relations, Hanlei Technology has an excellent advantage in the development of global customer sources. It has continued to invest heavily in compound semiconductors, which are more profitable. At present, it has obtained the A-level certification of the VDA6.3 quality system, and continues to develop related automotive electronic products and customers. In the future, we will strive to create value for customers, shareholders and all employees.

Chairman: JH Shyu

President : Can-Wun Liou

EPISIL TECHNOLOGIES INC
(Formerly EPISIL HOLDING INC.)
Attachment 2: Audit Committee' s Review Report

The Board of Directors has prepared and submitted to us the Company' s 2023 Business Report, Financial Statements, and proposal for earnings distribution. Financial Statements were audited by PricewaterhouseCoopers (PwC), Taiwan. and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Submit to

2024Annual Meeting of Shareholders,
EPISIL TECHNOLOGIES INC.
(Formerly EPISIL HOLDING INC.)

Chairman of the Audit Committee: Jhih-Da Yan

Febuary 27,2024

Attachment 3: INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Episil Technologies Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Episil Technologies Inc. (Formerly EPISIL HOLDING INC.) and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(13) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for description of inventory and allowance for inventory valuation losses. As of December 31, 2023 inventory and allowance for inventory valuation losses amounted to NT\$1,771,671 thousand and NT\$178,130 thousand, respectively.

The Group primarily engages in research and development, manufacture and sales of epitaxial and silicon wafer, mixed-signal integrated circuit and linear integrated circuit. The industry is characterised by rapidly evolving technology and is easily affected by fluctuation in market price, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories are measured at the lower of cost and net realisable value, and the calculation of the net realisable value used in individually obsolete inventories or inventories which are over a certain period involves subjective judgement. Since abovementioned inventories and allowance for inventory valuation losses are significant to the consolidated financial statements, we identified allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

For inventory valuation losses against inventories that are over a certain period or individually obsolete, we tailored the audit scope as follows:

1. Obtained an understanding and assessed the reasonableness of Group's policies and procedures related to the provision of allowance for inventory valuation losses and the identification of obsolete and slow-moving inventory;
2. Verified whether the systematic logic used in the Group's inventory aging report is appropriate and in accordance with the Group's policies; and
3. Verified a sample of separately numbered inventory items against the clearance of those inventory items and respective historical data of discounts, and compared the sample to recorded allowance for inventory valuation losses to assess the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Episil Technologies Inc. as at and for the years ended December 31, 2023 and 2022.

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 Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for

such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's 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 controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Hsieh, Chih-Cheng

Chiang, Tsai-Yen

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

Hsieh, Chih-Cheng

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	3,531,506	30	\$	4,734,214	37
1150	Notes receivable, net	6(3)		4,744	-		44,420	-
1170	Accounts receivable, net	6(3)		1,142,907	10		1,350,757	11
1180	Accounts receivable – related parties	7		3,606	-		310	-
1200	Other receivables			45,918	-		58,145	1
1220	Current income tax assets			4,637	-		888	-
130X	Inventories	6(4)		1,593,541	14		1,839,778	14
1410	Prepayments			135,362	1		162,746	1
1470	Other current assets			11,588	-		11,952	-
11XX	Current assets			6,473,809	55		8,203,210	64
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)		14,842	-		10,782	-
1535	Non-current financial assets at amortised cost	6(1) and 8		198,262	2		198,591	2
1550	Investments accounted for using equity method	6(5)		188,865	2		187,436	1
1600	Property, plant and equipment	6(6)		4,141,976	35		3,439,130	27
1755	Right-of-use assets	6(7)		446,557	4		477,517	4
1760	Investment property – net	6(9)		137,462	1		141,751	1
1780	Intangible assets	6(10)		51,822	-		57,025	-
1840	Deferred income tax assets	6(28)		137,199	1		131,228	1
1900	Other non-current assets			2,208	-		1,836	-
15XX	Non-current assets			5,319,193	45		4,645,296	36
1XXX	Total assets		\$	11,793,002	100	\$	12,848,506	100

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	\$ 266,950	2	\$ 178,624	2
2130	Current contract liabilities	6(21)	189,947	2	330,389	3
2170	Accounts payable	6(12)	353,956	3	553,853	4
2180	Accounts payable - related parties	7	1,898	-	1,074	-
2200	Other payables	6(13)	756,313	6	1,103,601	9
2220	Other payables - related parties	7	28,741	-	31,663	-
2230	Current income tax liabilities		58,280	1	121,876	1
2280	Current lease liabilities		19,860	-	21,282	-
2320	Long-term borrowings, current portion	6(14)	88,772	1	-	-
2399	Other current liabilities, others		259,784	2	167,032	1
21XX	Current liabilities		<u>2,024,501</u>	<u>17</u>	<u>2,509,394</u>	<u>20</u>
	Non-current liabilities					
2527	Non-current contract liabilities	6(21)	52,762	1	77,065	1
2530	Corporate bonds payable	6(14)	1,481,445	13	1,555,791	12
2570	Deferred income tax liabilities	6(28)	34,868	-	36,148	-
2580	Non-current lease liabilities		449,027	4	474,969	4
2640	Accrued pension liabilities	6(15)	166,285	1	189,577	1
2645	Guarantee deposits received		8,095	-	16,907	-
2670	Other non-current liabilities, others		6,515	-	-	-
25XX	Non-current liabilities		<u>2,198,997</u>	<u>19</u>	<u>2,350,457</u>	<u>18</u>
2XXX	Total liabilities		<u>4,223,498</u>	<u>36</u>	<u>4,859,851</u>	<u>38</u>
	Equity					
	Equity attributable to owners of the parent					
	Share capital	6(17)				
3110	Share capital - common stock		3,332,157	28	3,332,035	26
	Capital surplus	6(18)				
3200	Capital surplus		1,538,468	13	1,538,222	12
	Retained earnings	6(19)				
3310	Legal reserve		114,149	1	30,356	-
3320	Special reserve		101,815	1	72,140	1
3350	Unappropriated retained earnings		538,696	5	903,127	7
	Other equity interest	6(20)				
3400	Other equity interest		(99,123)	(1)	(101,816)	(1)
31XX	Equity attributable to owners of the parent		<u>5,526,162</u>	<u>47</u>	<u>5,774,064</u>	<u>45</u>
36XX	Non-controlling interest		<u>2,043,342</u>	<u>17</u>	<u>2,214,591</u>	<u>17</u>
3XXX	Total equity		<u>7,569,504</u>	<u>64</u>	<u>7,988,655</u>	<u>62</u>
	Significant commitments and contingencies	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		<u>\$ 11,793,002</u>	<u>100</u>	<u>\$ 12,848,506</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%	
4000 Operating revenue	6(21) and 7	\$ 7,080,216	100	\$ 8,879,881	100	
5000 Operating costs	6(4)(26)(27) and 7	(6,270,732)	(89)	(7,143,887)	(81)	
5900 Operating margin		809,484	11	1,735,994	19	
Operating expenses	6(26)(27) and 7					
6100 Selling and marketing expenses		(85,086)	(1)	(107,148)	(1)	
6200 General and administrative expenses		(366,214)	(5)	(382,102)	(4)	
6300 Research and development expenses		(222,572)	(3)	(144,188)	(2)	
6000 Total operating expenses		(673,872)	(9)	(633,438)	(7)	
6900 Operating profit		135,612	2	1,102,556	12	
Non-operating income and expenses						
7100 Interest income	6(22)	52,549	1	22,791	-	
7010 Other income	6(23)	47,099	1	41,135	-	
7020 Other gains and losses	6(24)	(13,125)	-	150,406	2	
7050 Finance costs	6(25)	(44,709)	(1)	(32,696)	-	
7060 Share of profit of associates and joint ventures accounted for using equity method	6(5)	2,446	-	2,346	-	
7000 Total non-operating income and expenses		44,260	1	183,982	2	
7900 Profit before income tax		179,872	3	1,286,538	14	
7950 Income tax expense	6(28)	(43,673)	(1)	(180,451)	(2)	
8200 Profit for the year		\$ 136,199	2	\$ 1,106,087	12	
Other comprehensive income (loss), net						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Gains (losses) on remeasurements of defined benefit plans	6(15)	\$ 18,737	-	\$ 21,721	-	
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)	4,060	-	(31,204)	-	
8320 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will not be reclassified to profit or loss		(476)	-	5	-	
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		22,321	-	(9,478)	-	
Components of other comprehensive income that may be subsequently reclassified to profit or loss						
8361 Exchange differences on translation of foreign operations		(918)	-	391	-	
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that may be reclassified to profit or loss		(763)	-	1,037	-	
8360 Components of other comprehensive (loss) income that may be reclassified to profit or loss		(1,681)	-	1,428	-	
8300 Other comprehensive income (loss), net		\$ 20,640	-	(\$ 8,050)	-	
8500 Total other comprehensive income for the year		\$ 156,839	2	\$ 1,098,037	12	
Profit, attributable to:						
8610 Owners of the parent		\$ 67,073	1	\$ 820,995	9	
8620 Non-controlling interest		69,126	1	285,092	3	
Total		\$ 136,199	2	\$ 1,106,087	12	
Comprehensive income attributable to:						
8710 Owners of the parent		\$ 84,933	1	\$ 808,254	9	
8720 Non-controlling interest		71,906	1	289,783	3	
Total		\$ 156,839	2	\$ 1,098,037	12	
Basic earnings per share						
9750 Basic earnings per share (in dollars)	6(29)	\$ 0.20		\$ 2.47		
Diluted earnings per share						
9850 Diluted earnings per share (in dollars)	6(29)	\$ 0.20		\$ 2.44		

The accompanying notes are an integral part of these consolidated financial statements.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
		Retained Earnings				Other equity interest					
		Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
	Notes										
<u>2022</u>											
Balance at January 1, 2022		\$ 3,306,664	\$ 955,567	\$ 7,120	\$ 43,947	\$ 232,359	(\$ 6,370)	(\$ 65,770)	\$ 4,473,517	\$ 1,895,847	\$ 6,369,364
Profit for the year		-	-	-	-	820,995	-	-	820,995	285,092	1,106,087
Other comprehensive income (loss)		-	-	-	-	16,935	1,528	(31,204)	(12,741)	4,691	(8,050)
Total comprehensive income (loss)		-	-	-	-	837,930	1,528	(31,204)	808,254	289,783	1,098,037
Appropriation of 2021 earnings	6(19)										
Legal reserve		-	-	23,236	-	(23,236)	-	-	-	-	-
Special reserve		-	-	-	28,193	(28,193)	-	-	-	-	-
Cash dividends		-	-	-	-	(115,733)	-	-	(115,733)	-	(115,733)
Changes in ownership interest in subsidiaries	6(18)	-	31,312	-	-	-	-	-	31,312	37,414	68,726
Cash capital increased by cash	6(17)(18)	22,000	184,186	-	-	-	-	-	206,186	-	206,186
Share-based payments-cash capital increased by cash reserved for subscription by employees	6(16)	-	5,338	-	-	-	-	-	5,338	2,082	7,420
Conversion of convertible bonds	6(17)(18)	3,371	21,017	-	-	-	-	-	24,388	-	24,388
Issuance of corporate bonds	6(18)	-	267,416	-	-	-	-	-	267,416	-	267,416
Cash contributed by non-controlling interests in subsidiaries' capital	6(30)	-	73,386	-	-	-	-	-	73,386	132,894	206,280
Cash dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(143,429)	(143,429)
Balance at December 31, 2022		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064	\$ 2,214,591	\$ 7,988,655
<u>2023</u>											
Balance at January 1, 2023		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064	\$ 2,214,591	\$ 7,988,655
Profit for the year		-	-	-	-	67,073	-	-	67,073	69,126	136,199
Other comprehensive income (loss)		-	-	-	-	15,167	(1,367)	4,060	17,860	2,780	20,640
Total comprehensive income (loss)		-	-	-	-	82,240	(1,367)	4,060	84,933	71,906	156,839
Appropriation of 2022 earnings	6(19)										
Legal reserve		-	-	83,793	-	(83,793)	-	-	-	-	-
Special reserve		-	-	-	29,675	(29,675)	-	-	-	-	-
Cash dividends		-	-	-	-	(333,203)	-	-	(333,203)	-	(333,203)
Changes in ownership interest in associates	6(18)	-	(525)	-	-	-	-	-	(525)	-	(525)
Conversion of convertible bonds	6(17)(18)	122	771	-	-	-	-	-	893	-	893
Cash dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(243,155)	(243,155)
Balance at December 31, 2023		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162	\$ 2,043,342	\$ 7,569,504

The accompanying notes are an integral part of these consolidated financial statements.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 179,872	\$ 1,286,538
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(26)	697,858	637,240
Amortisation expense	6(10)(26)	11,260	9,042
Gain on disposal of property, plant and equipment	6(24)	(22,647)	(81,378)
Share of profit of associates accounted for using equity method	6(5)	(2,446)	(2,346)
Loss on disposal of investments accounted for using equity method		-	78
Finance costs	6(25)	37,149	26,601
Interest income	6(22)	(52,549)	(22,791)
Dividend income	6(23)	-	(1)
Share-based payments	6(16)	-	7,420
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		39,676	22,455
Accounts receivable		207,850	169,873
Accounts receivable - related parties		(3,296)	(310)
Other receivables		12,733	(23,939)
Other receivables - related parties		-	196
Inventories		246,237	(384,612)
Prepayments		27,384	(43,234)
Other current assets		364	1,497
Changes in operating liabilities			
Contract liabilities		(164,745)	39,725
Accounts payable		(199,897)	(82,011)
Accounts payable - related parties		824	1,047
Other payables		(250,863)	296,488
Other payables - related parties		(2,922)	9,082
Other current liabilities		92,752	72,480
Other non-current liabilities		6,515	(18,067)
Accrued pension liabilities		(4,555)	(44,873)
Cash inflow generated from operations		856,554	1,876,200
Interest received		52,043	22,143
Dividends received		-	1
Interest paid		(29,995)	(19,915)
Income taxes paid		(118,224)	(153,484)
Net cash flows from operating activities		760,378	1,724,945

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 3,914)	(\$ 429,100)
Disposal of financial assets at amortised cost		4,243	693,035
Acquisition of financial assets at fair value through other comprehensive income		-	(1,500)
Acquisition of investments accounted for using equity method	6(5)	(747)	-
Proceeds from disposal of investments accounted for using equity method		-	1,375
Acquisition of property, plant and equipment	6(31)	(1,459,715)	(1,143,353)
Proceeds from disposal of property, plant and equipment		23,508	81,512
Acquisition of intangible assets	6(10)	(6,057)	(18,865)
(Increase) decrease in refundable deposits		(372)	64,518
Net cash flows used in investing activities		(1,443,054)	(752,378)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(32)	1,498,638	1,709,868
Repayments of short-term borrowings	6(32)	(1,410,312)	(2,195,037)
Decrease in refundable deposits received	6(32)	(8,812)	(30,506)
Payments of lease liabilities	6(32)	(22,224)	(22,104)
Issuance of corporate bonds	6(32)	-	1,745,060
Cash capital increased	6(17)	-	206,186
Cash contributed by non-controlling interests in subsidiaries' capital		-	206,280
Repayments of corporate bonds	6(32)	-	(300)
Cash dividends paid	6(19)	(333,203)	(115,733)
Cash dividends paid by a subsidiary to non-controlling interests		(243,155)	(143,429)
Net cash flows (used in) from financing activities		(519,068)	1,360,285
Effect of exchange rate changes		(964)	(5)
Net (decrease) increase in cash and cash equivalents		(1,202,708)	2,332,847
Cash and cash equivalents at beginning of year	6(1)	4,734,214	2,401,367
Cash and cash equivalents at end of year	6(1)	<u>\$ 3,531,506</u>	<u>\$ 4,734,214</u>

Attachment 4: INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Episil Technologies Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Episil Technologies Inc. (Formerly EPISIL HOLDING INC.the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(11) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(3) for description of inventory and allowance for inventory valuation losses.

The Company and its subsidiary (recognised in investments accounted for using equity method), Episil-Precision Inc. are primarily engaged in research and development, manufacture and sales of epitaxial and silicon wafer, mixed-signal integrated circuit and linear integrated circuit. The industry is characterised by rapidly evolving technology and is easily affected by fluctuation in market price, there is a higher risk of incurring inventory valuation losses or having individually obsolete inventory. The Company and Episil-Precision Inc.'s inventories are measured at the lower of cost and net realisable value, and the calculation of the net realisable value used in obsolete inventories or inventories which are over a certain period involves subjective judgement. Since abovementioned inventories and allowance for inventory valuation losses are significant to the parent company only financial statements, we identified the Company and Episil-Precision Inc.'s allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

For inventory valuation losses against inventories that are over a certain period or individually obsolete, we tailored the audit scope as follows:

1. Obtained an understanding and assessed the reasonableness of the Company and Episil-Precision Inc.'s policies and procedures related to the provision of allowance for inventory valuation losses and the identification of obsolete and slow-moving inventory;
2. Verified whether the systematic logic used in the Company and Episil-Precision Inc.'s inventory aging report is appropriate and in accordance with the company and Episil-Precision Inc.'s policies; and
3. Verified a sample of separately numbered inventory items against the clearance of those inventory items and respective historical data of discounts, and compared the sample to recorded allowance for inventory valuation losses to assess the reasonableness of allowance for inventory valuation losses.

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 Company's 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 controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Hsieh, Chih-Cheng

Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report 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, PricewaterhouseCoopers, Taiwan 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.

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,172,203	15	\$ 1,749,040	21
1150	Notes receivable, net	6(2)	4,744	-	27,324	-
1170	Accounts receivable, net	6(2)	257,178	3	317,780	4
1180	Accounts receivable - related parties	6(2) and 7	11,550	-	7,035	-
1200	Other receivables		18,359	-	30,237	-
1210	Other receivables - related parties	7	4,299	-	5,028	-
1220	Current income tax assets		2,824	-	871	-
130X	Inventories	6(3)	673,823	9	892,702	10
1410	Prepayments		58,689	1	68,003	1
1470	Other current assets		7,208	-	2,186	-
11XX	Current Assets		2,210,877	28	3,100,206	36
Non-current assets						
1535	Non-current financial assets at amortised cost	6(1) and 8	184,678	2	185,026	2
1550	Investments accounted for using equity method	6(4)	3,113,631	39	3,344,756	40
1600	Property, plant and equipment	6(5)	2,101,378	26	1,410,184	17
1755	Right-of-use assets	6(6)	302,286	4	338,626	4
1760	Investment property, net	6(8)	1,875	-	1,968	-
1780	Intangible assets	6(9)	14,849	-	23,180	-
1840	Deferred income tax assets	6(26)	99,133	1	99,133	1
1900	Other non-current assets		1,133	-	726	-
15XX	Non-current assets		5,818,963	72	5,403,599	64
1XXX	Total assets		\$ 8,029,840	100	\$ 8,503,805	100

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(19)	\$ 153,623	2	\$ 207,250	2
2170	Accounts payable	6(10)	96,951	1	134,702	2
2180	Accounts payable - related parties	7	67,363	1	181,084	2
2200	Other payables	6(11)	393,319	5	481,478	6
2220	Other payables - related parties	7	42,698	1	35,805	-
2280	Current lease liabilities		18,477	-	18,490	-
2320	Long-term borrowings, current portion	6(12)	88,772	1	-	-
2399	Other current liabilities		239,096	3	144,602	2
21XX	Current Liabilities		1,100,299	14	1,203,411	14
Non-current liabilities						
2530	Corporate bonds payable	6(12)	990,302	12	1,071,621	13
2580	Non-current lease liabilities		298,238	4	332,470	4
2640	Accrued pension liabilities	6(13)	108,324	1	122,239	1
2670	Other non-current liabilities, others		6,515	-	-	-
25XX	Non-current liabilities		1,403,379	17	1,526,330	18
2XXX	Total Liabilities		2,503,678	31	2,729,741	32
Equity						
	Share capital	6(15)				
3110	Share capital - common stock		3,332,157	42	3,332,035	39
	Capital surplus	6(16)				
3200	Capital surplus		1,538,468	19	1,538,222	18
	Retained earnings	6(17)				
3310	Legal reserve		114,149	1	30,356	-
3320	Special reserve		101,815	1	72,140	1
3350	Unappropriated retained earnings		538,696	7	903,127	11
	Other equity interest	6(18)				
3400	Other equity interest		(99,123)	(1)	(101,816)	(1)
3XXX	Total equity		5,526,162	69	5,774,064	68
	Significant commitments and contingencies	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		\$ 8,029,840	100	\$ 8,503,805	100

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 3,158,702	100	\$ 3,659,842	100
5000	Operating costs	6(3)(24)(25) and 7	(2,853,231)	(90)	(3,042,461)	(83)
5900	Operating margin		305,471	10	617,381	17
	Operating expenses	6(24)(25) and 7				
6100	Selling and marketing expenses		(37,205)	(1)	(45,154)	(1)
6200	General and administrative expenses		(186,961)	(6)	(194,257)	(6)
6300	Research and development expenses		(134,227)	(5)	(74,097)	(2)
6000	Total operating expenses (losses)		(358,393)	(12)	(313,508)	(9)
6900	Operating (loss) profit		(52,922)	(2)	303,873	8
	Non-operating income and expenses					
7100	Interest income	6(20)	21,058	1	8,077	-
7010	Other income	6(21)	8,783	-	5,908	-
7020	Other gains and losses	6(22)	1,683	-	108,871	3
7050	Finance costs	6(23)	(14,375)	-	(13,601)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(4)				
			102,846	3	407,867	11
7000	Total non-operating income and expenses		119,995	4	517,122	14
7900	Profit before income tax		67,073	2	820,995	22
7950	Income tax expense	6(26)	-	-	-	-
8200	Profit for the year		\$ 67,073	2	\$ 820,995	22
	Other comprehensive income (loss), net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(13)	\$ 11,397	1	\$ 10,352	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(4)				
			7,830	-	(24,621)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		19,227	1	(14,269)	-
	Components of other comprehensive income that may be subsequently reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that may be reclassified to profit or loss	6(4)	(1,367)	-	1,528	-
8360	Components of other comprehensive (loss) income that may be subsequently reclassified to profit or loss		(1,367)	-	1,528	-
8300	Other comprehensive income (loss) for the year		\$ 17,860	1	(\$ 12,741)	-
8500	Total comprehensive income for the year		\$ 84,933	3	\$ 808,254	22
	Basic earnings per share	6(27)				
9750	Basic earnings per share (in dollars)		\$ 0.20		\$ 2.47	
	Diluted earnings per share	6(27)				
9850	Diluted earnings per share (in dollars)		\$ 0.20		\$ 2.44	

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings		Unappropriated retained earnings	Other equity interest		Total equity
				Legal reserve	Special reserve		Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2022</u>									
Balance at January 1, 2022		\$ 3,306,664	\$ 955,567	\$ 7,120	\$ 43,947	\$ 232,359	(\$ 6,370)	(\$ 65,770)	\$ 4,473,517
Profit for the year		-	-	-	-	820,995	-	-	820,995
Other comprehensive income (loss)		-	-	-	-	16,935	1,528	(31,204)	(12,741)
Total comprehensive income (loss)		-	-	-	-	837,930	1,528	(31,204)	808,254
Appropriation of 2021 earnings	6(17)								
Legal reserve		-	-	23,236	-	(23,236)	-	-	-
Special reserve		-	-	-	28,193	(28,193)	-	-	-
Cash dividends		-	-	-	-	(115,733)	-	-	(115,733)
Changes in ownership interest in subsidiaries	6(16)	-	34,230	-	-	-	-	-	34,230
Cash capital increased by cash	6(15)(16)	22,000	184,186	-	-	-	-	-	206,186
Share-based payments-cash capital increased by cash reserved for subscription by employees	6(16)	-	2,420	-	-	-	-	-	2,420
Conversion of convertible bonds	6(15)(16)	3,371	21,017	-	-	-	-	-	24,388
Issuance of corporate bonds	6(16)	-	267,416	-	-	-	-	-	267,416
Cash contributed by non-controlling interests in subsidiaries' capital	6(16)	-	73,386	-	-	-	-	-	73,386
Balance at December 31, 2022		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064
<u>2023</u>									
Balance at January 1, 2023		\$ 3,332,035	\$ 1,538,222	\$ 30,356	\$ 72,140	\$ 903,127	(\$ 4,842)	(\$ 96,974)	\$ 5,774,064
Profit for the year		-	-	-	-	67,073	-	-	67,073
Other comprehensive income (loss)		-	-	-	-	15,167	(1,367)	4,060	17,860
Total comprehensive income		-	-	-	-	82,240	(1,367)	4,060	84,933
Appropriation of 2022 earnings	6(17)								
Legal reserve		-	-	83,793	-	(83,793)	-	-	-
Special reserve		-	-	-	29,675	(29,675)	-	-	-
Cash dividends		-	-	-	-	(333,203)	-	-	(333,203)
Changes in ownership interest in subsidiaries	6(16)	-	(525)	-	-	-	-	-	(525)
Conversion of convertible bonds	6(15)(16)	122	771	-	-	-	-	-	893
Balance at December 31, 2023		\$ 3,332,157	\$ 1,538,468	\$ 114,149	\$ 101,815	\$ 538,696	(\$ 6,209)	(\$ 92,914)	\$ 5,526,162

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

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 67,073	\$ 820,995
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation expense	6(24)	204,006	191,684
Amortisation expense	6(24)	8,740	5,181
Gains on disposal of property, plant and equipment	6(22)	(21,047)	(81,378)
Share of profit of associates accounted for using equity method	6(4)	(102,846)	(407,867)
Finance costs	6(23)	6,965	7,677
Interest income	6(20)	(21,058)	(8,077)
Share-based payments	6(14)	-	2,420
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		22,580	428
Accounts receivable		60,602	53,219
Accounts receivable - related parties	(	4,515)	39,160
Other receivables		11,984	(16,680)
Other receivables - related parties		729	11,159
Inventories		218,879	(305,996)
Prepayments		7,361	(6,359)
Other current assets	(	5,022)	5,377
Changes in operating liabilities			
Contract liabilities	(	53,627)	81,725
Accounts payable	(	37,751)	(18,048)
Accounts payable - related parties	(	113,721)	28,324
Other payables	(	104,464)	195,387
Other payables - related parties		6,893	(15,301)
Other current liabilities		94,494	70,045
Other non-current liabilities		6,515	(18,067)
Accrued pension liabilities	(	2,518)	(42,566)
Cash inflow generated from operations		250,252	592,442
Dividends received	6(4)	339,909	197,823
Interest received		20,952	7,668
Interest paid	(	6,310)	(7,592)
Net cash flows from operating activities		604,803	790,341

(Continued)

EPISIL TECHNOLOGIES INC. (Formerly EPISIL HOLDING INC.)
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 1,195)	(\$ 153,116)
Disposal of financial assets at amortised cost		1,543	22,758
Acquisition of ownership interests in subsidiaries	6(4)	-	(62,458)
Acquisition of property, plant and equipment	6(28)	(851,027)	(667,797)
Proceeds from disposal of property, plant and equipment		21,047	81,512
Acquisition of intangible assets	6(9)	(409)	(16,017)
Increase in refundable deposits		(407)	(508)
Net cash flows used in investing activities		(830,448)	(795,626)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		37,358	297,928
Repayments of short-term borrowings		(37,358)	(515,438)
Payments of lease liabilities	6(29)	(17,989)	(18,808)
Issuance of corporate bonds	6(29)	-	1,244,298
Cash capital increased		-	206,186
Cash dividends paid	6(17)	(333,203)	(115,733)
Net cash flows (used in) from financing activities		(351,192)	1,098,433
Net (decrease) increase in cash and cash equivalents		(576,837)	1,093,148
Cash and cash equivalents at beginning of year		1,749,040	655,892
Cash and cash equivalents at end of year		<u>\$ 1,172,203</u>	<u>\$ 1,749,040</u>

Attachment 5: The Important Content of Private Placement

(1) Amount of financing

In response to the company's future development and enrichment of working capital, the company plans to issue common shares within the range of 50 million shares by private placement of cash. This private offering of common shares may be conducted once or in batches (no more than three times at most) within one year from the date of the resolution of the ordinary meeting of shareholders.

(2) The basis and rationality of Pricing:

1.The closing price of common stock shall be calculated by one, three or five business days prior to the pricing date, and the simple arithmetic average shall be deducted from the ex right and interest distribution of free allotment. Add back the stock price after capital reduction and anti ex right, or the simple arithmetic average of the closing price of common stock 30 business days before the pricing date, deducting the ex right and interest distribution of free allotment, and add back the stock price after capital reduction and anti ex right. The higher of the two benchmark prices is the reference price, and the actual issue price shall not be less than 80% of the reference price.

2.Considering the strict restrictions on the time, object and quantity of the transfer of private placement securities, and the fact that it is not allowed to negotiate for listing within three years, and that the liquidity is poor, it is reasonable to set the price of private placement according to the precautions of public offering companies in handling private placement securities.

3.After the actual pricing date is approved by the regular meeting of shareholders, the board of directors shall be authorized to fix it at more than 80% of the reference price according to the current market situation.

(3) Necessary reasons for private placement:

1.Reasons for not adopting public offering: considering the timeliness, convenience and issue cost of the raised capital, it is proposed to issue new shares by means of cash capital increase through private placement.

2.Use of funds and expected benefits: depending on the market and the situation of negotiating with specific people, the company will handle the matter in one or more times (no more than 3 times at most). The funds raised by private placement in each time will be used to enrich the working capital or repay the bank loan to strengthen the financial structure. Each private placement is expected to enhance the competitiveness of the company, enhance operational efficiency and strengthen the financial structure, which will be beneficial to shareholders' equity.

(4) According to article 43-6 of the securities and exchange law, private placement is adopted to increase capital in cash, excluding the preemptive right of the original shareholders and employees.

(5) How to choose a specific person:

Limited to strategic investors who meet the qualification requirements stipulated in Article 43-6,1 of the Securities and Exchange Act and can assist the Company in improving the quality of its technology, improving efficiency, expanding its market, etc. The purpose, necessity and expected benefits of a strategic investor who meets the conditions for pre-disclosure is to assist the Company in achieving the benefits of

the disclosure through the technology, knowledge or channels of such strategic investors in response to the long-term development needs of the Company. Matters relating to the negotiation of specific persons are proposed to the General Meeting of Shareholders to authorize the Board of Directors to do so.

- (6) The rights and obligations of this private placement of new shares are the same as those of the common shares issued by the company. However, according to the provisions of the securities and exchange law, the common shares of this private placement shall not be freely transferred within three years after delivery. After three years of delivery, the company plans to apply to the competent authority for OTC trading in accordance with the relevant provisions of the securities and exchange law.
- (7) It is proposed to request the regular meeting of shareholders to authorize the board of directors to handle the actual issuance conditions, planned projects, estimated progress and expected possible benefits of the domestic current add-on through private placement in accordance with the operating conditions of the company at that time and the maximization of shareholders' equity.

APPENDICES

Appendix 1

EPISIL TECHNOLOGIES INC
(Formerly EPISIL HOLDING INC.)
Articles of Incorporation

Chapter 1. General Provisions

- Article 1 The Company shall be incorporated in accordance with the Company Act and the requirements of relevant acts, and its name is 漢磊科技股份有限公司 in Chinese, EPISIL TECHNOLOGIES INC. in English.
- Article 2 The business operated by the Company:
- I. CC01080 electronic components manufacturing industry
 - II. I501010 product design industry
 - III. IZ99990 Other industrial and commercial services (testing of linear integrated circuits and hybrid integrated circuits)
 - IV. I199990 Other Consulting Services (Consulting Services for Application Consulting Services and Semiconductor Impurity Distribution Research)
 - V. F401010 International Trade Industry
- i、
- (i) Manufacture and sales of crystalline silicon chips.
 - (ii) Leijing application consulting services.
 - (iii) Consulting services for semiconductor impurity distribution research.
 - (iv) Linear integrated circuit manufacturing services and testing.
 - (v) Manufacture and testing of mixed integrated circuits (Mixed Mode IC).
- The research and development, design, manufacture, sales, promotion, and after-sales service of the above projects and their application products.
- ii、Research and development of the following process technologies to engage in 6-inch silicon wafer foundry services:
- (i) Trench Power MOSFET and insulated gate dual-carrier transistor (IGBT) process
 - (ii) 2.0.5um below the dual load process. (Bipolar)
 - (iii) Bipolar complementary gold-oxygen semiconductor process below 3.0.5um (Bicmos)
 - (iv) High power integrated circuit process (Bipolar, CMOS, Diffusion; BCD).
- Article 2-1 The company's reinvestment is not subject to the restriction that the total amount of reinvestment shall not exceed 40% of the paid in capital as stipulated in the company law. Matters relating to reinvestment shall be handled by resolution of the board of directors.
- Article 2-2 The Company may act as a guarantor as required.
- Article 3 The company is headquartered in Hsinchu, Taiwan. If necessary, it may set up branches at home and abroad after the resolution of the board

of directors and the approval of the competent authority.

Article 4 Public notices by the Company shall be made in accordance with Article 28 of the Company Act.

Chapter 2. Shares

Article 5 The total capital stock of the Company shall be in the amount of NTD5,000,000,000, divided into 500,000,000 shares, at NTD10 par value, and authorized the Board to issue in batches.

In the first paragraph, NT \$500 million will be reserved for the issuance of employee stock warrants, with a total of 50 million shares of NT \$10 per share, which may be issued in installments in accordance with the resolution of the board of directors.

Where the Company repurchases the shares of the Company, only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive shares. Only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive share subscription warrant of the Company.

The company's employee stock option certificates are issued to the target, which may include employees of the controlling or subordinate companies who meet certain conditions

When the company issues new shares, the employees who purchase the shares may include employees of the controlling or subordinate companies who meet certain conditions

Upon issuing new restricted stock for employees of the Company, only qualified employees of parents or subsidiaries meeting certain specific requirements are entitled to receive the restricted stock.

Article 5-1 An employee stock option certificate issued by the company with a subscription price lower than the closing price of the common stock of a Japanese company may only be issued with the consent of the shareholders' meeting representing more than half of the total number of issued shares and more than two-thirds of the voting rights of the shareholders present.

The transfer of the company's common shares to employees at a price lower than the average price of the actual repurchase of the company's common shares shall be approved by more than half of the shareholders representing the total number of issued shares present at the latest shareholders' meeting and more than two-thirds of the voting rights of the shareholders present.

Article 6 The share certificate of the company issued shall all be name bearing and shall be affixed with the seals or signatures by the directors representing of the company, and shall be duly authenticated pursuant to the law. Printing hard copy share certificates is not always necessary, but all shares issued should be registered in Taiwan Depository & Clearing Corporation.

Article 7 The changes recorded in the register of shareholders shall cease

within 60 days before the ordinary meeting of shareholders, 30 days before the extraordinary meeting of shareholders, or 5 days before the base date of the company's resolution to distribute dividends, dividends or other benefits.

Section 3. Shareholders Meetings

- Article 8 Shareholders meetings shall be of two types, general meetings and special meetings. General meetings shall be convened once a year, within six months from the end of each fiscal year in accordance with law. Special meetings shall be convened in accordance with the law, whenever necessary.
When the Company's Shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.
- Article 9 If a shareholder is unable to attend the shareholders' meeting for some reason, he may issue a power of attorney issued by the company to specify the scope of authorization and entrust an agent to attend. In addition to the provisions of article 177 of the company law, the rules for the use of power of attorney by public companies to attend shareholders' meetings promulgated by the competent authority shall apply.
- Article 10 Shareholders of the company have one voting right per share.
- Article 11 Unless otherwise stipulated by relevant laws and regulations, resolutions of the shareholders' meeting shall be made in person or by proxy on behalf of more than half of the total number of shares issued and with the consent of more than half of the voting rights of the shareholders.
However, shares without voting rights shall not be counted as the total number of shares issued.

Section 4. Directors and audit committee

- Article 12 The company shall have seven to nine directors, who shall be elected by the board of shareholders from among the persons with capacity. The number of directors mentioned above shall include at least two independent directors, and shall not be less than one fifth of the number of directors. The directors of the company adopt the system of nomination of candidates in accordance with regulations. The audit committee shall exercise its functions and powers in accordance with Article 14-4 of the securities and exchange law and relevant laws and regulations.
- Article 13 Board meeting shall be organized by directors. When chairman election is held, there shall be over two thirds (2/3) of directors in presence, and over half of the directors in presence vote for the chairman elected. The chairman is the representative of the Company.
- Article 14 The board of directors shall be convened by the chairman of the board of directors at least once a quarter.
Unless otherwise provided by law, a resolution of the board of

directors shall be made with the consent of more than half of the directors present.

Article 15 When the chairman of the board of directors asks for leave or is unable to exercise his powers for some reason, his agent shall act in accordance with Article 208 of the company law.

A director shall attend the meeting of the board of directors in person. If a director is unable to attend the meeting for some reason, he may entrust another director to act as his agent. The agent mentioned in the preceding paragraph shall be limited to one person. A meeting of the board of directors may be held by video conference. If a director participates in the meeting by video conference, he shall be deemed to be present in person.

Article 16 The compensation to chairman and directors is authorized to board meeting to decide based on the involvement and contribution to the operation and benchmarks in the industries as a reference.

Article 17 The company may take out liability insurance for directors and managers

Section 5. Agent

Article 18 The Company may have a president. Appointment, removal, and remuneration of the president shall be handled in accordance with Article 29 of the Company Act.

Section 6. Accounting

Article 19 After the end of each fiscal year, the Board of Directors shall have the following documents prepared and submit the same for recognition at the annual general shareholders meeting in accordance with statutory procedures.

1. The business report.
2. The financial statements.
3. The proposal for distribution of earnings or making up loss.

Article 20 The company authorizes the board of directors to present more than two-thirds of the directors and the resolution of more than half of the directors to distribute all or part of the dividends and bonus in the form of cash and report to the shareholders' meeting, which is not applicable to the provisions of the relevant shareholders' meeting resolution.

The company authorizes the board of directors to present more than two-thirds of the directors and the resolution of more than half of the directors to distribute all or part of the dividends and bonus in the form of cash and report to the shareholders' meeting, which is not applicable to the provisions of the relevant shareholders' meeting resolution.

The company is a high-tech enterprise with stable development. Considering the environment and growth stage of the company, the company's future capital demand and long-term financial planning, and meeting the shareholders' demand for cash inflow, if the company has a

surplus after the annual accounts, the cash dividends and dividends paid each year shall not be less than 10% of the total cash dividends and stock dividends and the dividends paid this year.

Article20-1 The company shall pay not less than one ten thousandth of the profits of the current year to its employees and allocate not more than two percent of the directors' remuneration. However, if the company still has accumulated losses, it shall make up for them.
Employees may be remunerated with stock or cash, and the objects of payment of stock or cash may include employees of controlled or subordinate companies who meet certain conditions.
The profit status of the current year referred to in paragraph 1 refers to the profit of the current year before deducting the remuneration of employees and directors.
The distribution of employees' and directors' remuneration shall be made by resolution of the board of directors with more than two-thirds of the directors present and with the consent of more than half of the directors present, and shall be reported to the shareholders' meeting

Article20-2 The company authorizes the board of directors to distribute all or part of the capital reserve or statutory surplus reserve in the form of cash in the presence of more than two-thirds of the directors and the resolution of more than half of the directors, and report to the shareholders' meeting.

Section 7. Supplementary Provisions

Article 21 In case of any matters not covered herein, the Company Act shall govern.

Article 22 These Articles of Incorporation were enacted on June 6, 2014.
The first amendment was made on June 8, 2016.
The second amendment was made on June 12, 2019.
The third amendment was made on August 20, 2021.
The fourth amendment was made on June 14, 2023.

Appendix 2

EPISIL TECHNOLOGIES INC (Formerly EPISIL HOLDING INC.)

Rules and Procedures of Shareholders' Meeting

- Article1 The shareholders' meeting of the company shall be conducted in accordance with these rules. Matters not stipulated in these rules shall be handled in accordance with relevant laws and regulations.
- Article2 Attending shareholders should submit attendance cards to sign in.
The number of shares attended is calculated according to the attendance card submitted.
- Article3 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting.
The meeting may begin no earlier than 9 a.m. and no later than 3 p.m..
When convening a video-conference shareholders meeting, it is not subject to the restriction on the venue of the previous paragraph.
- Article4 The company may designate lawyers, accountants or relevant personnel appointed by it to attend the shareholders' meeting. The staff handling the shareholders' meeting should wear identification cards or armbands.
- Article5 The process of the shareholders' meeting shall be audio or video-recorded throughout, and shall be kept for at least one year.
If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, questioning, voting and company vote counting results, and the continuous and uninterrupted audio and video recording of the video conference shall be properly preserved during the existence of the company.
- Article6 If the shareholders' meeting is convened by the board of directors, the chairman shall be the chairman. If the chairman is on leave or unable to exercise his powers for some reason, the vice-chairman or other directors shall act as proxy in accordance with the provisions of Article 208 of the Company Law of the Republic of China.
If the shareholders' meeting is convened by a person other than the board of

directors who has the right to convene, the chairman of the meeting shall be the convener serve as it.

Article7 When the meeting time has expired, the chairman shall announce the opening of the meeting immediately. However, if shareholders representing more than half of the total issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total delay shall not exceed one Hour. If two delays are still insufficient and there are shareholders representing more than one-third of the total issued shares present, it may be a false resolution in accordance with Article 175, Paragraph 1 of the Company Law. The execution of this dummy resolution shall be handled in accordance with the relevant provisions of the Company Law.

Before the end of the current meeting, if the number of shares represented by the attending shareholders reaches more than half of the total number of issued shares, the chairman may resubmit the false resolution made to the general meeting for voting in accordance with Article 174 of the Company Law.

Article8 If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and the meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without a 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 conclusion of the agenda (including temporary motions) scheduled in the first two items, the chairman shall not adjourn the meeting without a resolution. After the meeting is adjourned, shareholders are not allowed to elect another chairman to continue the meeting at the original location or find another place. However, if the chairman violates the rules of procedure and announces the adjournment of the meeting, the meeting may continue with the consent of more than half of the voting rights of the present shareholders to elect one person as the chairman.

Article9 Shareholders present have the obligation to observe the rules of the meeting, obey resolutions, and maintain order in the meeting place.

Article10 When a legal person is entrusted to attend the shareholders' meeting, the legal person may only designate one representative to attend.

Article11 When presenting shareholders make a speech, they must first fill in a speech note to specify the gist of the speech, shareholder account number (or attendance card number) and account name, and the chairman will determine the order of their speeches.

Each shareholder's speech on the same proposal shall not exceed two times without the consent of the chairman, and each time shall not exceed five minutes. If a shareholder's speech violates this provision or exceeds the scope of the topic, the chairman may stop the shareholder from speaking. Shareholders attending the meeting who only put forward speech slips but did not make a speech shall be deemed as having not made a speech. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail. When a shareholder present speaks, other shareholders are not allowed to interfere with the speech unless the chairman and the shareholder who speaks agree, and the chairman should stop the violation.

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

After attending shareholders' speeches, the chairman may reply in person or by designating relevant personnel.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is closed. The number of questions for each proposal shall not exceed two times. The limit is 200 characters, and the provisions of Paragraphs 1 to 5 do not apply.

Article12 When the chairman deems that the discussion of the proposal has reached a level that can be voted on, he may announce the suspension of the discussion and put it to the vote.

Article13 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting and be recorded.

Article14 Unless otherwise provided for by the Company Law or the Articles of Association of the Company, voting on proposals shall be passed with the consent of more than half 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 then the shareholders shall vote on a case-by-case basis.

The company convenes a video conference of shareholders. Shareholders participating in the video conference should vote on various proposals and election proposals through the video conferencing platform after the chairman announces the meeting. The voting should be completed before the chairman announces the end of voting. Overtime Those who do so will be deemed to have abstained.

If the shareholders' meeting is held via video conference, the votes shall be counted in one go and the voting and election results shall be announced after the chairman announces the end of the voting.

Article15 When the meeting is in progress, the chairman may announce a break at a discretionary time. If an irresistible event occurs, the chairman may rule to temporarily suspend the meeting, and announce the time for the continuation of the meeting as the case may be, or waive the notice within five days after the resolution of the shareholders' meeting. Announcement to continue the meeting.

Article16 When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has been passed, the other proposals shall be deemed to be rejected, and there is no need to vote again.

Article17 The chairman may direct pickets or security personnel to assist in maintaining order at the venue. When pickets or security personnel are present to help

maintain order, they should wear armbands with the words "Pickets".

Article18 These rules shall come into force after being passed by the shareholders' meeting, and the same shall apply when they are revised.

Article19 These rules were established on June 6, 2014.

The first amendment was made on June 14, 2023

Appendix 3

Shareholding of Directors and Independent Directors

1. The shareholdings of the Company' s Directors of the 4th session and percentage of shareholdings required by law are listed below:

April 16, 2024 as of the 2024 general meeting of shareholders to close the account transfer date

The number of ordinary shares issued by the company is 333,215,747 shares.

All directors shall hold 13,328,629 shares

2. As of April 16, 2024, the closing date of the 2024 general meeting of shareholders, the number of shares held by all directors is as follows, which meets the percentage standards stipulated in Article 26 of the Securities Exchange Law.

Title	Name	Shares	Shareholding Ratio (%)
Director	SINCERE HOLDING COMPANY. Representative : JH Shyu	16,294,539	4.89
Director	SINCERE HOLDING COMPANY. Representative : Shu, Chin-Yung		
Director	HERMES-EPITEK CORPORATION Representative : Chen, Hsi-Hsin	18,160,870	5.45
Director	HERMES-EPITEK CORPORATION Representative : Shen, Hsiao-Lien		
Director	VISION HOLDINGS LTD. Representative : Su, Chien-Chi	1,771,450	0.53
Director	VISION HOLDINGS LTD. Representative : Fan, Gui Rong		
Independent Director	Jhih-Da Yan	0	0.00
Independent Director	Zong-Si Ke	0	0.00
Independent Director	Mao-Song Deng	0	0.00
The number and percentage of shares held by all directors		36,226,859	10.87