

Stock Code : 3016

Episil-Precision Inc.

2023 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

Convening method: entity shareholders meeting

Time: 9:00 a.m. (Wednesday), May 31, 2023

Place: at No.17, Innovation Rd.1, Hsinchu Science Park

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Episil-Precision Inc.
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Meeting Agenda
(Translation)

Convening method: entity shareholders meeting

Time: 9:00 a.m. (Wednesday), May 31, 2023

Place: at No.17, Innovation Rd.1, Hsinchu Science Park

I、Call Meeting to Order

II、Chairman's Address

III、Report items

(1)2022 Annual Business Report

(2)Audit Committee's review report

(3)Status reports of 2022 employees and directors compensation distribution

(4)To report 2022 earnings distribution

IV、Approval Items

(1)Adoption of the 2022 Business Report and Financial Statements

(2)Adoption of the Proposal for Distribution of 2022 Profits

V、Discussions

(1)To revise the Articles of Incorporation

(2)To revise the Rules and Procedures of Shareholders' Meeting

(3)To revise the Procedures for Acquisition or Disposal of Assets

The chairman may order the case to be put to the vote or the whole or part of the motion to be voted on by poll before the provisional motion is moved.

VI、Other Business and Special Motion

VII、Meeting Adjourned

Report Items

No. 1

Proposal: 2022 Annual Business Report

Explanatory : Please refer to Attachment 1.

No. 2

Proposal: Audit Committee's review report

Explanatory : Please refer to Attachment 2.

No. 3

Proposal: Status reports of 2022 employees and directors compensation distribution.

Explanation :

1. According to Company's Articles of Incorporation article 25, "The Company shall allocate no less than 5% of profit as employees' compensation and no more than 2% of profit as directors' compensation for each profitable fiscal year."
2. Company to distribute NT\$ 75,047,295 as employees' cash compensation and NT\$ 9,380,912 as directors' compensation and there is no difference from the estimated amount in the annual financial report for the recognition of expenses.

No. 4

Proposal: To report 2022 earnings distribution.

Explanation :

1. In accordance with Article 25-1 of the articles of association, the board of directors is authorized 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.
2. It is proposed to allocate NT \$577,078,738 for shareholders' dividends and distribute cash dividends, with NT \$2 per share. The dividend base date, payment date and other related matters of cash dividends shall be separately prescribed by the chairman of the board of directors. When paying cash dividends, the total amount of dividends distributed to individual shareholders is mainly

calculated as yuan, and less than yuan is rounded off. The abnormal amount of cash dividend less than 1 yuan will be transferred to other income of the company. If the company has the right to participate in the change of the number of shares to be distributed, which affects the distribution rate of each share of shareholders, the chairman of the board of directors shall be authorized to deal with it.

Approval Items

No. 1 (Proposed by the Board of Directors)

Proposal: Adoption of the 2022 Business Report and Financial Statements.

Explanation:

1. 2022 Business Report and Financial Statements have been reviewed by the Audit Committee, and approved by the board of directors. For the related Business Report and Financial Statements, please refer to Attachments 1 and 3~4.
2. Adoption is respectively requested.

Resolution:

No. 2 (Proposed by the Board of Directors)

Proposal: Adoption of the Proposal for Distribution of 2022 Profits.

Explanation:

1. 2022 Profit Distribution Table have been reviewed by the Audit Committee, and approved by the board of directors.
2. The company's after tax surplus in 2022 is NT \$681,270,477. The profit distribution statement is as follows

EPISIL-PRECISION INC.
Profit Distribution Table
Year 2022

Unit: NTD

Item	Amount
Beginning retained earnings	9,802,323
Add : Profit for the year	681,270,477
Add : actuarial losses on defined benefit plans	11,368,268
Less: Legal reserve	(69,263,875)
Less: Special reserve	(245,360)
Distributable net profit	632,931,833
Cash Dividends to Shareholders (\$2 per share)	(577,078,738)
Stock Dividends to Shareholders (\$0.00 per share)	0
Unappropriated retained earnings	55,853,095

3. Adoption is respectively requested.

Resolution:

Discussions

No. 1 (Proposed by the Board of Directors)

Proposal: To revise the Articles of Incorporation.

Explanation: To revise the Articles of Incorporation , comparison table for the Articles of Incorporation before and after revision , please refer to Attachments 5.

Resolution:

No. 2 (Proposed by the Board of Directors)

Proposal: To revise the Rules and Procedures of Shareholders' Meeting.

Explanation: To revise the Rules and Procedures of Shareholders' Meeting , comparison Table for the Rules and Procedures of Shareholders' Meeting before and after revision , please refer to Attachments 6.

Resolution:

No. 3 (Proposed by the Board of Directors)

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

Explanation: To revise the Procedures for Acquisition or Disposal of Assets , comparison table for the Procedures for Acquisition or Disposal of Assets before and after revision , please refer to Attachments 7.

Resolution:

Other Business and Special Motion
Meeting Adjourned

Attachment 1

Episil-Precision Inc. 2022 Annual Business Report

Under the impact of the prolonged COVID-19 pandemic, the Russo-Ukrainian War, and the inflationary spike, the global economic prospect in 2022 has lost its momentum, and the decline is expected to last through 2023. Meanwhile, fierce supply and demand fluctuations have been witnessed in the global market, which is very different from the past. The semiconductor industry has shifted rapidly from the supply shortage in early 2022 to the adjustment of excessive inventory in the second-half year. Apart from the rapid management responses required by the situation, the global supply chain has been transferred under geopolitical factors, further complicating the operation of the enterprise.

Facing the strong demand at the beginning of 2022, Episil-Precision succeeded in effectively fulfilling the order and delivery schedule, achieving a record high in revenue. Furthermore, global enterprises have been placing more importance on sustainable development, and net-zero emission has become a critical issue, while new energy vehicles and renewable energy have been key points of investment. The market demand for the highly-efficient compound semiconductor business invested by Episil-Precision has been continuously growing. In addition to silicon epitaxial wafers, the revenue of compound semiconductor epitaxial wafers has also increased by 64% compared to 2021.

1. Implementation of 2022 business plan

Episil-Precision's consolidated revenue for 2022 was NT\$5,900 million, an increase of 17 % year-over-year. Net income after tax was NT\$681.27 million, and earnings per share was NT\$2.38.

The consolidated operating performance of 2022 is as follows:

Unit: Thousand (TWD)

Items	2022	2021
Operating revenue	5,899,587	5,043,332
Operating margin	1,101,881	726,433
Net profit after tax	681,271	380,530
Earnings per share (Dollar(TWD))	2.38	1.35

2. Strategy and business plan

With the gradual prevalence of related applications driven by electric vehicles, 5G, energy-saving, and green energy industries, the semiconductor content of products from all fields is on the rise. Recently, our clients have been facing the pressure of inventory adjustment, and short-term revenue will be impacted greatly; however, it is expected that long-term growth will remain. WSTS estimated that the global semiconductor market would decline by 4.1% in 2023. Although facing such an estimation, Episil-Precision strategized prudently and decided to increase the scale of compound semiconductor mass production to meet the demand.

Regard to silicon epitaxy, Episil-Precision is not only operating the niche product businesses, including the Power MOSFET, PMIC, and Insulated Gate Bipolar Transistor (IGBT), but also developing high-growth field like new energy vehicles, renewable energy, servers, to meet the demands for higher efficiency in energy conversion market. Episil-Precision has gained the long-term trust with customers for superior quality, delivery, and service of silicon epitaxial wafers, and is going to expand business with this expertise.

In recent years, Episil-Precision has been engaging in the compound semiconductor epitaxy field. According to the estimation of Yole, from 2021 to 2027, Silicon Carbide (SiC) components will reach a CAGR of 34% with the high-power system demands from electric vehicles, solar energy, and industrial applications. Driven by applications including mobile phone fast charging, 5G base station, and data center, Gallium Nitride (GaN) components will reach a CAGR of 59%. Currently, Episil-Precision is the only epitaxial supplier possessing mass-production capabilities for both SiC and GaN. With the heavy focus put on this product and the large demands, its future growth has great potential. Other than strengthening the current product technology development and yield improvement, Episil-Precision has set up a compound semiconductor epitaxial wafers expansion plan in 2022, and the current progress is still on schedule.

Although cyclical fluctuation is the nature of the semiconductor market, under the trend of energy saving and carbon reduction, Episil-Precision's silicon /compound semiconductor epitaxial wafers

continue to draw the attention of the market. Apart from cultivating the existing business, the Episil-Precision management team also put importance on environmental protection and social responsibilities. It is expected that after the economic boom and demand rejuvenation in the future, Episil-Precision will resume its prominent growth and contribute more profits for its shareholders.

Chairman: Jian-Hua Syu Presidents: Ching-Tzong Sune CFO: Pei-Yan Chen

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company's 2022 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
2022 Annual Meeting of Shareholders, Episil-Precision Inc.

Chairman of the Audit Committee: Ze-Peng Chen

Date: February 24, 2023

Attachment 3

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000396

To the Board of Directors and Shareholders of Episil-Precision Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Episil-Precision Inc. and its subsidiary (the "Group") as at December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended 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.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants 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 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Inventory valuation

Description

Please refer to Note 4(12) 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, 2022, inventory and allowance for inventory valuation losses amounted to NT\$1,006,054 thousand and NT\$58,978 thousand, respectively.

The Group primarily engages in research and development, manufacture and sales of silicon epitaxy wafers and compound semiconductor epitaxial wafers. 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 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.
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-Precision Inc. as at and for the years ended December 31, 2022 and 2021.

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 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, 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 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 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan
February 24, 2023

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, 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-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,841,411	37	\$ 1,550,172	24
1136	Current financial assets at amortised cost	6(2)	-	-	400,000	6
1170	Accounts receivable, net	6(3)	1,025,940	14	1,127,566	17
1180	Accounts receivable due from related parties, net	6(3) and 7	207,799	3	192,438	3
1200	Other receivables		27,584	-	16,159	-
1210	Other receivables due from related parties	7	8,472	-	11,850	-
130X	Inventories	6(4)	947,076	12	868,460	13
1410	Prepayments		93,490	1	57,446	1
1470	Other current assets		9,766	-	5,886	-
11XX	Total current assets		<u>5,161,538</u>	<u>67</u>	<u>4,229,977</u>	<u>64</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income		17	-	17	-
1535	Non-current financial assets at amortised cost	6(2) and 8	13,565	-	7,858	-
1600	Property, plant and equipment	6(5)	2,008,385	26	1,799,031	27
1755	Right-of-use assets	6(6)	242,625	3	253,681	4
1760	Investment property - net	6(8)	160,320	2	169,579	3
1780	Intangible assets	6(9)	52,520	1	53,245	1
1840	Deferred income tax assets	6(27)	32,095	1	34,014	-
1920	Refundable guarantee deposits	7	1,109	-	66,133	1
15XX	Total non-current assets		<u>2,510,636</u>	<u>33</u>	<u>2,383,558</u>	<u>36</u>
1XXX	Total assets		<u>\$ 7,672,174</u>	<u>100</u>	<u>\$ 6,613,535</u>	<u>100</u>

(Continued)

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 178,624	2	\$ 446,283	7
2130	Current contract liabilities	6(20)	42,574	1	38,395	1
2170	Accounts payable	6(11)	419,139	5	483,114	7
2180	Accounts payable to related parties	7	1,885	-	1,616	-
2200	Other payables	6(12)	621,779	8	350,315	5
2220	Other payables to related parties	7	36,083	1	38,181	1
2230	Current income tax liabilities		120,663	2	96,188	1
2280	Current lease liabilities		9,532	-	9,894	-
2320	Long-term liabilities, current portion	6(13)	-	-	46,878	1
2399	Other current liabilities, others		22,430	-	19,991	-
21XX	Total current liabilities		<u>1,452,709</u>	<u>19</u>	<u>1,530,855</u>	<u>23</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(20)	77,065	1	95,298	1
2530	Bonds payable	6(13)	484,170	6	-	-
2570	Deferred income tax liabilities	6(27)	36,148	1	36,549	1
2580	Non-current lease liabilities		242,962	3	251,452	4
2640	Net defined benefit liability, non-current	6(14)	67,338	1	81,012	1
2645	Guarantee deposits received		8,095	-	8,290	-
25XX	Total non-current liabilities		<u>915,778</u>	<u>12</u>	<u>472,601</u>	<u>7</u>
2XXX	Total liabilities		<u>2,368,487</u>	<u>31</u>	<u>2,003,456</u>	<u>30</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(16)	2,885,394	38	2,843,767	43
Capital surplus						
3200	Capital surplus	6(17)	1,614,778	21	1,313,939	20
Retained earnings						
3310	Legal reserve	6(18)	101,319	1	63,445	1
3320	Special reserve		910	-	-	-
3350	Unappropriated retained earnings		702,441	9	389,838	6
Other equity interest						
3400	Other equity interest	6(19)	(1,155)	-	(910)	-
3XXX	Total equity		<u>5,303,687</u>	<u>69</u>	<u>4,610,079</u>	<u>70</u>
Significant commitments and contingencies						
3X2X	Total liabilities and equity		<u>\$ 7,672,174</u>	<u>100</u>	<u>\$ 6,613,535</u>	<u>100</u>

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 5,899,587	100	\$ 5,043,332	100
5000	Operating costs	6(4) and 7	(4,797,706)	(81)	(4,316,899)	(86)
5900	Gross profit from operation		<u>1,101,881</u>	<u>19</u>	<u>726,433</u>	<u>14</u>
	Operating expenses	6(25)(26) and 7				
6100	Selling and marketing expenses		(61,365)	(1)	(54,408)	(1)
6200	General and administrative expenses		(185,626)	(3)	(139,392)	(3)
6300	Research and development expenses		(70,091)	(1)	(68,520)	(1)
6000	Total operating expenses		<u>(317,082)</u>	<u>(5)</u>	<u>(262,320)</u>	<u>(5)</u>
6900	Operating profit		<u>784,799</u>	<u>14</u>	<u>464,113</u>	<u>9</u>
	Non-operating income and expenses					
7100	Interest income	6(21)	14,058	-	4,956	-
7010	Other income	6(22)	44,138	1	45,513	1
7020	Other gains and losses	6(23)	32,893	-	(21,249)	(1)
7050	Finance costs	6(24)	(21,223)	-	(12,664)	-
7000	Total non-operating income and expenses		<u>69,866</u>	<u>1</u>	<u>16,556</u>	<u>-</u>
7900	Profit before income tax		<u>854,665</u>	<u>15</u>	<u>480,669</u>	<u>9</u>
7950	Income tax expense	6(27)	(173,394)	(3)	(100,139)	(2)
8200	Profit for the year		<u>\$ 681,271</u>	<u>12</u>	<u>\$ 380,530</u>	<u>7</u>
	Other comprehensive income, net					
8311	Gains (losses) on remeasurements of defined benefit plans	6(14)	\$ 11,368	-	(\$ 1,792)	-
	Items may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations	6(19)	(245)	-	(1,358)	-
8300	Other comprehensive income (loss), net		<u>\$ 11,123</u>	<u>-</u>	<u>(\$ 3,150)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 692,394</u>	<u>12</u>	<u>\$ 377,380</u>	<u>7</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 681,271</u>	<u>12</u>	<u>\$ 380,530</u>	<u>7</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 692,394</u>	<u>12</u>	<u>\$ 377,380</u>	<u>7</u>
	Basic earnings per share	6(28)				
9750	Basic earnings per share (in dollars)		<u>\$</u>	<u>2.38</u>	<u>\$</u>	<u>1.35</u>
	Diluted earnings per share	6(28)				
9850	Diluted earnings per share (in dollars)		<u>\$</u>	<u>2.36</u>	<u>\$</u>	<u>1.35</u>

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent					Retained Earnings			Financial statements translation differences of foreign operations	Total Equity
		Share capital - common stock	Additional paid-in capital	Warrants	Restricted stocks	Others	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2021</u>											
Balance at January 1, 2021		\$ 2,796,356	\$ 1,078,295	\$ 14,721	\$ 670	\$ 10,494	\$ 62,093	\$ -	\$ 82,462	\$ 448	\$ 4,045,539
Profit for the year		-	-	-	-	-	-	-	380,530	-	380,530
Other comprehensive loss	6(19)	-	-	-	-	-	-	-	(1,792)	(1,358)	(3,150)
Total comprehensive income (loss)		-	-	-	-	-	-	-	378,738	(1,358)	377,380
Appropriation of 2020 earnings											
Legal reserve	6(18)	-	-	-	-	-	1,352	-	(1,352)	-	-
Cash dividends		-	-	-	-	-	-	-	(70,010)	-	(70,010)
Conversion of corporate bonds	6(13)(16)(17)	47,411	222,220	(12,461)	-	-	-	-	-	-	257,170
Balance at December 31, 2021		\$ 2,843,767	\$ 1,300,515	\$ 2,260	\$ 670	\$ 10,494	\$ 63,445	\$ -	\$ 389,838	(\$ 910)	\$ 4,610,079
<u>2022</u>											
Balance at January 1, 2022		\$ 2,843,767	\$ 1,300,515	\$ 2,260	\$ 670	\$ 10,494	\$ 63,445	\$ -	\$ 389,838	(\$ 910)	\$ 4,610,079
Profit for the year		-	-	-	-	-	-	-	681,271	-	681,271
Other comprehensive income (loss)	6(19)	-	-	-	-	-	-	-	11,368	(245)	11,123
Total comprehensive income (loss)		-	-	-	-	-	-	-	692,639	(245)	692,394
Appropriation of 2021 earnings											
Legal reserve		-	-	-	-	-	37,874	-	(37,874)	-	-
Special reserve		-	-	-	-	-	-	910	(910)	-	-
Cash dividends		-	-	-	-	-	-	-	(341,252)	-	(341,252)
Conversion of corporate bonds	6(13)(16)(17)	8,627	40,591	(2,246)	-	-	-	-	-	-	46,972
Issuance of corporate bonds	6(13)	-	-	21,757	-	-	-	-	-	-	21,757
Corporate bonds not converted after the due date	6(15)	-	-	(14)	-	14	-	-	-	-	-
Cash capital increase	6(16)	33,000	235,737	-	-	-	-	-	-	-	268,737
Compensation cost for cash capital increase retained for employees	6(15)	-	5,000	-	-	-	-	-	-	-	5,000
Balance at December 31, 2022		\$ 2,885,394	\$ 1,581,843	\$ 21,757	\$ 670	\$ 10,508	\$ 101,319	\$ 910	\$ 702,441	(\$ 1,155)	\$ 5,303,687

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

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 854,665	\$ 480,669
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation expense	6(5)(6)(8)(25)	452,954	466,502
Amortisation expense	6(9)(25)	3,857	3,518
Finance costs	6(24)	21,223	12,664
Interest income	6(21)	(14,058)	(5,116)
Dividend income		(1)	(1)
Share-based payments	6(15)	5,000	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	1,733
Accounts receivable		101,626	(256,598)
Accounts receivable due from related parties		(15,361)	(79,289)
Other receivables		(11,484)	(3,530)
Other receivables due from related parties		3,378	792
Inventories		(78,616)	(72,917)
Prepayments		(36,044)	9,293
Other current assets		(3,880)	364
Changes in operating liabilities			
Contract liabilities		(14,054)	(50,868)
Accounts payable		(63,975)	52,946
Accounts payable to related parties		269	(243)
Other payables		104,810	104,118
Other payables to related parties		(2,098)	1,976
Other current liabilities		2,439	1,169
Net defined benefit liability		(2,306)	(15,317)
Cash inflow generated from operations		1,308,344	651,865
Interest received		14,117	5,116
Dividends received		1	1
Interest paid		(14,678)	(9,093)
Income taxes (paid) received		(147,402)	44,573
Net cash flows from operating activities		<u>1,160,382</u>	<u>692,462</u>

(Continued)

EPISIL-PRECISION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial asset at amortized cost		(\$ 275,983)	(\$ 400,000)
Disposal of financial assets measured at amortised cost		670,276	-
Acquisition of property, plant and equipment	6(29)	(475,557)	(174,842)
Acquisition of intangible assets	6(9)	(2,847)	(1,667)
Decrease in refundable guarantee deposits		65,025	83
Increase in other current financial assets		-	(97)
Net cash flows used in investing activities		(19,086)	(576,523)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	1,411,939	1,770,233
Decrease in short-term borrowings	6(30)	(1,679,598)	(1,624,017)
Proceeds from issuance of corporate bonds	6(30)	500,763	-
Redemption of corporate bonds	6(30)	(300)	-
Decrease in guarantee deposits received	6(30)	(195)	-
Payments of lease liabilities	6(30)	(9,907)	(9,699)
Cash capital increase	6(16)	268,737	-
Cash dividends paid	6(18)	(341,252)	(70,010)
Net cash flows from financing activities		150,187	66,507
Effect of exchange rate changes		(244)	(1,358)
Net increase in cash and cash equivalents		1,291,239	181,088
Cash and cash equivalents at beginning of year	6(1)	1,550,172	1,369,084
Cash and cash equivalents at end of year	6(1)	\$ 2,841,411	\$ 1,550,172

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000381

To the Board of Directors and Shareholders of Episil-Precision Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Episil-Precision Inc. (the "Company") as at December 31, 2022 and 2021, 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 Accountants 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 2022 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 2022 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(4) for description of inventory and allowance for inventory valuation losses. As of December 31, 2022, inventory and allowance for inventory valuation losses amounted to NT\$1,006,054 thousand and NT\$58,978 thousand, respectively.

The Company primarily engages in research and development, manufacture and sales of silicon epitaxy wafers and compound semiconductor epitaxial wafer. 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 Company'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 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 Company'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's inventory aging report is appropriate and in accordance with the Company's policies.
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 Preparation of Financial Reports by Securities Issuers 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance 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 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 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 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

Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2023

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-PRECISION INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,790,736	37	\$ 1,517,349	23
1136	Current financial assets at amortised cost	6(2) and 8	-	-	400,000	6
1170	Accounts receivable, net	6(3)	989,879	13	1,104,893	17
1180	Accounts receivable due from related parties, net	7	281,901	4	239,074	4
1200	Other receivables		24,347	-	14,116	-
1210	Other receivables due from related parties	7	8,472	-	11,850	-
130X	Inventories	6(4)	947,076	12	868,460	13
1410	Prepayments	9	93,408	1	57,351	1
1470	Other current assets		9,766	-	5,886	-
11XX	Total current assets		<u>5,145,585</u>	<u>67</u>	<u>4,218,979</u>	<u>64</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income		17	-	17	-
1535	Non-current financial assets at amortised cost		13,565	-	7,858	-
1550	Investments accounted for using equity method	6(5)	12,129	-	10,095	-
1600	Property, plant and equipment	6(6)	2,008,385	26	1,799,031	27
1755	Right-of-use assets	6(7)	242,625	3	253,681	4
1760	Investment property - net	6(9)	160,320	2	169,579	3
1780	Intangible assets	6(10)	52,520	1	53,245	1
1840	Deferred income tax assets	6(28)	32,095	1	34,014	-
1920	Refundable guarantee deposits		572	-	65,579	1
15XX	Total non-current assets		<u>2,522,228</u>	<u>33</u>	<u>2,393,099</u>	<u>36</u>
1XXX	Total assets		<u>\$ 7,667,813</u>	<u>100</u>	<u>\$ 6,612,078</u>	<u>100</u>

(Continued)

EPISIL-PRECISION INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 178,624	2	\$ 446,283	7
2130	Current contract liabilities	6(21)	42,574	1	38,395	1
2170	Accounts payable	6(12)	418,765	5	482,599	7
2180	Accounts payable to related parties	7	1,598	-	573	-
2200	Other payables	6(13)	621,702	8	350,217	5
2220	Other payables to related parties	7	36,287	1	38,631	1
2230	Current income tax liabilities		119,745	2	96,180	1
2280	Current lease liabilities		9,532	-	9,894	-
2320	Long-term liabilities, current portion	6(14)	-	-	46,878	1
2399	Other current liabilities, others		19,521	-	19,748	-
21XX	Total current liabilities		<u>1,448,348</u>	<u>19</u>	<u>1,529,398</u>	<u>23</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(21)	77,065	1	95,298	1
2530	Bonds payable	6(14)	484,170	6	-	-
2570	Deferred income tax liabilities	6(28)	36,148	1	36,549	1
2580	Non-current lease liabilities		242,962	3	251,452	4
2640	Net defined benefit liability, non-current	6(15)	67,338	1	81,012	1
2645	Guarantee deposits received		8,095	-	8,290	-
25XX	Total non-current liabilities		<u>915,778</u>	<u>12</u>	<u>472,601</u>	<u>7</u>
2XXX	Total liabilities		<u>2,364,126</u>	<u>31</u>	<u>2,001,999</u>	<u>30</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(17)	2,885,394	38	2,843,767	43
Capital surplus						
3200	Capital surplus	6(18)	1,614,778	21	1,313,939	20
Retained earnings						
3310	Legal reserve	6(19)	101,319	1	63,445	1
3320	Special reserve		910	-	-	-
3350	Unappropriated retained earnings		702,441	9	389,838	6
Other equity interest						
3400	Other equity interest	6(20)	(1,155)	-	(910)	-
3XXX	Total equity		<u>5,303,687</u>	<u>69</u>	<u>4,610,079</u>	<u>70</u>
Significant commitments and contingencies						
Significaut events after the reporting period						
3X2X	Total liabilities and equity		<u>\$ 7,667,813</u>	<u>100</u>	<u>\$ 6,612,078</u>	<u>100</u>

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

EPISIL-PRECISION INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 5,880,611	100	\$ 5,027,125	100
5000	Operating costs	6(4) and 7	(4,788,752)	(81)	(4,308,500)	(86)
5900	Gross profit from operation		<u>1,091,859</u>	<u>19</u>	<u>718,625</u>	<u>14</u>
	Operating expenses	7				
6100	Selling and marketing expenses		(54,823)	(1)	(48,559)	(1)
6200	General and administrative expenses		(185,626)	(3)	(139,392)	(3)
6300	Research and development expenses		(70,091)	(1)	(68,520)	(1)
6000	Total operating expenses		<u>(310,540)</u>	<u>(5)</u>	<u>(256,471)</u>	<u>(5)</u>
6900	Operating profit		<u>781,319</u>	<u>14</u>	<u>462,154</u>	<u>9</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	14,056	-	4,955	-
7010	Other income	6(23)	44,131	1	45,513	1
7020	Other gains and losses	6(24)	33,100	-	20,925	-
7050	Finance costs	6(25)	(21,222)	-	(12,658)	-
7070	Share of profit/(loss) of associates and joint ventures accounted for using equity method	6(5)	<u>2,279</u>	<u>-</u>	<u>1,349</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>72,344</u>	<u>1</u>	<u>18,234</u>	<u>1</u>
7900	Profit before income tax		<u>853,663</u>	<u>15</u>	<u>480,388</u>	<u>10</u>
7950	Income tax expense		<u>(172,392)</u>	<u>(3)</u>	<u>(99,858)</u>	<u>(2)</u>
8200	Profit for the year		<u>\$ 681,271</u>	<u>12</u>	<u>\$ 380,530</u>	<u>8</u>
	Other comprehensive income, net					
	Components of other comprehensive income that may not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(15)	\$ 11,368	-	(\$ 1,792)	-
	Components of other comprehensive income that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations	6(20)	(245)	-	(1,358)	-
8300	Other comprehensive income (loss), net		<u>\$ 11,123</u>	<u>-</u>	<u>(\$ 3,150)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 692,394</u>	<u>12</u>	<u>\$ 377,380</u>	<u>8</u>
	Basic earnings per share					
9750	Basic earnings per share (in dollars)		<u>\$ 2.38</u>		<u>\$ 1.35</u>	
	Diluted earnings per share					
9850	Basic earnings per share (in dollars)		<u>\$ 2.36</u>		<u>\$ 1.35</u>	

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

EPISIL-PRECISION INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves				Retained Earnings			Financial statements translation differences of foreign operations	Total equity	
		Share capital - common stock	Additional paid-in capital	Warrants	Restricted stock	Others	Legal reserve	Special reserve			Unappropriated retained earnings
<u>2021</u>											
Balance at January 1, 2021		\$ 2,796,356	\$ 1,078,295	\$ 14,721	\$ 670	\$ 10,494	\$ 62,093	\$ -	\$ 82,462	\$ 448	\$ 4,045,539
Profit for the year		-	-	-	-	-	-	-	380,530	-	380,530
Other comprehensive loss	6(20)	-	-	-	-	-	-	-	(1,792)	(1,358)	(3,150)
Total comprehensive income(loss)		-	-	-	-	-	-	-	378,738	(1,358)	377,380
Appropriation of 2020 earnings	6(19)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	-	1,352	-	(1,352)	-	-
Cash dividends		-	-	-	-	-	-	-	(70,010)	-	(70,010)
Conversion of corporate bonds	6(14)(17)	47,411	222,220	(12,461)	-	-	-	-	-	-	257,170
Balance at December 31, 2021		\$ 2,843,767	\$ 1,300,515	\$ 2,260	\$ 670	\$ 10,494	\$ 63,445	\$ -	\$ 389,838	(\$ 910)	\$ 4,610,079
<u>2022</u>											
Balance at January 1, 2022		\$ 2,843,767	\$ 1,300,515	\$ 2,260	\$ 670	\$ 10,494	\$ 63,445	\$ -	\$ 389,838	(\$ 910)	\$ 4,610,079
Profit for the year		-	-	-	-	-	-	-	681,271	-	681,271
Other comprehensive income	6(20)	-	-	-	-	-	-	-	11,368	(245)	11,123
Total comprehensive income(loss)		-	-	-	-	-	-	-	692,639	(245)	692,394
Appropriation of 2021 earnings	6(19)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	-	37,874	-	(37,874)	-	-
Special reserve		-	-	-	-	-	-	910	(910)	-	-
Cash dividends		-	-	-	-	-	-	-	(341,252)	-	(341,252)
Conversion of corporate bonds	6(14)(17)(18)	8,627	40,591	(2,246)	-	-	-	-	-	-	46,972
Issuance of corporate bonds	6(14)	-	-	21,757	-	-	-	-	-	-	21,757
Corporate bonds not converted after the due date	6(16)	-	-	(14)	-	14	-	-	-	-	-
Cash capital increase	6(17)	33,000	235,737	-	-	-	-	-	-	-	268,737
Compensation cost for cash capital increase retained for employees	6(16)	-	5,000	-	-	-	-	-	-	-	5,000
Balance at December 31, 2022		\$ 2,885,394	\$ 1,581,843	\$ 21,757	\$ 670	\$ 10,508	\$ 101,319	\$ 910	\$ 702,441	(\$ 1,155)	\$ 5,303,687

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

EPISIL-PRECISION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 853,663	\$ 480,388
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation expense	6(26)	452,954	466,502
Amortisation expense	6(26)	3,857	3,518
Finance costs	6(25)	21,222	12,658
Interest income	6(22)	(14,056)	(4,955)
Dividend income	6(23)	(1)	(1)
Share-based payments	6(16)	5,000	-
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(2,279)	(1,349)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	1,733
Accounts receivable		115,014	(251,150)
Accounts receivable due from related parties		(42,827)	(95,210)
Other receivables		(9,999)	(3,106)
Other receivables due from related parties		3,378	792
Inventories		(78,616)	(72,917)
Prepayments		(36,057)	9,291
Other current assets		(3,880)	267
Changes in operating liabilities			
Contract liabilities		(14,054)	(50,868)
Accounts payable		(63,834)	52,844
Accounts payable to related parties		1,025	(1,256)
Other payables		104,833	104,102
Other payables to related parties		(2,344)	1,899
Other current liabilities		(227)	1,233
Net defined benefit liability		(2,306)	(15,317)
Cash inflow generated from operations		1,290,466	639,098
Interest received		13,824	5,116
Dividends received		1	1
Interest paid		(14,678)	(9,087)
Income taxes (paid) received		(147,309)	45,535
Net cash flows from operating activities		<u>1,142,304</u>	<u>680,663</u>

(Continued)

EPISIL-PRECISION INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial asset at amortised cost		(\$ 275,983)	(\$ 400,000)
Disposal of financial assets measured at amortised cost		670,276	-
Acquisition of property, plant and equipment	6(30)	(475,557)	(174,842)
Acquisition of intangible assets	6(10)	(2,847)	(1,667)
Decrease in refundable guarantee deposits		65,007	-
Net cash flows used in investing activities		(19,104)	(576,509)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	1,411,939	1,770,233
Decrease in short-term borrowings	6(31)	(1,679,598)	(1,624,017)
Proceeds from issuance of corporate bonds	6(31)	500,763	-
Redemption of corporate bonds	6(31)	(300)	-
Decrease in guarantee deposits received	6(31)	(195)	-
Payment of lease liabilities	6(31)	(9,907)	(9,699)
Cash capital increase	6(17)	268,737	-
Cash dividends paid	6(19)	(341,252)	(70,010)
Net cash flows from financing activities		150,187	66,507
Net increase in cash and cash equivalents		1,273,387	170,661
Cash and cash equivalents at beginning of year	6(1)	1,517,349	1,346,688
Cash and cash equivalents at end of year	6(1)	\$ 2,790,736	\$ 1,517,349

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

Attachment 5

EPISIL-PRECISION INC.
「Articles of Incorporation」
Comparison table before and after revision

Item	original Articles	Amended Articles	Amendment reason
Article 9	<p>The shareholders' meeting shall be convened in two forms: a regular meeting or extraordinary meeting.</p> <p>1. The regular meeting shall be held once annually and convened by the Board of Directors within six months from the closing of each fiscal year in accordance with the relevant regulations.</p> <p>2. An extraordinary meeting, if necessary, shall be convened in accordance with the Company Law or relevant regulations.</p>	<p>The shareholders' meeting shall be convened in two forms: a regular meeting or extraordinary meeting.</p> <p>1. The regular meeting shall be held once annually and convened by the Board of Directors within six months from the closing of each fiscal year in accordance with the relevant regulations.</p> <p>2. An extraordinary meeting, if necessary, shall be convened in accordance with the Company Law or relevant regulations.</p> <p><u>When the company's shareholders' meeting is held, it may be held by video conference or other means announced by the central competent authority.</u></p>	Paragraph 2 is added to comply with Article 172-2 of the Company Law.
Article 30	<p>This chapter is first enacted on October 15st, 1998; first revised on May 28st, 2001; second revision on April 23th, 2002; third revision on April 28th, 2006; fourth revision on May 30th, 2007; fifth revision on June 11th, 2008; sixth revision on June 25th, 2010; 7th revision on June 12th, 2012; eighth revision on September 24th, 2015; ninth revision on February 23th, 2016; tenth revision on June 16th, 2016; eleventh revision on June 14th, 2019; twelfth revision on June 12th, 2020;</p>	<p>This chapter is first enacted on October 15st, 1998; first revised on May 28st, 2001; second revision on April 23th, 2002; third revision on April 28th, 2006; fourth revision on May 30th, 2007; fifth revision on June 11th, 2008; sixth revision on June 25th, 2010; 7th revision on June 12th, 2012; eighth revision on September 24th, 2015; ninth revision on February 23th, 2016; tenth revision on June 16th, 2016; eleventh revision on June 14th, 2019; twelfth revision on June 12th, 2020; <u>thirteenth revision on May 31th, 2023</u></p>	Add revision date

Attachment 6

Episil-Precision Inc.

「Rules and Procedures of Shareholders' Meeting」

Comparison table before and after revision

Item	original Articles	Amended Articles	Amendment reason
Article 2	Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.	Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. <u>The number of shares attended is calculated based on the number of shares submitted by the attendance card and video conferencing platform, plus the number of shares that exercise voting rights in written or electronic means.</u>	In response to the company's need to hold shareholders' meetings via video, it is proposed to add relevant regulations for video-based shareholders' meetings.
Article 4	The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m. °	The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m. <u>When the company holds a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.</u>	
Article 7	The process of the shareholders' meeting shall be audio- or video-recorded throughout, and shall be kept for at least one year.	The shareholders' meeting <u>shall record the process of shareholder registration, meeting process, and voting counting process continuously and uninterruptedly from the time of accepting shareholder registration, and keep it for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be preserved until the lawsuit is</u>	

Item	original Articles	Amended Articles	Amendment reason
		<p><u>concluded.</u> <u>If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, registration, registration, questioning, voting and company vote counting results, etc. Keep it safe.</u></p>	
Article 11	<p>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 the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop the shareholder from speaking.</p>	<p>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 the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop the shareholder from speaking. <u>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 Article 10 and Paragraph 1 of this Article do not apply.</u></p>	
Article 15	<p>The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the status of shareholders. The voting results shall be reported on the spot and recorded.</p>	<p>The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the status of shareholders. <u>The counting of votes or election proposals at the</u></p>	Amendment to the text description of the vote on the proposal.

Item	original Articles	Amended Articles	Amendment reason
		<u>shareholders' meeting shall be done in a public place in the shareholders' meeting, and after the counting is completed, the voting results shall be announced on the spot, including the counting weights, and shall be recorded.</u>	
Article 17	<p>Unless otherwise stipulated in the company law and the company's articles of association, the voting on the proposal shall be passed with the consent of more than half of the voting rights of the shareholders present.</p> <p>If there is no objection after consultation by the chairman during voting, it is deemed to be passed, and its effect is the same as voting by poll.</p>	<p>Unless otherwise stipulated in the company law and the company's articles of association, the voting on the proposal shall be passed with the consent of more than half of the voting rights of the shareholders present.</p> <p><u>When voting, the chairman or his designated person shall announce the total number of voting rights of shareholders present, and the shareholders shall vote on a case-by-case basis.</u></p> <p><u>The company holds a video meeting of the shareholders meeting. Shareholders who participate in the video conference shall vote on various proposals and election proposals through the video conference platform after the chairman announces the opening of the meeting. deemed a waiver.</u></p> <p><u>If the shareholders' meeting is convened by videoconference, after the chairman announces that the voting is over, the votes shall be counted at one time, and the voting and election results shall be announced.</u></p>	Revised the way of voting on proposals, and added the relevant provisions of the video conference of shareholders.

Attachment 7

Episil-Precision Inc.

「Procedures for Acquisition or Disposal of Assets」

Comparison table before and after revision

Item	original Articles	Amended Articles	Amendment reason
3	<p>3.Procedures for acquiring or disposing of real estate, equipment or right-of-use assets</p> <p>3.1 Operating procedures: The company's acquisition or disposal of real estate, equipment or its right-to-use assets shall be handled in accordance with the company's internal control system real estate plant and equipment circulation procedures.</p> <p>3.2 Evaluation procedure: :</p> <p>3.2.1.Acquisition or disposal of real estate, equipment or right-to-use assets should be negotiated with reference to the announced present value, assessed present value, actual transaction price or book value of nearby real estate, and supplier quotations.</p> <p>3.2.2 Acquisition or disposal of real estate, equipment or its right-to-use assets, except for transactions with domestic government agencies, self-construction, leased land commissioned construction, or acquisition and disposal of equipment for business use or their right-to-use assets, the transaction amount If it reaches 20% of the company's paid-in capital or NT\$300 million or more, a valuation report issued by a professional appraiser shall be obtained before the fact occurs, and the following requirements shall be met. However, if assets are acquired or disposed of</p>	<p>3.Procedures for acquiring or disposing of real estate, equipment or right-of-use assets</p> <p>3.1 Operating procedures: The company's acquisition or disposal of real estate, equipment or its right-to-use assets shall be handled in accordance with the company's internal control system real estate plant and equipment circulation procedures.</p> <p>3.2 Evaluation procedure: :</p> <p>3.2.1.Acquisition or disposal of real estate, equipment or right-to-use assets should be negotiated with reference to the announced present value, assessed present value, actual transaction price or book value of nearby real estate, and supplier quotations.</p> <p>3.2.2 Acquisition or disposal of real estate, equipment or its right-to-use assets, except for transactions with domestic government agencies, self-construction, leased land commissioned construction, or acquisition and disposal of equipment for business use or their right-to-use assets, the transaction amount If it reaches 20% of the company's paid-in capital or NT\$300 million or more, a valuation report issued by a professional appraiser shall be obtained before the fact occurs, and the following</p>	Amend the paragraph and cooperate with the competent authority to amend the relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>through court auction procedures, the certification documents issued by the court may be substituted for the valuation report or accountant's opinion. The calculation of the transaction amount shall be handled in accordance with Article 10.1. (5) of these Procedures. °</p> <p>(1) When the limited price or specific price must be used as the reference basis for the transaction price due to special reasons, the transaction should first be submitted to the board of directors for approval; the same applies when there is a subsequent change in the transaction conditions. °</p> <p>(2) If the transaction amount exceeds NT\$1 billion, at least two professional appraisers should be invited for valuation.</p> <p>(3) The valuation results of professional appraisers fall under any of the following circumstances, except that the valuation results of acquired assets are all higher than the transaction amount, or the valuation results of disposed assets are all lower than the transaction amount, an accountant should be consulted according to the Accounting Research and Development Foundation The issued Auditing Standards Bulletin No. 20 stipulates the handling, and expresses specific opinions on the reasons for the difference and the fairness of the transaction price :</p> <p>The difference between the valuation result and the transaction amount is more than</p>	<p>requirements shall be met. However, if assets are acquired or disposed of through court auction procedures, the certification documents issued by the court may be substituted for the valuation report or accountant's opinion. The calculation of the transaction amount shall be handled in accordance with Article 10.1. (6) of these Procedures. °</p> <p>(1) When the limited price or specific price must be used as the reference basis for the transaction price due to special reasons, the transaction should first be submitted to the board of directors for approval; the same applies when there is a subsequent change in the transaction conditions. °</p> <p>(2) If the transaction amount exceeds NT\$1 billion, at least two professional appraisers should be invited for valuation.</p> <p>(3) The valuation results of professional appraisers fall under any of the following circumstances, except that the valuation results of acquired assets are all higher than the transaction amount, or the valuation results of disposed assets are all lower than the transaction amount, an accountant should be consulted according to the Accounting Research and expresses specific opinions on the reasons for the difference and the fairness of the transaction price :</p> <p>The difference between the valuation result and the transaction amount is more than</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>20% of the transaction amount. The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(4) The date of the report issued by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if it is applicable to the present value announced in the same period and within six months, the original professional appraiser may issue a letter of opinion.</p> <p>3.3 Execution unit: The execution unit of the company's acquisition or disposal of real estate, equipment or its right-to-use assets is the use department and management center.</p>	<p>20% of the transaction amount. The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(4) The date of the report issued by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if it is applicable to the present value announced in the same period and within six months, the original professional appraiser may issue a letter of opinion.</p> <p>3.3 Execution unit: The execution unit of the company's acquisition or disposal of real estate, equipment or its right-to-use assets is the use department and management center.</p>	
4	<p>4. Procedures for acquiring or disposing of securities investment</p> <p>4.1 Operating procedures: The purchase and sale of long-term and short-term securities of the company are handled in accordance with the investment cycle operation of the company's internal control system.</p> <p>4.2 Evaluation procedure:</p> <p>4.2.1 When the company acquires or disposes of securities, it shall take the most recent financial statements of the company that has the target, which has been verified and certified by an accountant or reviewed by an accountant, as a reference for evaluating the transaction price before the fact occurs.</p> <p>4.2.2 The securities traded in centralized trading markets or over-the-counter trading centers are determined according to the current</p>	<p>4. Procedures for acquiring or disposing of securities investment</p> <p>4.1 Operating procedures: The purchase and sale of long-term and short-term securities of the company are handled in accordance with the investment cycle operation of the company's internal control system.</p> <p>4.2 Evaluation procedure:</p> <p>4.2.1 When the company acquires or disposes of securities, it shall take the most recent financial statements of the company that has the target, which has been verified and certified by an accountant or reviewed by an accountant, as a reference for evaluating the transaction price before the fact occurs.</p> <p>4.2.2 The securities traded in centralized trading markets or</p>	Amend the paragraph and cooperate with the competent authority to amend the relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>equity or bond prices.</p> <p>4.2.3 For securities that are not traded in centralized trading markets or over-the-counter trading centers, their net value per share, profitability, future development potential, market interest rates, bond coupon rates, and debtor creditworthiness, etc., shall be considered, and the latest transactions at that time shall be referred to the price is negotiated.</p> <p>4.2.4 If the company acquires or disposes of marketable securities amounting to 20% of the company' s paid-in capital or NT\$300 million or more, it shall consult an accountant to express its opinion on the rationality of the transaction price before the fact occurs. If an expert report is required, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, this restriction shall not apply if the securities are publicly quoted in an active market or otherwise stipulated by the competent securities authority. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.</p> <p>4.2.5 Investment quota of securities: the company and its subsidiaries invest in securities, the total investment shall not exceed 20% of the net value of their latest financial statements, and the investment amount of individual securities shall not exceed their latest financial statements. Twenty percent of the reported net value.</p> <p>4.2.6 Approval authority for negotiable securities: Authorize the</p>	<p>over-the-counter trading centers are determined according to the current equity or bond prices.</p> <p>4.2.3 For securities that are not traded in centralized trading markets or over-the-counter trading centers, their net value per share, profitability, future development potential, market interest rates, bond coupon rates, and debtor creditworthiness, etc., shall be considered, and the latest transactions at that time shall be referred to the price is negotiated.</p> <p>4.2.4 If the company acquires or disposes of marketable securities amounting to 20% of the company' s paid-in capital or NT\$300 million or more, it shall consult an accountant to express its opinion on the rationality of the transaction price before the fact occurs. However, this restriction shall not apply if the securities are publicly quoted in an active market or otherwise stipulated by the competent securities authority. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(6) of these Procedures.</p> <p>4.2.5 Investment quota of securities: the company and its subsidiaries invest in securities, the total investment shall not exceed 20% of the net value of their latest financial statements, and the investment amount of individual securities shall not exceed their latest financial statements. Twenty percent of the reported net value.</p> <p>4.2.6 Approval authority for negotiable securities: Authorize</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>chairman to carry out transactions within the quota stipulated in 4.2.5 of this procedure. If the transaction amount complies with the tenth point, it should be reported to the board of directors for ratification. However, if the acquisition or disposal of stocks and corporate bonds, privately placed securities, mainland investment, etc. that are not traded in centralized trading markets or over-the-counter trading centers, it should be approved by the board of directors before proceeding.</p> <p>4.3 Execution unit: The execution unit of the company's securities investment is the management center.</p>	<p>the chairman to carry out transactions within the quota stipulated in 4.2.5 of this procedure. If the transaction amount complies with the tenth point, it should be reported to the board of directors for ratification. However, if the acquisition or disposal of stocks and corporate bonds, privately placed securities, mainland investment, etc. that are not traded in centralized trading markets or over-the-counter trading centers, it should be approved by the board of directors before proceeding.</p> <p>4.3 Execution unit: The execution unit of the company's securities investment is the management center.</p>	
5	<p>Procedures for acquiring or disposing of intangible assets or their right-to-use assets or membership cards</p> <p>5.1 Operating procedures: The company's acquisition or disposal of intangible assets or their right-to-use assets or membership cards is handled in accordance with the company's internal control system real estate plant and equipment circulation procedures. °</p> <p>5.2 Evaluation procedure:</p> <p>5.2.1 When obtaining or disposing of membership certificates, the benefits that can be generated should be considered, and the most recent transaction price at that time should be considered; when obtaining or disposing of intangible assets such as patent rights, copyrights, trademark rights, and licenses, or assets with the right to use them, reference should be made to international Or market practice,</p>	<p>Procedures for acquiring or disposing of intangible assets or their right-to-use assets or membership cards</p> <p>5.1 Operating procedures: The company's acquisition or disposal of intangible assets or their right-to-use assets or membership cards is handled in accordance with the company's internal control system real estate plant and equipment circulation procedures. °</p> <p>5.2 Evaluation procedure:</p> <p>5.2.1 When obtaining or disposing of membership certificates, the benefits that can be generated should be considered, and the most recent transaction price at that time should be considered; when obtaining or disposing of intangible assets such as patent rights, copyrights, trademark rights, and licenses, or assets with the right to use them,</p>	Amend the paragraph and cooperate with the competent authority to amend the relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>useful life and impact on the company's technology and business.</p> <p>5.2.2 Where the transaction amount of acquiring or disposing of intangible assets or their right-to-use assets or membership cards amounts to 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the Before the fact occurs, the accountant shall be contacted to express his opinion on the rationality of the transaction price, and the accountant shall handle the matter in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. The calculation of the transaction amount shall be handled in accordance with Article 10.1. (5) of these Procedures.</p> <p>5.3 Execution unit: The execution unit of the company's acquisition or disposal of intangible assets or their right-to-use assets or membership certificates is the user unit and management center.</p>	<p>reference should be made to international Or market practice, useful life and impact on the company's technology and business.</p> <p>5.2.2 Where the transaction amount of acquiring or disposing of intangible assets or their right-to-use assets or membership cards amounts to 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the Before the fact occurs, the accountant shall be contacted to express his opinion on the rationality of the transaction price. The calculation of the transaction amount shall be handled in accordance with Article 10.1. (6) of these Procedures.</p> <p>5.3 Execution unit: The execution unit of the company's acquisition or disposal of intangible assets or their right-to-use assets or membership certificates is the user unit and management center.</p>	
6	<p>Procedures for dealing with related party transactions</p> <p>6.1 Operating procedures:</p> <p>6.1.1 When the company acquires or disposes of assets with related parties, in addition to handling relevant resolution procedures and assessing the rationality of transaction conditions in accordance with Articles 3 and 6 of these procedures, the transaction amount reaches more than 10% of the company's total assets In addition, an appraisal report or an accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding section.</p>	<p>Procedures for dealing with related party transactions</p> <p>6.1 Operating procedures:</p> <p>6.1.1 When the company acquires or disposes of assets with related parties, in addition to handling relevant resolution procedures and assessing the rationality of transaction conditions in accordance with Articles 3 and 6 of these procedures, the transaction amount reaches more than 10% of the company's total assets In addition, an appraisal report or an accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding_</p>	Amend the paragraph and cooperate with the competent authority to amend the relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.</p> <p>6.1.2 When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.</p> <p>6.1.3 The company acquires or disposes of real estate or its right-to-use assets from related parties, or acquires or disposes of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, For those who have 10% of their total assets or NT\$300 million or more, in addition to buying and selling domestic government bonds, bonds with repurchase or repurchase conditions, and purchasing or repurchasing money market funds issued by domestic securities investment trust enterprises, the following After the information is submitted to the board of directors for approval, the transaction contract can be signed and the payment can be made. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.</p> <p>Where independent directors have been appointed in accordance with the provisions of this Act, when submitting to the board of directors for discussion in accordance with the provisions of Paragraph 1, the opinions of independent directors shall be fully considered. If independent directors have objections or reservations, they shall be stated</p>	<p>section. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(6) of these Procedures.</p> <p>6.1.2 When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.</p> <p>6.1.3 The company acquires or disposes of real estate or its right-to-use assets from related parties, or acquires or disposes of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, For those who have 10% of their total assets or NT\$300 million or more, in addition to buying and selling domestic government bonds, bonds with repurchase or repurchase conditions, and purchasing or repurchasing money market funds issued by domestic securities investment trust enterprises, the following After the information is submitted to the board of directors for approval, the transaction contract can be signed and the payment can be made. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(6) of these Procedures.</p> <p>Where independent directors have been appointed in accordance with the provisions of this Act, when submitting to the board of directors for discussion in accordance with the provisions of Paragraph 1, the opinions of independent directors shall be</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>in the minutes of the board meeting. Where an audit committee has been established in accordance with the provisions of this Act, it shall first obtain the consent of more than half of all members of the audit committee and submit a resolution to the board of directors.</p> <p>(1) The purpose, necessity and expected benefits of acquiring or disposing of assets.</p> <p>(2) Reasons for selecting related parties as transaction partners.</p> <p>(3) Obtain real estate or its right-to-use assets from related parties, and evaluate the relevant information on the rationality of the predetermined transaction conditions in accordance with the provisions of Article 6.2 of this procedure.</p> <p>(4) Matters such as the date and price of the original acquisition by the related party, the transaction object and its relationship with the company and the related party.</p> <p>(5) The monthly cash income and expenditure forecast table for each month in the coming year starting from the contracting month, and evaluate the necessity of the transaction and the rationality of the use of funds.</p> <p>(6) The appraisal report issued by a professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of an accountant.</p> <p>(7) Restrictive conditions and other important agreed matters of this transaction.</p> <p>6.1.4 The company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of each</p>	<p>fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of this Act, it shall first obtain the consent of more than half of all members of the audit committee and submit a resolution to the board of directors.</p> <p>(1) The purpose, necessity and expected benefits of acquiring or disposing of assets.</p> <p>(2) Reasons for selecting related parties as transaction partners.</p> <p>(3) Obtain real estate or its right-to-use assets from related parties, and evaluate the relevant information on the rationality of the predetermined transaction conditions in accordance with the provisions of Article 6.2 of this procedure.</p> <p>(4) Matters such as the date and price of the original acquisition by the related party, the transaction object and its relationship with the company and the related party.</p> <p>(5) The monthly cash income and expenditure forecast table for each month in the coming year starting from the contracting month, and evaluate the necessity of the transaction and the rationality of the use of funds.</p> <p>(6) The appraisal report issued by a professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of an accountant.</p> <p>(7) Restrictive conditions and</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>other, acquire or dispose of equipment for business use or its right-to-use assets, real estate use-right assets, the board of directors The chairman may be authorized to make a decision within a certain amount first, and then report to the latest board of directors for ratification afterwards.</p>	<p>other important agreed matters of this transaction. 6.1.4 The company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of each other, acquire or dispose of equipment for business use or its right-to-use assets, real estate use-right assets, the board of directors The chairman may be authorized to make a decision within a certain amount first, and then report to the latest board of directors for ratification afterwards. <u>6.1.5 If the company or its non-domestic subsidiaries have transactions in Article 6.1.3 of this procedure, and the transaction amount reaches more than 10% of the company's total assets, the company shall submit the materials listed in Article 6.1.3 of this procedure After the approval of the shareholders' meeting, the transaction contract can be signed and the payment can be made. However, this does not apply to transactions between the company and its parent company, subsidiaries, or between subsidiaries. The calculation of the transaction amount shall be handled in accordance with the provisions of Article 10.1.(6) of these procedures, and the term "within one year" is based on the date when the transaction actually occurred, and one year is retroactively calculated, which</u></p>	

Item	original Articles	Amended Articles	Amendment reason
		<u>has been submitted to the shareholders in accordance with the provisions of this standard. The meeting and the board of directors approve part of the exemption from re-counting.</u>	
10	<p>Announcement declaration procedure</p> <p>10.1When the company acquires or disposes of real estate or its right-to-use assets, if any of the following circumstances occurs, the relevant information shall be announced and declared on the website designated by the securities regulatory authority within two days from the date of occurrence :</p> <p>(1)Obtaining or disposing of real estate or its right-to-use assets from related parties, or acquiring or disposing of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, total assets 10% or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds with repurchase or repurchase conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises. °</p> <p>(2) Merger, division, acquisition or transfer of shares.</p> <p>(3) Losses from derivative commodity transactions reach the upper limit of all or individual contract losses stipulated in the handling procedures.</p> <p>(4) Acquisition or disposal of equipment for business use or its right-to-use assets, and the transaction partner is not a related party, and the transaction amount</p>	<p>Announcement declaration procedure</p> <p>10.1When the company acquires or disposes of real assets, if any of the following circumstances occurs, the relevant information shall be announced and declared on the website designated by the securities regulatory authority within two days from the date of occurrence :</p> <p>(1)Obtaining or disposing of real estate or its right-to-use assets from related parties, or acquiring or disposing of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, total assets 10% or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds with repurchase or repurchase conditions, purchase or repurchase of money market funds issued by domestic securities investment trust enterprises. °</p> <p>(2) Merger, division, acquisition or transfer of shares.</p> <p>(3) Losses from derivative commodity transactions reach the upper limit of all or individual contract losses stipulated in the handling procedures.</p> <p>(4) Acquisition or disposal of equipment for business use or its right-to-use assets, and the transaction partner is not a</p>	Cooperate with the competent authority to amend relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>meets one of the following requirements: :</p> <p>①Public offering companies whose paid-in capital is less than NT\$10 billion, and whose transaction amount exceeds NT\$500 million. °</p> <p>②Public offering companies with a paid-in capital of NT\$10 billion or more, and a transaction amount of NT\$1 billion or more. °</p> <p>(5) The real estate is acquired by self-construction, leased-land commissioned construction, joint construction of subdivided houses, joint construction sharing, and joint construction and subsale, and the transaction object is not a related party, and the company expects to invest in the transaction amount up to NT\$ More than 500 million yuan.</p> <p>(6)Asset transactions other than the preceding five items, disposition of creditor's rights by financial institutions, or investment in mainland China, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this: :</p> <p>①Buy and sell domestic government bonds.</p> <p>②Buying and selling bonds subject to buy-back and sell-back conditions, purchasing or buying back money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount in the preceding paragraph shall be calculated in the following manner :</p> <p>①Amount of each transaction. °</p> <p>②Accumulated transaction amount of the same nature acquired or disposed of with the same counterparty within</p>	<p>related party, and the transaction amount meets one of the following requirements: :</p> <p>①Public offering companies whose paid-in capital is less than NT\$10 billion, and whose transaction amount exceeds NT\$500 million. °</p> <p>②Public offering companies with a paid-in capital of NT\$10 billion or more, and a transaction amount of NT\$1 billion or more. °</p> <p>(5) The real estate is acquired by self-construction, leased-land commissioned construction, joint construction of subdivided houses, joint construction sharing, and joint construction and subsale, and the transaction object is not a related party, and the company expects to invest in the transaction amount up to NT\$ More than 500 million yuan.</p> <p>(6)Asset transactions other than the preceding five items, disposition of creditor's rights by financial institutions, or investment in mainland China, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this: :</p> <p>①Buy and sell domestic government bonds <u>or foreign public bonds with a credit rating not lower than my country's sovereign rating.</u></p> <p>②Buying and selling bonds subject to buy-back and sell-back conditions, purchasing or buying back money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount in the preceding paragraph shall be calculated in the following manner :</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>one year. °</p> <p>③Accumulated acquisition or disposal within one year (acquisition and disposal are accumulated separately) the same development plan real estate or its right-to-use assets. °</p> <p>④Accumulate the amount of the same securities acquired or disposed of within one year (acquisition and disposal are accumulated separately). The term “within one year” mentioned in the preceding paragraph is based on the date when the transaction actually occurred, and is calculated retroactively for one year, and has been announced in accordance with the “Standards for the Treatment of Assets Acquisition or Disposal by Public Offering Companies” , or obtained external expert opinions or submitted to the board of directors. Partially exempt from recounting.</p> <p>10.2 The company shall enter the information on the derivatives transactions of the company and its non-domestic subsidiaries as of the end of the previous month into the information reporting website designated by the securities regulatory authority in accordance with the prescribed format on a monthly basis before the tenth day of each month. °</p> <p>10.3 If there are errors or omissions in the announcement of the project according to the regulations and should be corrected, the company shall re-announce and declare all the items within two days from the day it is known. °</p> <p>10.4 After the company announces and declares the transaction in</p>	<p>①Amount of each transaction. °</p> <p>②Accumulated transaction amount of the same nature acquired or disposed of with the same counterparty within one year. °</p> <p>③Accumulated acquisition or disposal within one year (acquisition and disposal are accumulated separately) the same development plan real estate or its right-to-use assets. °</p> <p>④Accumulate the amount of the same securities acquired or disposed of within one year (acquisition and disposal are accumulated separately).</p> <p>The term “within one year” mentioned in the preceding paragraph is based on the date when the transaction actually occurred, and is calculated retroactively for one year, and has been announced in accordance with the “Standards for the Treatment of Assets Acquisition or Disposal by Public Offering Companies” .Partially exempt from recounting.</p> <p>10.2 The company shall enter the information on the derivatives transactions of the company and its non-domestic subsidiaries as of the end of the previous month into the information reporting website designated by the securities regulatory authority in accordance with the prescribed format on a monthly basis before the tenth day of each month. °</p> <p>10.3 If there are errors or omissions in the announcement of the project according to the regulations and should be corrected, the company shall re-announce and declare all the items</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>accordance with the regulations, if any of the following situations occurs, the relevant information shall be announced and declared on the website designated by the association within two days from the day when the fact occurs: :</p> <p>(1) The relevant contract signed by the original transaction has been changed, terminated or cancelled.</p> <p>(2) The merger, division, acquisition or transfer of shares has not been completed according to the scheduled schedule in the contract.</p> <p>(3) The content of the original announcement has changed. °</p> <p>10.5When the company acquires or disposes of assets, it shall keep relevant contracts, meeting minutes, reference books, valuation reports, and opinions from accountants, lawyers, or securities underwriters on the company, and keep them for at least five years unless otherwise stipulated by other laws.</p>	<p>within two days from the day it is known. °</p> <p>10.4 After the company announces and declares the transaction in accordance with the regulations, if any of the following situations occurs, the relevant information shall be announced and declared on the website designated by the association within two days from the day when the fact occurs: :</p> <p>(1) The relevant contract signed by the original transaction has been changed, terminated or cancelled.</p> <p>(2) The merger, division, acquisition or transfer of shares has not been completed according to the scheduled schedule in the contract.</p> <p>(3) The content of the original announcement has changed. °</p> <p>10.5When the company acquires or disposes of assets, it shall keep relevant contracts, meeting minutes, reference books, valuation reports, and opinions from accountants, lawyers, or securities underwriters on the company, and keep them for at least five years unless otherwise stipulated by other laws.</p>	
13	<p>For valuation reports or opinions from accountants, lawyers, or securities underwriters obtained by the company, the professional appraiser and its appraisers, accountants, lawyers, or securities underwriters shall meet the following requirements: :</p> <p>1. Has not been sentenced to a fixed-term imprisonment of more than one year for violation of this Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act,</p>	<p>For valuation reports or opinions from accountants, lawyers, or securities underwriters obtained by the company, the professional appraiser and its appraisers, accountants, lawyers, or securities underwriters shall meet the following requirements: :</p> <p>1. Has not been sentenced to a fixed-term imprisonment of more than one year for violation of this Act, Company Act, Banking Act, Insurance Act, Financial Holding</p>	Cooperate with the competent authority to amend relevant content

Item	original Articles	Amended Articles	Amendment reason
	<p>Commercial Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or crimes in business Sure. However, this restriction does not apply to those who have been executed, the probation period has expired, or three years have elapsed since the pardon.</p> <p>2. Circumstances in which the party to the transaction must not be a related party or have a substantial related party.</p> <p>3. If the company should obtain valuation reports from two or more professional appraisers, different professional appraisers or appraisers shall not be related or have substantial relationship with each other. °</p> <p>The personnel in the preceding paragraph shall handle the following matters when issuing a valuation report or opinion:</p> <p>1. Before undertaking a case, one should carefully evaluate one's own professional ability, practical experience and independence.</p> <p>2. When reviewing a case, proper planning and implementation of the appropriate operating procedures should be made to form conclusions and issue reports or opinions based on them; and the procedures executed, data collected and conclusions should be detailed in the case working papers.</p> <p>3. The completeness, correctness, and rationality of the data sources, parameters, and information used should be evaluated item by item, so as to serve as the basis for issuing valuation reports or opinions.</p> <p>4. Statements should include matters such as the professionalism and independence of the relevant</p>	<p>Company Act, Commercial Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or crimes in business Sure.</p> <p>However, this restriction does not apply to those who have been executed, the probation period has expired, or three years have elapsed since the pardon.</p> <p>2. Circumstances in which the party to the transaction must not be a related party or have a substantial related party.</p> <p>3. If the company should obtain valuation reports from two or more professional appraisers, different professional appraisers or appraisers shall not be related or have substantial relationship with each other. °</p> <p>The personnel in the preceding paragraph shall <u>follow the self-regulatory regulations of the trade associations to which they belong and the following matters</u> when issuing a valuation report or opinion:</p> <p>1. Before undertaking a case, one should carefully evaluate one's own professional ability, practical experience and independence.</p> <p>2. When <u>carrying out</u> a case, proper planning and implementation of the appropriate operating procedures should be made to form conclusions and issue reports or opinions based on them; and the procedures executed, data collected and conclusions should be detailed in the case working papers.</p> <p>3. The <u>appropriateness</u> and rationality of the data sources, parameters, and information used should be evaluated item by item, so as to serve as the basis for</p>	

Item	original Articles	Amended Articles	Amendment reason
	<p>personnel, the reasonableness and correctness of the information used after evaluation, and compliance with relevant laws and regulations.</p>	<p>issuing valuation reports or opinions. 4. Statements should include matters such as the professionalism and independence of the relevant personnel, the reasonableness and <u>appropriateness</u> of the information used after evaluation, and compliance with relevant laws and regulations.</p>	

Appendix 1

EPISIL-PRECISION INC.

Articles of Incorporation

CHAPTER 1: GENERAL PROVISIONS

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be EPISIL-PRECISION INC in the Chinese language, and EPISIL-PRECISION INC. in the English language.
- Article 2 The business of the company is as follows:
CC01080 electronic components manufacturing industry
I501010 product design industry
IZ99990 other business services
I199990 other consulting services
F401010 international trade
C801010 basic chemical industry (limited to the tenant of No. 3, Innovation Rd. 1, Science Park, Hsinchu)
F207200 chemical raw material sales (limited to the tenant of No. 3, Innovation Rd. 1, Science Park, Hsinchu)
(1) Research, design, develop, manufacture and sell the following projects and their application products:
1. Epitaxial silicon wafers and silicon materials.
2. Sapphire rod, wafer and sapphire substrate silicon epitaxy (SOS).
3. Compound semiconductor epitaxial wafer.
(2) Before the product technology, consulting services business.
(3) Import and export business related to the above products.
(4) Hydrogen production and sales of the former products.
(limited to the tenant of No. 3, Innovation Rd. 1, Science Park, Hsinchu)
- Article 3 The total amount of the Corporation' s reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation' s paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.
- Article 3-1 The Corporation may provide endorsement and guarantee and act as

a guarantor.

Article 4 The Corporation shall have its head office in Hsinchu Science Park, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 5 Public announcements of the Company shall be duly made in accordance with the Article 28 of the Company Act.

CHAPTER 2: CAPITAL STOCKS

Article 6 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 may be issued separately.

Among the total capital stock indicated in the first paragraph, the amount of shares 5,000,000 should be reserved for issuing options for stock, preferred stock, or corporate bond.

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.

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

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 7 The share certificate of this Company shall be issued in registered form and signed by or affixed with the seal of Represented a directors and numbered accordingly. The shares won't be effective until the authentication of the competent authority or the agencies of issuance and registration under their approval.

The Company may not print share certificates for the issuance. Registers of share certificates shall contact the share

certificates' depository and clearing organizations and follow the regulations of that enterprise.

Article 8 All the Company' s stockholder-related affairs shall be dealt in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.

CHAPTER 3: SHAREHOLDERS' MEETINGS

Article 9 The shareholders' meeting shall be convened in two forms: a regular meeting or extraordinary meeting.

1. The regular meeting shall be held once annually and convened by the Board of Directors within six months from the closing of each fiscal year in accordance with the relevant regulations.

2. An extraordinary meeting, if necessary, shall be convened in accordance with the Company Law or relevant regulations.

Article 10 A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf.

Article 11 When the shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. In case of the Chairman' s absence or unavailability, his proxy shall be the Vice Chairman. the Chairman shall, in advance, appoint a director to act in his place, but if the Chairman does not appoint his representative, one director shall be elected from among them to act in Chairman' s place. In the event that the shareholders' meeting is convened by others instead of the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected to chair the meeting.

Article 12 Each share of stock shall be entitled to one vote

Article 13 Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

Article 13-1 The stock warrants issued by the company at a price lower than the closing price of the ordinary shares issued by the Japanese company shall not be issued until the consent of the board of shareholders representing more than half of the total number of shares issued and more than two-thirds of the voting rights of the shareholders present is obtained.

Any transfer of the Company to an employee at a price lower than the average price of the company's ordinary shares actually purchased shall be subject to the consent of more than two-thirds of the voting rights of the present shareholders representing more than half of the total number of shares issued at the last board meeting.

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 14

The minutes of the resolutions of the shareholders' meeting shall be made, signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting. The distribution of the minutes referred to in the preceding paragraph may be made by public announcement.

CHAPTER 4: Directors and audit committee

Article 15

The company shall have seven to nine directors. Among the directors mentioned in the preceding paragraph, there shall be at least two independent directors, who shall not be less than one fifth of the number of directors.

The system of nomination of candidates is adopted in the election of directors. The acceptance method and announcement of the list of directors' candidates shall be handled in accordance with the relevant laws and regulations of the company law and the securities and exchange law. Independent directors and non independent directors shall be elected together and the number of elected directors shall be calculated separately.

The audit committee is composed of all independent directors according to laws and regulations of the company. The Audit Committee exercises its functions and powers in accordance with Article 14-4 of the securities and exchange law and relevant

laws and regulations.

Article 16 The election of independent directors adopts the system of nomination of candidates, which is elected by the board of shareholders on the list of candidates for independent directors. The professional qualifications, term of office, part-time restrictions, selection methods and other matters to be followed of independent directors shall be in accordance with the relevant provisions of the securities authority.

Article 17 When the term of office of a director has expired and he is unable to be re elected, his duties shall be extended until the re elected director takes office.

Article 18 The board of directors shall be convened by the chairman of the board of directors, except that the first board of directors of each term shall be convened by the director with the most voting rights. If the chairman of the board of directors is unable to perform his duties for some reason, it shall be handled in accordance with Article 208 of the company law.

Article 19 A resolution of the board of directors shall be approved by a majority of the directors present, except as otherwise provided by the company law and under the circumstances specified in Article 22. If a director is unable to attend the board meeting for some reason, he may issue a power of attorney, list the scope of authorization for the reasons for convening the meeting, and entrust other directors to attend the board meeting on his behalf, provided that one person is entrusted by one person. The meeting of the board of directors of the company may be convened in writing, by e-mail or by fax.

Article 20 Minutes of the proceedings of the board of directors shall be made, signed or sealed by the chairman, and distributed to all directors within 20 days after the meeting. The distribution of the minutes referred to in the preceding paragraph may be made electronically.

Article 21 The board of directors shall be attended by more than two-thirds of the directors and approved by more than half of the directors present. One of them shall be elected as the chairman of the board of directors, and one of them may be elected as the vice chairman of the board of directors in the same way.

Article 22 Resolutions on major matters of the company shall be approved by more than two-thirds of the directors present and more than half

of the directors present. The major issues of special resolution in accordance with this article are as follows:

1. Change of articles of association.
2. Preparing budgets and final accounts.
3. The dissolution of the company and the proposed merger with other companies.
4. Propose a plan for distributing surplus or making up loss.
5. Approval of endorsement, acceptance, warranty and undertaking in the name of the Company.
6. Acquisition, transfer and grant of patent rights for specialized technology with other companies or designated persons, and approval and amendment of technical cooperation contracts.
7. Approval to reinvest in other undertakings.

Article 22-1 This corporation may take out liability insurance for the directors in respect of their liability for compensation in accordance with the law.

Article 22-2 The remuneration of all directors shall be authorized to be determined by the board meeting in accordance with the normal level of payment of the same industry.

SECTION 5:Managers and Staff

Article 23 The Company may appoint one CEO, one general manager and several deputy general managers in accordance with the resolution of the Board of Directors. The appointment, dismissal and remuneration thereof shall be handled in accordance with the Provisions of the Company Law. The general manager shall act as both CEO and CEO.

The CEO oversees the company's operations and decisions, and is accountable to the chairman and board of directors. The general manager is responsible for carrying out the business and operation within the scope of authority and responsibility according to the company policy.

SECTION 6:Settlement

Article 24 The Company's fiscal year starts from January 1 and ends on December 31 of every calendar year.

Upon the closing of each fiscal year, the Board of Directors shall work out the following documents and present it at a regular meeting of shareholders for acknowledgement.

1. Business report

2. Financial statements

3. Proposal of earning distribution or loss coverage.

The distribution of the financial statements referred to in the preceding paragraph and decisions on the distribution of earnings or the appropriation of losses may be made by public announcement.

Article 25 The company shall allocate not less than 5% for the remuneration of its employees and not more than 2% for the remuneration of its directors according to the profit situation of the current year. However, if the company still has accumulated losses, it shall reserve the amount of compensation in advance.

Article 25-1 If there is any surplus in the company's annual final accounts, tax shall be paid first to make up for the previous losses. The next 10% shall be used as the statutory surplus reserve, and then the special surplus reserve shall be appropriated or reversed according to the relevant laws and regulations. If there is any surplus, the shareholders' meeting shall decide to distribute the dividend or reserve it.

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.

Article 25-2 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.

Article 26 The company will consider the industrial environment and growth stage, meet the future capital demand and long-term financial planning, and meet the shareholders' demand for cash flow. The annual amount of cash dividends shall not be less than 30% of the total amount of cash dividends and stock dividends issued in the current year.

SECTION 7: SUPPLEMENTARY PROVISIONS

Article 27 The rules and regulations of the company shall be formulated by the board of directors.

Article 28 The directors, managers and employees of the company shall not

inform or disclose to others the confidential documents of the company or the technology, market, products and other confidential information obtained by participating in the operation of the company.

Article 29 Matters not provided for in this articles of incorporation shall be undertaken in accordance with relevant laws and regulations.

Article 30 This chapter is first enacted on October 15st, 1998;
first revised on May 28st, 2001;
second revision on April 23th, 2002;
third revision on April 28th, 2006;
fourth revision on May 30th, 2007;
fifth revision on June 11th, 2008;
sixth revision on June 25th, 2010;
7th revision on June 12th, 2012;
eighth revision on September 24th, 2015;
ninth revision on February 23th, 2016;
tenth revision on June 16th, 2016;
eleventh revision on June 14th, 2019;
twelfth revision on June 12th, 2020;

Appendix 2

Episil-Precision Inc. Rules and Procedures of Shareholders' Meeting

- 1 Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
- 2 Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.
The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
- 3 The attendance and votes of the shareholders meeting are calculated on the basis of the shares.
- 4 The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- 5 If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board of Directors. When the Chairperson by reason of leave or otherwise is unable to exercise such power of office, the Chairperson shall designate a Director as chair of the meeting, failing which the Directors shall select one of their number to chair the meeting.
If a shareholders' meeting is convened by any person, other than the Board of Directors, entitled to convene such a meeting, the meeting shall be chaired by that person.
- 6 The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.
Persons handling affairs of the Meeting shall wear identification cards or badges.
- 7 The process of the Meeting shall be taperecorded or videotaped and these tapes shall be preserved for at least one year.
- 8 Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If

after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China.

The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

- 9 The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

- 10 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in

speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

11 Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder

12 Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

13 After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

14 The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

15 The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

16 In the course of the meeting, the chairman may declare a rest at a time of his discretion.

17 Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

18 If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

19 The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

20 Any matter not provided in these Rules and Procedures shall be handled

in accordance with relevant laws and regulations.

- 21 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Procedures for Acquisition or Disposal of Assets

2019.06.14 The shareholders' regular meeting revised and approved

1 Purpose and source of law

In order to protect assets and implement information disclosure, this procedure has been revised in accordance with Article 36-1 of the Securities Exchange Law and the relevant regulations of the competent securities authorities.

2 Asset scope

The scope of application of assets referred to in this processing procedure is as follows:

- (1) Negotiable securities: including stocks, government bonds, corporate bonds, financial bonds, domestic beneficiary certificates, overseas mutual funds, depositary receipts, subscription (put) warrants, beneficiary securities and asset-based securities, etc. Long-term and short-term investments.
- (2) Real estate (including land, buildings and buildings, investment real estate, land use rights) and equipment.
- (3) Membership card.
- (4) Intangible assets: including intangible assets such as patent rights, copyrights, trademark rights, and franchise rights.
- (5) Right-of-use assets.
- (6) Creditor's rights of financial institutions (including receivables, foreign exchange purchases and discounts, loans, and collections).
- (7) Derivatives: Refers to forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indexes or other interests, and combinations of the above commodities Composite contracts, etc. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.
- (8) Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions, or share transfers: refer to assets acquired or disposed of through mergers, divisions, or

acquisitions in accordance with the Enterprise Merger and Acquisition Law, the Financial Holding Company Law, the Financial Institution Merger Law, or other laws. Assets, or transfer of shares of another company by issuing new shares in accordance with Article 156, Item 6 of the Company Law (hereinafter referred to as “share transfer”).

(9) Other important assets.

3 Procedures for acquiring or disposing of real estate, equipment or right-of-use assets

3.1 Operating procedures: The company’s acquisition or disposal of real estate, equipment or its right-to-use assets shall be handled in accordance with the company’s internal control system real estate plant and equipment circulation procedures.

3.2 Evaluation procedure:

3.2.1. Acquisition or disposal of real estate, equipment or right-to-use assets shall be negotiated with reference to the announced present value, assessed present value, actual transaction price or book value of nearby real estate, and supplier quotations.

3.2.2 Acquisition or disposal of real estate, equipment or its right-to-use assets, except for transactions with domestic government agencies, self-construction, leased land commissioned construction, or acquisition and disposal of equipment for business use or their right-to-use assets, the transaction amount If it reaches 20% of the company’s paid-in capital or NT\$300 million or more, a valuation report issued by a professional appraiser shall be obtained before the fact occurs, and the following requirements shall be met. However, if assets are acquired or disposed of through court auction procedures, the certification documents issued by the court may be substituted for the valuation report or accountant’s opinion. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.

(1) When the limited price or specific price must be used as the reference basis for the transaction price due to special reasons, the transaction should first be submitted to the board of directors for approval; the

same applies when there is a subsequent change in the transaction conditions.

- (2) If the transaction amount exceeds NT\$1 billion, at least two professional appraisers should be invited for valuation.
- (3) The valuation results of professional appraisers fall under any of the following circumstances, except that the valuation results of acquired assets are all higher than the transaction amount, or the valuation results of disposed assets are all lower than the transaction amount, an accountant should be consulted according to the Accounting Research and Development Foundation The issued Auditing Standards Bulletin No. 20 stipulates the handling, and expresses specific opinions on the reasons for the difference and the fairness of the transaction price:
 - ①The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
 - ②The difference between the valuation results of two or more professional appraisers amounts to more than 10% of the transaction amount.
- (4) The date of the report issued by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if it is applicable to the present value announced in the same period and within six months, the original professional appraiser may issue a letter of opinion.

3.3 Execution unit: The execution unit of the company's acquisition or disposal of real estate, equipment or its right-to-use assets is the use department and management center.

4 Procedures for acquiring or disposing of securities investment

4.1 Operating procedures: The purchase and sale of long-term and short-term securities of the company are handled in accordance with the investment cycle of the company's internal control system.

4.2 Evaluation procedure:

4.2.1 When the company acquires or disposes of securities, it shall

- take the most recent financial statements of the company that has the target, which has been verified and certified by an accountant or reviewed by an accountant, as a reference for evaluating the transaction price before the fact occurs.
- 4.2.2 The securities traded in centralized trading markets or over-the-counter trading centers are determined according to the current equity or bond prices.
 - 4.2.3 For securities that are not traded in centralized trading markets or over-the-counter trading centers, their net value per share, profitability, future development potential, market interest rates, bond coupon rates, and debtor creditworthiness, etc., shall be considered, and the latest transactions at that time shall be referred to. The price is negotiated.
 - 4.2.4 If the company acquires or disposes of marketable securities amounting to 20% of the company's paid-in capital or NT\$300 million or more, it shall consult an accountant to express its opinion on the rationality of the transaction price before the fact occurs. If an expert report is required, it shall be handled in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. However, this restriction shall not apply if the securities are publicly quoted in an active market or otherwise stipulated by the competent securities authority. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.
 - 4.2.5 Investment quota of securities: the company and its subsidiaries invest in securities, the total investment shall not exceed 20% of the net value of their latest financial statements, and the investment amount of individual securities shall not exceed their latest financial statements. Twenty percent of the reported net value.
 - 4.2.6 Approval authority for negotiable securities: Authorize the chairman to carry out transactions within the quota set in 4.2.5 of this procedure. If the transaction amount complies with the announcement and declaration procedures mentioned in point 10, it shall be submitted to the latest board of

directors for ratification. However, if the acquisition or disposal of stocks and corporate bonds, privately placed securities, mainland investment, etc. that are not traded in centralized trading markets or over-the-counter trading centers, it should be approved by the board of directors before proceeding.

4.3 Execution unit: The execution unit of the company's securities investment is the management center.

5 Procedures for acquiring or disposing of intangible assets or their right-to-use assets or membership cards

5.1 Operating procedures: The company's acquisition or disposal of intangible assets or their right-to-use assets or membership cards is handled in accordance with the company's internal control system real estate plant and equipment circulation procedures.

5.2 Evaluation procedure:

5.2.1 When obtaining or disposing of membership certificates, the benefits that can be generated should be considered, and the latest transaction price at that time should be considered; when obtaining or disposing of intangible assets such as patent rights, copyrights, trademark rights, and licenses, or their right to use assets, reference should be made to international Or market practice, useful life and impact on the company's technology and business.

5.2.2 Where the transaction amount of acquiring or disposing of intangible assets or their right-to-use assets or membership cards amounts to 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, the Before the fact occurs, the accountant shall be contacted to express his opinion on the rationality of the transaction price, and the accountant shall handle the matter in accordance with the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.

5.3 Execution unit: The execution unit of the company's acquisition or disposal of intangible assets or their right-to-use assets

or membership certificates is the user unit and management center.

6 Procedures for dealing with related party transactions

6.1 Operating procedures:

6.1.1 When the company acquires or disposes of assets with related parties, in addition to handling relevant resolution procedures and assessing the rationality of transaction conditions in accordance with Article 3 and Article 6 of these procedures, the transaction amount reaches more than 10% of the company's total assets. In addition, an appraisal report or an accountant's opinion issued by a professional appraiser shall also be obtained in accordance with the provisions of the preceding section. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.

6.1.2 When judging whether the transaction object is a related party, in addition to paying attention to its legal form, the substantive relationship should also be considered.

6.1.3 The company acquires or disposes of real estate or its right-to-use assets from related parties, or acquires or disposes of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, For those who have 10% of their total assets or NT\$300 million or more, in addition to buying and selling domestic government bonds, bonds with repurchase or repurchase conditions, and purchasing or repurchasing money market funds issued by domestic securities investment trust enterprises, the following After the information is submitted to the board of directors for approval, the transaction contract can be signed and the payment can be made. The calculation of the transaction amount shall be handled in accordance with Article 10.1.(5) of these Procedures.

Where independent directors have been appointed in accordance with the provisions of this Act, when submitting to the board of directors for discussion in accordance with the provisions of Paragraph 1, the opinions of independent directors shall be fully considered. If independent directors have objections

or reservations, they shall be stated in the minutes of the board meeting.

Where an audit committee has been established in accordance with the provisions of this Act, it shall first obtain the consent of more than half of all members of the audit committee and submit a resolution to the board of directors.

- (1) The purpose, necessity and expected benefits of acquiring or disposing of assets.
- (2) Reasons for selecting related parties as transaction partners.
- (3) Obtain real estate or its right-to-use assets from related parties, and evaluate the relevant information on the rationality of the predetermined transaction conditions in accordance with the provisions of Article 6.2 of this procedure.
- (4) Matters such as the date and price of the original acquisition by the related party, the transaction object and its relationship with the company and the related party.
- (5) The monthly cash income and expenditure forecast table for each month in the coming year starting from the contracting month, and evaluate the necessity of the transaction and the rationality of the use of funds.
- (6) The appraisal report issued by a professional appraiser obtained in accordance with the provisions of the preceding article, or the opinion of an accountant.
- (7) Restrictive conditions and other important agreed matters of this transaction.

6.1.4 The company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of each other, acquire or dispose of equipment for business use or its right-to-use assets, real estate use-right assets, the board of directors The chairman may be authorized to make a decision within a certain amount first, and then report to the latest board of directors for ratification afterwards.

6.2 Evaluation procedure:

6.2.1 When the company obtains real estate or right-of-use assets

from related parties, it shall assess the rationality of the transaction costs in accordance with the following methods, and shall consult an accountant for review and express specific opinions:

- (1) The necessary capital interest and the legally borne costs of the buyer shall be added based on the transaction price of related parties. The interest cost of the necessary funds is calculated based on the weighted average interest rate of the borrowings in the year the company purchased the assets, provided that it cannot be higher than the highest non-financial industry loan interest rate announced by the Ministry of Finance.
- (2) If a related party has set up a mortgage loan with a financial institution with the subject matter, the financial institution's loan to the subject matter has an appraised total value, but the actual cumulative value of the financial institution's loan to the subject matter should reach the loan appraisal More than 70% of the total value and the loan period has exceeded one year. However, this does not apply where the financial institution and one of the parties to the transaction are related parties to each other.

6.2.2 Where land and houses of the same target are purchased or leased jointly, the transaction cost may be assessed by any of the methods listed in the preceding paragraph for the land and houses respectively.

6.2.3 When the company acquires real estate or its right-to-use assets from related parties, under any of the following circumstances, it shall be handled in accordance with the provisions of Article 6.1.3 of this procedure, and the provisions of Articles 6.2.1 and 6.2.2 of this procedure shall not apply:

- (1) The related party acquires the real property or its right-of-use assets through inheritance or gift.
- (2) It has been more than five years since the related party contracted to acquire the real estate or its right-to-use asset from the contract date of this transaction.
- (3) Sign a joint construction contract with related parties,

or obtain real estate by entrusting related parties to build real estate from land commissioned construction, leased land commissioned construction, etc.

- (4) The public offering company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, acquire real estate use rights assets for business use.

6.2.4 When the company acquires real estate or right-of-use assets from related parties, the evaluation results in accordance with the provisions of Articles 6.2.1 and 6.2.2 of this procedure are lower than the transaction price, and it shall be handled in accordance with the provisions of Article 6.2.5 of this procedure. However, this shall not apply if objective evidence is provided and specific reasonable opinions from professional real estate appraisers and accountants are obtained due to the following circumstances:

- (1) If the related party acquires plain land or leased land for further construction, he may prove that he meets one of the following conditions:

①The plain land shall be evaluated according to the method stipulated in the preceding article, and the construction cost of the related party plus a reasonable construction profit shall be added for the house, if the total exceeds the actual transaction price. The term "reasonable construction profit" shall be based on the lower of 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.

②Trade cases of other non-related parties on other floors of the same target premises or in adjacent areas within one year, with similar areas, and the transaction conditions are equivalent after being evaluated according to the reasonable floor or area price difference that should be expected in real estate trading or leasing practices.

- (2) The company provides proof that the real estate purchased

from a related party or the right to use real estate obtained by leasing the asset, the transaction conditions are comparable to other non-related party transactions within one year in the adjacent area and the area is similar. The above-mentioned transaction cases in adjacent areas are based on the principle of the same or adjacent street and the distance from the transaction target is not more than 500 meters, or the announced current value is similar; the area is similar, and other non-related person transaction cases are used. The principle is that the area of the real estate is not less than 50% of the area of the subject matter of the transaction; the aforementioned within one year refers to the date when the acquisition of the real estate or its right-to-use assets takes place as the basis, and is calculated retroactively for one year.

6.2.5 When the company obtains real estate or right-of-use assets from related parties, if the evaluation results in accordance with the provisions of 6.2.1 and 6.2.2 of this procedure are lower than the transaction price, the following matters should be handled:

- (1) The company shall set aside the difference between the transaction price of the real estate or its right-to-use asset and the evaluation cost in accordance with Article 41, Paragraph 1 of the Securities and Exchange Law, as a special surplus reserve, which shall not be distributed or transferred to capital increase and allotment of shares. Investors who use the equity method to evaluate the company's investment, if they are publicly issued companies, should also set aside the amount as a special surplus reserve in accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act in accordance with the shareholding ratio. The special surplus reserve may only be used when the asset purchased or leased at a high price has been recognized as a loss in price or disposed of or terminated the lease or for appropriate compensation or restoration, or other evidence confirms that it is not unreasonable, and with

the approval of the competent securities authority.
product.

- (2) The handling of the first two items should be reported to the shareholders' meeting, and the details of the transaction should be disclosed in the annual report and prospectus.

6.2.6 When the company acquires real estate or right-of-use assets from related parties, if there is other evidence showing that the transaction is not in compliance with business practices, it shall also be handled in accordance with the provisions of Article 6.2.5 of this procedure.

7 Procedures for acquiring or disposing of creditor's rights of financial institutions

The company does not engage in transactions of acquiring or disposing of creditor's rights of financial institutions. If it intends to engage in transactions of acquiring or disposing of creditor's rights of financial institutions in the future, it will submit to the board of directors for approval before formulating its evaluation and operating procedures.

8 Procedures for acquiring or disposing of derivative products

8.1 Trading principles and guidelines

8.1.1 Types of transactions: The types of derivative products that the company engages in include forward contracts, options, interest rate or exchange rate exchanges, and compound contracts formed by combining the above commodities. If you need to engage in other derivative products, you should obtain the approval of the board of directors before doing so.

8.1.2 Hedging strategy: The company engages in derivative commodity transactions, with the principle of avoiding risks, and the net balance of the due date, amount and currency of the receivables and payables or assets and liabilities generated by the company due to business parts to avoid danger.

8.1.3 Division of powers and responsibilities:

- (1) The financial department should collect relevant information at any time, judge trends and risk assessments, consider the net risk position of the company, prepare operational strategy plans, and avoid

risks according to the company's policies in accordance with the instructions of the responsible supervisor.

- (2) The trader shall deliver the transaction certificate or contract to the log-in personnel for login.
- (3) The registration staff should regularly reconcile the account with the bank, and check at any time whether the total transaction amount has exceeded the net position of foreign currency assets, liabilities, and commitments.
- (4) If the company engages in derivatives transactions, it needs to report to the latest board of directors afterwards.

8.1.4 Performance evaluation: The financial department should conduct performance evaluation according to the following items, and regularly prepare reports for the management level:

- (1) Based on the performance evaluation based on the exchange rate cost on the company's book and the profit and loss arising from derivative financial product transactions.
- (2) In order to fully grasp and express the evaluation risk of the transaction, the company adopts the method of monthly evaluation to evaluate the profit and loss.

8.1.5 Total amount of the contract:

- (1) Imported raw materials and export payment: The upper limit is the net foreign exchange position of the company after offsetting the import and export payment for the next six months.
- (2) Project capital expenditure: The company's foreign currency procurement position in the next year will be the upper limit.
- (3) The net position forecast is drawn up based on the annual plan estimates of the business department and the purchasing department.
- (4) If the above transaction quota must be exceeded due to factual needs, it must be approved by the board of directors.

8.1.6 Loss Cap:

- (1) If the evaluation profit and loss generated by derivative

commodities and the exchange profit and loss generated by the corresponding import and export foreign exchange payment cannot offset each other, if the total contract comprehensive loss of the derivative commodity transaction exceeds 10% of the transaction amount, Immediately report to the general manager to discuss necessary countermeasures.

- (2) The amount of individual contract losses shall be subject to the lower limit of US\$150,000 or 5% of the transaction amount.

8.2 Risk management measures

8.2.1 Credit risk management: The trading partners are limited to banks with which the company deals and can provide professional information as a principle.

8.2.2 Market risk management: The market is dominated by the open foreign exchange market between banks and clients.

8.2.3 Liquidity risk management: The choice of financial products is mainly based on high liquidity. The transaction bank must have sufficient equipment, information and transaction capabilities, and be able to conduct transactions in any market at any time.

8.2.4 Cash flow risk: In order to ensure the stability of the company's working capital turnover, the company's source of funds for derivatives transactions is limited to its own funds.

8.2.5 Operational risk management:

- (1) The authorized amount and operating procedures should be strictly followed to avoid operating risks.
- (2) Trading personnel and confirmation, delivery and other operational personnel shall not concurrently serve as each other.
- (3) Risk measurement, supervision and control personnel should belong to different departments from the personnel in the preceding paragraph, and should report to the board of directors or to senior executives who are not responsible for transactions or position decisions.

8.2.6 Legal risk management: The documents signed with the bank

must be read carefully before they can be formally signed to avoid legal risks. If necessary, lawyers can be consulted.

8.3 Internal Audit System

8.3.1 Internal auditors should regularly understand the admissibility of the internal control of derivatives transactions, and audit the trading department's compliance with the procedures for derivatives transactions on a monthly basis, and prepare an audit report. If major violations are found, they should report in writing Notify all independent directors.

8.3.2 Internal auditors should report the audit report together with the implementation of the annual internal audit plan to the Securities Regulatory Commission before the end of February of the following year, and report the improvement of abnormal matters to the Securities Regulatory Commission for future reference no later than the end of May of the following year .

8.4 Periodic evaluation method

8.4.1 The position held in the derivatives exchange shall be evaluated at least once a week, but if it is a hedging transaction for business needs, it shall be evaluated at least twice a month, and the evaluation report shall be submitted to the general manager.

8.4.2 The board of directors shall designate senior executives to pay attention to the supervision and control of derivatives trading risks at all times. The board of directors should also regularly evaluate whether the performance of derivatives transactions is in line with the established business strategy and whether the risks assumed are within the company's acceptable range.

8.4.3 Senior executives authorized by the board of directors shall manage derivatives transactions in accordance with the following principles:

(1) Regularly evaluate whether the risk management measures currently in use are appropriate and whether they are actually handled in accordance with the company's established procedures.

(2) Supervise the transaction and profit and loss situation,

and take necessary countermeasures if any abnormalities are found, and report to the board of directors immediately. The board of directors should have independent directors present and express their opinions.

8.4.4 When the company engages in derivatives transactions, it shall establish a reference book, and record in detail the types and amounts of derivative transactions, the date of approval by the board of directors, and matters that should be carefully evaluated in accordance with Article 8.4 of these procedures in the reference book for future reference. .

9 Handle procedures for mergers, divisions, acquisitions or share transfers

9.1 When the company handles mergers, splits, acquisitions, or share transfers, it should appoint accountants, lawyers, or securities underwriters to express the rationality of the share exchange ratio, purchase price, or allotment of cash or other properties to shareholders before the resolution of the board of directors is convened. Opinions shall be submitted to the board of directors for discussion and approval. However, the merger of its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, or the merger of subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, is exempt from obtaining the reasonableness opinion issued by the preceding expert.

9.2 The company shall make a public document to shareholders prior to the shareholders' meeting on the important agreements and related matters of the merger, division or acquisition, and deliver it to the shareholders together with the expert opinion in Article 9.1 of this procedure and the meeting notice of the shareholders' meeting. As a reference for whether to approve the merger, division or acquisition. However, this restriction does not apply to those who are exempted from convening a shareholders' meeting to resolve merger, division, or acquisition matters in accordance with other laws. In addition, for companies participating in mergers, divisions or acquisitions, the shareholders' meeting of either party cannot be held, resolved, or rejected by the shareholders' meeting

due to insufficient attendance, insufficient voting rights or other legal restrictions. Companies participating in mergers, divisions or acquisitions should Immediately publicly explain the cause of the occurrence, follow-up processing operations and the expected date of the shareholders' meeting.

- 9.3 Date of the board meeting: Unless otherwise stipulated by other laws or there are special factors that have been reported to the securities regulatory authority for approval in advance, when the company participates in a merger, division or acquisition, it shall hold a board meeting and a shareholder meeting on the same day as other participating companies to make resolutions on mergers, mergers, and acquisitions. Matters related to division or acquisition; when participating in the transfer of shares, the board of directors shall be held on the same day as other participating companies.

The following information should be made into a complete written record and kept for five years for inspection:

- (1) Basic personnel information: including all persons involved in the merger, division, acquisition or share transfer plan or plan implementation before the information is disclosed, including their professional titles, names, and ID numbers. (Passport number for foreigners)
- (2) Dates of important events: including the date of signing a letter of intent or memorandum, entrusting a financial or legal advisor, signing a contract, and the date of the board of directors.
- (3) Important documents and meeting minutes: including mergers, divisions, acquisitions or share transfer plans, letters of intent or memorandums, important contracts, and minutes of board meetings.

- 9.4 Confidentiality commitment in advance: All those who participate in or know the company's merger, split, acquisition or share transfer plan should issue a written confidentiality commitment. Nominal sale and purchase of all company stocks and other securities with equity nature related to mergers, divisions, acquisitions or share transfers.

- 9.5 Share exchange ratio or purchase price:

The share exchange ratio or purchase price of a merger, split,

acquisition, or share transfer shall not be changed arbitrarily, except for the following circumstances, and shall be subject to change in the merger, split, acquisition, or share transfer contract:

- (1) Handling capital increase in cash, issuance of converted corporate bonds, free allotment of shares, issuance of corporate bonds with warrants, special shares with warrants, warrant certificates and other securities with equity nature.
- (2) Acts that affect the company's financial business, such as disposing of the company's major assets.
- (3) The occurrence of major disasters, major technological changes, and other events that affect the company's shareholders' equity or securities prices.
- (4) Any party involved in the merger, split, acquisition, or share transfer of the company repurchases treasury shares according to the law.
- (5) Changes in the increase or decrease in the number of entities or companies involved in mergers, divisions, acquisitions, or share transfers.
- (6) Other conditions that have been stipulated in the contract and can be changed, and have been disclosed to the public.

9.6 The contract should contain:

When the company participates in mergers, divisions, acquisitions, or share transfers, the contract shall specify the rights and obligations of the participating companies and specify the following items:

- (1) Handling of breach of contract.
- (2) Principles for the treatment of previously issued equity securities or repurchased treasury shares of companies that are eliminated or split due to mergers.
- (3) The number of treasury shares that a participating company may repurchase according to law after the base date for calculating the share exchange ratio and its handling principles.
- (4) The method of handling the increase or decrease of the participating entities or the number of companies.
- (5) Estimated plan implementation progress and expected

completion schedule.

(6) When the plan is overdue and not completed, relevant procedures such as the scheduled date of the shareholder meeting that should be convened according to laws and regulations.

9.7 If any party of a company involved in a merger, split, acquisition or transfer of shares intends to merge, split, acquire or transfer shares with other companies after the information is disclosed to the public, unless the number of participating companies is reduced and the shareholders' meeting has passed a resolution and In addition to authorizing the board of directors to change the authority, the participating companies are exempted from convening a shareholders' meeting to make a new resolution. In the original merger, split, acquisition, or share transfer case, the completed procedures or legal acts should be re-acted by all participating companies.

9.8 If any of the companies participating in the merger, division, acquisition or transfer of shares is not a public offering company, the Company shall sign an agreement with them and follow the provisions of Articles 9.3, 9.4 and 9.7 of this procedure.

10 Announcement declaration procedure

10.1 When the company acquires or disposes of real estate or its right-to-use assets, if any of the following circumstances occurs, the relevant information shall be announced and declared on the website designated by the securities regulatory authority within two days from the date of occurrence:

(1) Obtaining or disposing of real estate or its right-to-use assets from related parties, or acquiring or disposing of other assets other than real estate or its right-to-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, total assets 10% or NT\$300 million or more, except for the purchase and sale of domestic government bonds, bonds with repurchase or repurchase conditions, purchase or repurchase of money market funds issued by domestic securities investment trust

enterprises.

- (2) Merger, division, acquisition or transfer of shares.
- (3) Losses from derivative commodity transactions reach the upper limit of all or individual contract losses stipulated in the handling procedures.
- (4) Acquisition or disposal of equipment for business use or its right-to-use assets, and the transaction partner is not a related party, and the transaction amount meets one of the following requirements:
 - ① Public offering companies whose paid-in capital is less than NT\$10 billion, and whose transaction amount exceeds NT\$500 million.
 - ② Public offering companies with a paid-in capital of NT\$10 billion or more, and a transaction amount of NT\$1 billion or more.
- (5) The real estate is acquired by self-construction, leased-land commissioned construction, joint construction of subdivided houses, joint construction sharing, and joint construction and subsale, and the transaction object is not a related party, and the company expects to invest in the transaction amount up to NT\$ More than 500 million yuan.
- (6) Asset transactions other than the preceding five items, disposition of creditor's rights by financial institutions, or investment in mainland China, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this:
 - ①Buy and sell domestic government bonds.
 - ②Buying and selling bonds subject to buy-back and sell-back conditions, purchasing or buying back money market funds issued by domestic securities investment trust enterprises.

The amount in the preceding paragraph shall be calculated in the following manner:

- ①Amount of each transaction.
- ②Accumulated transaction amount of the same nature acquired or disposed of with the same counterparty within one year.

③Accumulated acquisition or disposal within one year (acquisition and disposal are accumulated separately) the same development plan real estate or its right-to-use assets.

④Accumulate the amount of the same securities acquired or disposed of within one year (acquisition and disposal are accumulated separately).

The term “within one year” mentioned in the preceding paragraph is based on the date when the transaction actually occurred, and is calculated retroactively for one year, and has been announced in accordance with the “Standards for the Treatment of Assets Acquisition or Disposal by Public Offering Companies” , or obtained external expert opinions or submitted to the board of directors. Partially exempt from recounting.

10.2 The company shall enter the information on the derivatives transactions of the company and its non-domestic subsidiaries as of the end of the previous month into the information reporting website designated by the securities regulatory authority in accordance with the prescribed format on a monthly basis before the tenth day of each month.

10.3 If there are errors or omissions in the announcement of the project according to the regulations and should be corrected, the company shall re-announce and declare all the items within two days from the day it is known.

10.4 After the company announces and declares the transaction in accordance with the regulations, if any of the following situations occurs, the relevant information shall be announced and declared on the website designated by the association within two days from the day when the fact occurs:

- (1) The relevant contract signed by the original transaction has been changed, terminated or cancelled.
- (2) The merger, division, acquisition or transfer of shares has not been completed according to the scheduled schedule in the contract.
- (3) The content of the original announcement has changed.

10.5 When the company acquires or disposes of assets, it shall keep relevant contracts, meeting minutes, reference books,

valuation reports, and opinions from accountants, lawyers, or securities underwriters on the company, and keep them for at least five years unless otherwise stipulated by other laws. .

11 Quotas for investing in non-operating real estate or its right-of-use assets and securities

The amount of non-operating real estate or right-of-use assets or securities acquired by the Company and its subsidiaries is as follows:

- (1) The investment in real estate or right-of-use assets that are not for business use must first be approved by a resolution of the board of directors.
- (2) The total investment in marketable securities (excluding bonds) shall not exceed 20% of the net worth.
- (3) The total amount of bonds invested must not exceed 40% of the net value. If it exceeds the limit, it must be approved by the general manager and the chairman of the board.
- (4) The amount invested in individual securities shall not exceed 20% of the net worth.

12 Control over acquisition and disposal of assets by subsidiaries:

12.1 Subsidiaries shall formulate and implement the "procedures for handling assets or disposing of assets" in accordance with the "Guidelines for Handling Assets Acquisition or Disposal of Public Issue Companies".

12.2 If the subsidiary company is not a domestic public offering company, if its acquisition or disposal of assets reaches the standard for announcement and declaration in this procedure, it shall notify the company on the day when the fact occurs to handle the announcement and declaration.

12.3 In the subsidiary's announcement reporting standards, the term "up to the company's paid-in capital or total assets" refers to the company's paid-in capital or total assets.

13 For valuation reports or opinions from accountants, lawyers, or securities underwriters obtained by the Company, the professional appraiser and its appraisers, accountants, lawyers, or securities underwriters shall meet the following requirements:

1. Has not been sentenced to a fixed-term imprisonment of more than one year for violation of this Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Commercial

Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents, or crimes in business Sure. However, this restriction does not apply to those who have been executed, the probation period has expired, or three years have elapsed since the pardon.

2. Circumstances in which the party to the transaction must not be a related party or have a substantial related party.
3. If the company should obtain valuation reports from two or more professional appraisers, different professional appraisers or appraisers shall not be related or have substantial relationship with each other.

The personnel in the preceding paragraph shall handle the following matters when issuing a valuation report or opinion:

1. Before undertaking a case, one should carefully evaluate one's own professional ability, practical experience and independence.
2. When reviewing a case, proper planning and implementation of the appropriate operating procedures should be made to form conclusions and issue reports or opinions based on them; and the procedures executed, data collected and conclusions should be detailed in the case working papers.
3. The completeness, correctness, and rationality of the data sources, parameters, and information used should be evaluated item by item, so as to serve as the basis for issuing valuation reports or opinions.
4. Statements should include matters such as the professionalism and independence of the relevant personnel, the reasonableness and correctness of the information used after evaluation, and compliance with relevant laws and regulations.

- 14 This procedure should be approved by the audit committee, approved by the board of directors, and submitted to the shareholders' meeting for approval. The same is true for revisions.

Appendix 4

EPISIL-PRECISION INC.

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate Return on Investment: Not applicable.

Appendix 5

EPISIL-PRECISION INC.

Shareholdings of All Directors

1、The statutory percentage and number of shares of the eighth directors of the company are as follows：

The number of ordinary shares issued by the company is 288,539,369 shares. All directors shall hold 12,000,000 shares.

2、As of April 2, 2023, when the transfer of ownership of the ordinary meeting of shareholders stopped, the number of shares held by all directors is as follows, which meets the percentage standard stipulated in Article 26 of the securities and exchange law:

Position	Name	Current Shareholding (Shares)	Shareholding ratio (%)
Director	Episil Technologies Inc. Representative：Jian-Hua Syu	166,961,680	57.86
Director	Episil Technologies Inc. Representative：Hsi-Hsin Chen	166,961,680	57.86
Director	Episil Technologies Inc. Representative：Ching-Tzong Sune	166,961,680	57.86
Director	Episil Technologies Inc. Representative：Guei-Rong Fan	166,961,680	57.86
Director	Nan Ya Photonics Incorporation Representative：Rung-Huang Luo	9,847,325	3.41
Director	Jiacai Investment Co., Ltd Representative：Wen-Guei Ye	3,000,793	1.04
Independent Director	Wei-Min Shen	0	0.00
Independent Director	Ze-Peng Chen	0	0.00
Independent Director	Han-Liang Hu	0	0.00
Number and percentage of shares held by all directors		179,809,798	62.31