

Stock Code: 6548



Chang Wah Technology Co., Ltd.

Chang Wah Technology Co., Ltd.

2023

Annual Shareholders' Meeting

Meeting Agenda

(Translation)

Date: May 31, 2023

Location: No. 15, Jing 2nd Rd., Nanzih Dist., Kaohsiung City
(Employee Service Center)

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Chang Wah Technology Co., Ltd.

Meeting Procedure

- I. Call the Meeting to Order**
- II. Chairperson's Speech**
- III. Status Reports**
- IV. Matters for Ratification**
- V. Matters for Discussions**
- VI. Extempore Motions**
- VII. Adjournment**

Chang Wah Technology Co., Ltd.

Meeting Agenda

Time and Date: A.M. 10:00 May 31, 2023 (Wednesday)

Meeting Type: Physical shareholders' meeting

Place: No. 15, Jing 2nd Rd., Nanzih Dist., Kaohsiung City
(Employee Service Center)

- 1. Call the Meeting to Order 【Reports on the numbers of shares from the attended shareholders】**
- 2. Chairperson's Speech**
- 3. Status Reports**
 - A. The Company's 2022 Annual Business Report
 - B. Report by Audit Committee on review of the 2022 Annual Accounting Final Reports and Statements
 - C. The Company's 2022 Annual Report on Earnings Distributed as Cash Dividends
 - D. Report on the Distribution of Employees and Board Directors' Compensation
 - E. Amendments of the "Rules of Procedure for Board of Directors' Meetings"
 - F. Report on the Company's Endorsement, Guarantee and Financings Provided to Other Parties
 - G. Report on the Company's Investment in Mainland China
 - H. Descriptions for the Proposals by Shareholders
 - I. Report on the Company's Execution for the Repurchased Shares
- 4. Matters for Ratification**
 - A. Ratification of the 2022 Annual Business Report and the Financial Statements
 - B. Ratification of 2022 Earnings Distribution Report
- 5. Matters for Discussions**
 - A. Amendments of the "Procedures for Acquisition or Disposal of Assets"
 - B. Release of Mr. Angus Shih, the representative of the juristic person director, from non-compete restrictions
- 6. Extempore Motions**
- 7. Adjournment**

Status Reports

1. The Company's 2022 annual business report.
Please refer to page 9 to 12 of this meeting agenda.
2. Report by Audit Committee on review of the 2022 annual accounting final reports and statements.
Please refer to page 13 of this meeting agenda.

3. The Company's 2022 annual report on earnings distributed as cash dividends.

Explanatory Notes:

1. The report is written and executed according to the Company Act and the Articles of Incorporation of the company.
2. The 2022 earnings distribution table has been approved by the Board of Directors, and has been reviewed by the Audit Committee. Please refer to page 14 of this meeting agenda.
3. The status of earnings distributed as cash dividends by the Company in 2022 is listed below:

Unit: NT\$

Time	Distributed Year	Amount	NT\$ per Share	Date Issues by the Directors' Meeting
1	First Half of 2022 (Note)	\$ 661,539,690	0.70	November 4, 2022
2	Second Half of 2022	\$ 765,495,927	0.81	March 16, 2023

Note: The cash dividend of the first half year of 2022 has been distributed on January 11, 2023.

4. The report on the distribution of employees and directors' compensation.

Explanatory Notes:

1. The report has been approved by the Board of Directors on March 16, 2023. According to Article 19-2 of the Articles of Incorporation of the Company, the distribution of employees and directors' compensation of 2022 is listed below:

Unit: NT\$

Item	Ratio	Amount	Way of Distribution
Employees' Compensation	1%	\$ 32,968,723	All distributed by cash.
Directors' Compensation	0.12%	\$ 4,000,000	

2. Please refer to page 15 for details on directors' compensation, including the compensation policy as well as the package and amount of compensation to individuals.

5. The amendments of "Rules of Procedure for Board of Directors' Meetings".

Explanatory Notes:

1. Amended according to related acts.
2. For the comparison table of the regulations, please refer to page 16 to 19 of this meeting agenda.

6. The report on the Company's endorsement, guarantee and financings provided to other parties.

Please refer to page 20 of this meeting agenda.

7. The report on the Company's investment in Mainland China.

Please refer to page 21 of this meeting agenda.

8. The descriptions of proposals from shareholders.

Explanatory Notes:

1. According to Article 172-1 of the Company Act, the shareholders with more than 1% amount of issued shares in total should propose to the regular shareholders' meeting in written form, but with only one proposal limited, and the proposal should be no longer than 300 words.

2. The available duration date of proposal published on the Market Observation Post System begins on February 24 and ends on March 6 2023. Due to the fact that there are no proposals accepted during the date, the matter would not need to be discussed on the 2023 annual shareholders' meeting.

9. The reports on the Company's execution for the repurchased shares.

Explanatory Notes:

The Company's execution for the repurchased shares is listed below:

Instance	First time of 2018 (Note 1)
Purpose	Transferred to employees
Buyback Period	May 10 2018- July 6 2018
Type and Volume of Repurchased Shares	Ordinary Shares 27,350,000 shares (Note 2)
Amount of Repurchased Shares	NT\$ 437,809,094
The ratio of the Repurchased Shares to the Planned Buyback Shares (%)	72.93%
Cancelled and Transferred Shares	5,985,000 shares (Note 2)
Cumulated holding Volume	21,365,000 shares (Note 2)
The ratio of the Cumulated holding Volume to the total issued shares (%)	2.21%
Note 1: In order to maintain both the rights of shareholders and the market mechanism, the repurchase of this time is not executed at its full scale.	
Note 2: The change of share par value has been completed in September 2022. After the separation, the share par value is changed to NT\$ 0.4 for each share, thus the "type and volume of repurchased shares", the "cancelled and transferred shares" and the "cumulated holding volume" is adjusted.	

Matters for Ratification

Proposal 1: Proposed by the Board of Directors

Content: Please ratify the Company's 2022 annual business report and 2022 annual financial statement.

Explanatory Notes:

1. The Company's 2022 financial statement (including the parent company only and consolidated statements) were approved by the Board of Directors on March 16, 2023, audited and certified by the accountants Lee-Yuan Kuo and Hung-Ju Liao of Deloitte & Touche and reviewed with the audit committee report by the Audit Committee.
2. The above-mentioned report (please refer to page 22 to 23 of this meeting agenda) and annual business report (please refer to page 9 to 12 of this meeting agenda) are attached herein.

Resolutions:

Proposal 2: Proposed by the Board of Directors

Content: Please ratify the earning distribution report of 2022.

Explanatory Notes:

1. The Company's 2022 earnings distribution table has been approved by the Board of Directors on March 16, 2023, and is reviewed by the Audit Committee. Please refer to page 14 of this meeting agenda.
2. The agenda has been proposed for ratification.

Resolutions:

Matters for Discussions

Proposal 1: Proposed by the Board of Directors

Content: Amendment of the “Procedures for Acquisition or Disposal of Assets”

Explanatory Notes:

1. The amendments are made according to practical need of execution of the Company and the related regulations.
2. For the comparison table of the regulations, please refer to page 43 to 46 of this meeting agenda.
3. The agenda has been proposed for discussion.

Resolutions:

Proposal 2: Proposed by the Board of Directors

Content: Release of Mr. Angus Shih, the representative of the juristic person director, from non-compete restrictions

Explanatory Notes:

1. Chang Wah Electromaterials Inc., the juristic person director of the Company, redesignated its authorized representative on January 3, 2023. The former representative, Director Siou-Cyuan Huang, resigned and the new representative, Director Angus Shih, took office on January 3, 2023.
2. Pursuant to Article 209 of the Company Act, when a director takes actions for himself/herself or others that are within the scope of the Company’s business, he/she shall explain the essence of these actions to the shareholders’ meeting and obtain its approval.
3. For business needs, a representative of the Company’s juristic person director may hold a concurrent position in another company which operates in a similar line of business as the Company, and is therefore subject to the non-compete provisions under Article 209 of the Company Act. Thus, it is proposed to release Director Angus Shih from non-compete restrictions. His concurrent position in another company and the similar line of businesses engaged by this company are set out below:

Name of Director	Concurrent Position at Other Companies	Similar Line of Business
Chang Wah Electromaterials Inc. Representative: Angus, Shih	President and Director of Vizionfocus Inc.	International Trade

4. The agenda has been proposed for discussion.

Resolutions:

Extempore Motions

Adjournment

Attachments

Chang Wah Technology Co., Ltd.

2022 Annual Business Report

1. Operation Policies

After years of hard work and efforts, our company upholds the management principle of “honesty, enthusiasm, and full service”, continuing to strengthen the marketing capability of our products. We hope to satisfy customers’ needs with the most complete product line and to fully grasp the latest market dynamics at any time to create higher added value, so as to bring out the competitive advantage of growing together with customers and suppliers.

2. General Condition of Implementation

Despite the impact of COVID-19 pandemic to the global economy, the volatility of the international exchange market and the uncertainties brought about by the U.S.-China trade war, the company has continued its excellent operation with the joint efforts of its leading chairperson, president and worldwide employees. In 2022, the profit of the company has not only led in Taiwan’s metal substrate industry, but also significantly exceeded in the global metal substrate industries.

3. Result of Implementation of Business Plan

(1) Business Result

(Consolidated)

Unit: NT\$ in thousands

Item	2022		2021		2020	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Operating Revenue	14,431,284	100%	12,792,169	100%	9,678,146	100%
Operating Cost	10,045,698	69%	9,386,479	74%	7,873,240	81%
Gross Profit	4,385,586	31%	3,405,690	26%	1,804,906	19%
Gross Profit Margin	31%	—	26%	—	19%	—
Operating Profit	3,121,660	22%	2,210,299	17%	960,286	10%
Net Profit before Tax	3,634,255	25%	2,249,184	18%	966,360	10%
Net Profit after Tax	2,844,969	20%	1,738,645	14%	790,618	8%

(Parent Company Only)

Unit: NT\$ in thousands

Item	2022		2021		2020	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Operating Revenue	8,760,470	100%	4,817,610	100%	3,517,381	100%
Operating Cost	6,709,432	77%	4,184,502	87%	3,240,619	92%
Gross Profit	2,051,038	23%	633,108	13%	276,762	8%
Gross Profit Margin	23%	—	13%	—	8%	—
Operating Profit	1,570,497	18%	421,294	9%	126,989	4%
Net Profit before Tax	3,259,904	37%	1,846,595	39%	727,233	21%
Net Profit after Tax	2,815,901	32%	1,714,378	36%	773,840	22%

(2) Financial Performance

(Consolidated)

Item \ Year	2021	2021	2020
Financial Structure			
Debt Asset Ratio	46%	43%	55%
Long-term Funds to Property, Plant and Equipment Ratio	367%	425%	397%
Net Asset Value per Share (Note)	10.49	22.24	15.02
Solvency			
Current Ratio	216%	233%	231%
Quick Ratio	147%	156%	147%
Profitability			
Return on Total Assets	17%	13%	7%
Return on Equity	31%	25%	15%
Net Margin	20%	14%	8%
Earnings per Share (Note)	3.01	1.92	0.88

Note: The change of par value was completed in September 2022. After the split, the par value equaled NT\$0.4 per share. The net asset value per share and the earnings per share were retrospectively adjusted for the comparative periods.

(Parent Company Only)

Item \ Year	2022	2021	2020
Financial Structure			
Debt Asset Ratio	45%	39%	49%
Long-term Funds to Property, Plant and Equipment Ratio	562%	1245%	1780%
Net Asset Value per Share (Note)	10.49	22.24	15.02
Solvency			
Current Ratio	118%	154%	203%
Quick Ratio	76%	109%	130%
Profitability			
Return on Total Assets	18%	14%	8%
Return on Equity	31%	25%	15%
Net Margin	32%	36%	22%
Earnings per Share (Note)	3.01	1.92	0.88

Note: The change of par value was completed in September 2022. After the split, the par value equaled NT\$0.4 per share. The net asset value per share and the earnings per share were retrospectively adjusted for the comparative periods.

4. Execution of the Budget Derivative of Operating Revenue and Expenditure

(1) Operating Revenue

The consolidated operating revenue in 2022 increased by 13% compared to 2021, mainly due to the surge of lead frame demand in the automotive and industrial control applications as well as the incremental price increases from July 2022.

(2) Operating Cost

The consolidated operating cost in 2022 increased by 7% compared to the cost in 2021, mainly due to the growth in revenue.

5. Profitability Analysis

Operating profit increased by 41% compared to 2021 due to increases in capacity utilization rate and selling prices.

6. Research and Development

By utilizing the similar technology structure of Pre-Molded leadframe, combining it with the automated molding process technology, and with the advantage of many years of experience in semiconductor packaging, our company is actively engaged in the research and development of pre-molded leadframe holder products with “heterogeneous integration” design system structure, and strives to promote the progress of mass production.

【Outline of the Operating Plan】

The Institute for Information Industry projects a slight increase of 1.7% for the Taiwan semiconductor industry in 2023. The oversupply of consumer IC and memory along with the declining demand affect the demand for IC packaging and testing, all of which have adverse impact on the overall semiconductor industry in 2023. Although the chip shortage in 2022 has improved significantly, various applications within the supply chain continue to face different degrees of imbalance in the supply of materials. Furthermore, the capacity shortfall of automotive MCU and power semiconductors for industrial control applications remains, sustaining the markets for automotive and industrial control devices in 2023.

Regarding revenue disaggregation for 2022, the automotive and industrial applications accounted for 42% and 19% of the revenue, improving from their weightings of 32% and 15% in 2021, respectively. Consumer electronics accounted for 36% of the revenue, dropping from 48% in 2021.

Based on our operating results, market supply, demand conditions and marketing policies, we estimate that our major sales volume in 2023 will increase by 3~5% compared to 2022.

Production and Marketing Strategies

1. Develop high added-value products according to the trend of market development and establish a leading position in the market.
2. Continue to develop advanced application markets, improve customer satisfaction, and strengthen partnerships with major international manufacturers.
3. Introduce intelligent manufacturing to improve production capacity and increase market share.
4. Strengthen customer service and continue to enhance the quality of products.

【Strategy of Future Development】

The receding boom from stay-at-home economy, Russia-Ukraine war and global inflation will bring about a weakening of consumer electronic consumption in 2023. The growth of foundry worldwide is projected to decelerate significantly during the year.

The Industry, Science and Technology International Strategy Center of the Industrial Technology Research Institute points out that as the shipments of end user devices such as

PC and smartphone decline, the weightings of semiconductors in communication and data processing applications will drop significantly, but still remain the top two semiconductor applications in the world. The automotive semiconductor segment will jump to the number three application in 2026 with an average compound annual growth rate of 13.8% between 2021 and 2026.

Chairperson:
Canon, HUANG

Manager:
HUNG Chuen-Sing

Accountant:
LIN Chun-Chi

Chang Wah Technology Co., Ltd.

Audit Committee Report

The Board of Directors had prepared and submitted the 2022 Financial Statements (including the parent company only and consolidated financial statements). The audit of the financial statements was completed by accountants Lee-Yuan Kuo and Hung-Ju Liao at Deloitte & Touche, and an audit report was issued. The audit of the aforementioned statements, along with issues such as the 2022 Annual Business Report and the report of earning distribution, submitted by the Board of Directors was reviewed by the Audit Committee, and no inconsistency was found. The audit report was issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely,

2023 Annual Shareholders' Meeting of Chang Wah Technology Co., Ltd.

Audit Committee of Chang Wah Technology Co., Ltd.

Convener: 林宜靜

Convener: 林任林

Convener: 歐嘉瑞

Date: March 16, 2023.

Chang Wah Technology Co., Ltd. 2022 Earnings Distribution Table

Unit: NT\$

Item			
Beginning balance of undistributed earnings			\$ 1,249,362,797
Net profit after tax plus the amount of other items accounted for as the undistributed earnings in this year			
Remeasurements of defined benefit plans recognized in the retained earnings	\$	911,374	
The accumulative gain or loss from the disposal of investment in equity instruments measured at FVTOCI which was directly transferred to the retained earnings		48,450,520	
Net profit after tax in 2022		<u>2,815,900,642</u>	2,865,262,536
Provision of the legal reserve			
Part provided in the first half of 2022	(153,349,214)	
Part provided in the second half of 2022	(<u>133,177,040</u>)	(286,526,254)
Provision of the special reserve			
Part provided in the first half of 2022	(54,752,154)	
Part provided in the second half of 2022	(<u>31,557,216</u>)	(<u>86,309,370</u>)
Distributable earnings in 2022			3,741,789,709
Item of distribution:			
Dividends for shareholders - cash			
The amount of earnings distribution in the first half of 2022 which was decided	(661,539,690)	
The amount of earnings distribution in the second half of 2022 which is going to be distributed	(<u>765,495,927</u>)	(<u>1,427,035,617</u>)
Ending balance of undistributed earnings			<u>\$ 2,314,754,092</u>

Chairperson:
Canon, HUANG

Manager:
HUNG Chuen-Sing

Accountant:
LIN Chun-Chi

Note 1: If the number of outstanding shares or the payout ratio for each share changes due to repurchase of shares, transfer or writing-off of treasury shares, or the transition of convertible corporate bonds, the Board of Directors should handle all affairs related to the change in the payout ratio of dividends for shareholders.

Note 2: The part of the share dividends which was less than NT\$1 was recognized in the section of Employee Benefit Committee.

2022 Remuneration of Directors

Unit: NT\$ in thousands

	Remuneration of Directors (Note 1)										Relevant Remuneration Received by Directors Who are Also Employees										Total of A, B, C, D, E, F and G and as a % of Net Income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
	Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)		Total of A, B, C and D and as a % of Net Income		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Bonus (G)		Total of A, B, C, D, E, F and G and as a % of Net Income						
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	The Company	Companies in the consolidated financial statements	Total	%			
		%		%		%		%	Total	%		%		%		%		%	Total	%			
Chairperson	Canon Huang (Note 2)	0	9,651	0	1,000	1,000	24	24	1,024	0.04%	2,046	2,046	0	0	0	0	3,070	0.11%	12,721	0.45%	None		
	Yuan Yao Energy Technology Co., Ltd. Representative: Canon, Huang (Note 2)																						
Juristic Person Director	Chang Wah Electromaterial s, Inc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None		
	Representative: Wang, Chen-Siang	0	3,437	0	3,000	3,000	24	24	3,072	0.11%	9,494	13,071	125	0	0	0	12,691	0.45%	19,705	0.69%	None		
	Representative: Tsai Rong-Dong	0	0	0	0	0	24	24	0	0	0	0	0	0	0	0	0	0	0	0	None		
	Representative: Huang, Siou-Cyuan	0	0	0	0	0	24	24	0	0	0	0	0	0	0	0	0	0	0	0	None		
Independent Director	Lin, Yi-Jing	600	600	0	0	24	24	624	0.02%	0	0	0	0	0	0	0	624	0.02%	624	0.02%	None		
Independent Director	Lin, Ren-Lin	600	600	0	0	24	24	624	0.02%	0	0	0	0	0	0	0	624	0.02%	624	0.02%	None		
Independent Director	Ou, Jia-Ruey	600	600	0	0	24	24	624	0.02%	0	0	0	0	0	0	0	624	0.02%	624	0.02%	None		
	Total	1,800	14,888	0	4,000	4,000	168	168	5,968	0.21%	11,540	15,117	125	0	0	0	17,633	0.62%	34,298	1.20%	None		

1. Please state the policy, system, standard and structure of remuneration system to the Independent Director and state the relevance to the responsibility, risk, investment time and other factors. According to the "Director Remuneration Management Measures" of the Company, when an Independent Director performs his/her duties in the company, regardless of the Company's operating profit or loss, the Company may pay each Independent Director NT\$50,000 per month; Article 5 of "Rules Governing the Scope of Powers of Independent Directors". Independent Director do not participate in the company's surplus distribution.

2. Except as disclosed in the above table, the remuneration received by the director of the company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: none.

Note: The Company's remuneration policy for directors: Remuneration of directors includes compensation to independent directors, travel allowance, and compensation to directors. Compensation to independent directors shall be paid regardless of whether the Company has generated profits. Travel allowance is paid based on the actual attendance at the board of directors' meetings. As for compensation to directors, it is determined based on the Articles of Incorporation and reviewed by the Remuneration Committee before submitting to the board of directors for resolution and reporting at the shareholders' meeting. Compensation to individual directors takes into account the outcome of director performance evaluations conducted in accordance with the "Board of Directors Performance Evaluation Measures", directors' involvement in continuing education and sustainable operation as well as their contributions to the Company's performance. The evaluation includes financial indicators such as the Company's profitability as references for compensation to individuals. Payments are made after the remuneration proposal is reviewed by the Remuneration Committee and resolved in the board of directors' meeting.

Chang Wah Technology Co., Ltd.

Comparison Table of “Rules of Procedure for Board of Directors’ Meetings” before and after Amendments

After	Before	Description
<p>Article 3 Board meetings shall be held at least once every quarter for business needs. Board meeting notices shall state the time, place and reasons for convening the meeting and shall be delivered to all directors seven days before the meeting. In case of emergency, the board meetings may be convened at any time. The notices in the preceding paragraph may be served in written form or delivered through electronic means with the consent of the recipients. <u>Matters set out under Paragraph 1, Article 12 shall be listed as reasons for convening the meeting. They shall not be raised as extempore motions.</u></p>	<p>Article 3 Board meetings shall be held at least once every quarter for business needs. Board meeting notices shall state the time, place and reasons for convening the meeting and shall be delivered to all directors seven days before the meeting. In case of emergency, the board meetings may be convened at any time. The notices in the preceding paragraph may be served in written form or delivered through electronic means with the consent of the recipients.</p>	<p>As matters set out under Paragraph 1, Article 12 are associated with important aspects of business operation, they shall be listed as reasons for convening the meeting, allowing directors to have sufficient information and time to review the proposal and make decisions. Therefore, the Rules clearly stipulate that matters set out under Paragraph 1, Article 12 shall be listed as reasons for convening the meeting and not raised as extempore motions.</p>
<p>Article 12 The following matters shall be proposed for discussion at the board meetings: 1. Business plans of the Company. 2. Annual and semiannual financial reports, with the exception of semiannual financial reports which are exempt from being audited by the certified public accountants according to the law. 3. Internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”). 4. Procedures for material</p>	<p>Article 12 The following matters shall be proposed for discussion at the board meetings: 1. Business plans of the Company. 2. Annual and semiannual financial reports, with the exception of semiannual financial reports which are exempt from being audited by the certified public accountants according to the law. 3. Internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”). 4. Procedures for material</p>	<p>1. Pursuant to Paragraphs 1 and 2, Article 208 of the Company Act, the election of Chairman falls within the powers of the board of directors or the managing directors. As for the discharge, procedures are not specified in the Company Act. However, with reference to the Official Letter of Interpretation MOEA-Commerce No. 09402105990 issued by the Ministry of Economic Affairs (MOEA) on August 2, 2005, unless otherwise specified in the Articles of Incorporation, it would be more reasonable for the discharge of Chairman to be</p>

After	Before	Description
<p>financial or business transactions, such as the acquisition or disposal of assets, derivative transactions, loans to others, or the provision of guarantees, established or amended in accordance with Article 36-1 of the Act.</p> <p>5. Offering, issuance or private placement of equity-type securities.</p> <p><u>6. The election or discharge of Chairman</u></p> <p>7. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>8. Donation to related parties or material donation to non-related parties. For public welfare emergency relief in relation to serious natural disasters, the board may ratify such donation in the next board meeting.</p> <p>9. Matters that shall be resolved by the shareholders' meetings or board meetings pursuant to Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or significant matters stipulated by the competent authorities.</p> <p>The term "related parties" in Subparagraph 8 of the preceding paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "material donation to non-related parties" refers to individual donation or the aggregate amount to the same party within one year exceeding NT\$100,000,000, or 1 percent of net operating revenue or 5</p>	<p>financial or business transactions, such as the acquisition or disposal of assets, derivative transactions, loans to others, or the provision of guarantees, established or amended in accordance with Article 36-1 of the Act.</p> <p>5. Offering, issuance or private placement of equity-type securities.</p> <p>6. Appointment and discharge of financial, accounting or internal audit officers.</p> <p>7. Donation to related parties or material donation to non-related parties. For public welfare emergency relief in relation to serious natural disasters, the board may ratify such donation in the next board meeting.</p> <p>8. Matters that shall be resolved by the shareholders' meetings or board meetings pursuant to Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or significant matters stipulated by the competent authorities.</p> <p>The term "related parties" in Subparagraph 7 of the preceding paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "material donation to non-related parties" refers to individual donation or the aggregate amount to the same party within one year exceeding NT\$100,000,000, or 1 percent of net operating revenue or 5</p>	<p>resolved by the board of directors or the managing directors who elect the Chairman in the first place even though the procedures are not specified in the Company Act.</p> <p>2. With consideration to the aforementioned article of the Company Act and Official Letter of Interpretation from the MOEA and due to the fact that the discharge and election of Chairman are both significant matters of the Company, Subparagraph 6 is added stipulating that the election and discharge of Chairman shall be submitted to the board of directors for discussion. Subparagraph 6 to 8 in the Rules prior to the amendments are renumbered to Subparagraphs 7 to 9.</p> <p>3. Amendments in Paragraph 2 are made based on changes of sequence in Paragraph 1.</p>

After	Before	Description
<p>percent of paid-in capital in the audited financial report of the most recent year.</p> <p>The term “within one year” in the preceding paragraph means one year calculated retroactively from the date of the current board meeting.</p> <p>Amounts already resolved in the board meetings shall be excluded.</p> <p>Except for emergency or legitimate reasons, matters specified in subparagraphs under Paragraph 1 shall be listed as reasons for convening the meetings and shall not be raised as extempore motions.</p> <p>When discussing the material financial or business transactions referred to in Subparagraph 4, Paragraph 1 at the board meetings, full consideration shall be given to the opinions of the Audit Committee or the independent directors. Their consents or objections and the reasons thereof shall be recorded in the board meeting minutes.</p> <p>For matters set out to be resolved at the board meetings in accordance with Article 14-3 of the Act, the independent directors shall attend the meetings in person or appoint other independent directors to stand proxy.</p> <p>Objections or reservations of the independent directors, if any, shall be recorded in the board meeting minutes. If the independent directors are unable to attend the meetings in person to express their objections or reservations, they shall submit written statements in advance, unless there are legitimate reasons to do otherwise, and the</p>	<p>percent of paid-in capital in the audited financial report of the most recent year.</p> <p>The term “within one year” in the preceding paragraph means one year calculated retroactively from the date of the current board meeting.</p> <p>Amounts already resolved in the board meetings shall be excluded.</p> <p>Except for emergency or legitimate reasons, matters specified in subparagraphs under Paragraph 1 shall be listed as reasons for convening the meetings and shall not be raised as extempore motions.</p> <p>When discussing the material financial or business transactions referred to in Subparagraph 4, Paragraph 1 at the board meetings, full consideration shall be given to the opinions of the Audit Committee or the independent directors. Their consents or objections and the reasons thereof shall be recorded in the board meeting minutes.</p> <p>For matters set out to be resolved at the board meetings in accordance with Article 14-3 of the Act, the independent directors shall attend the meetings in person or appoint other independent directors to stand proxy.</p> <p>Objections or reservations of the independent directors, if any, shall be recorded in the board meeting minutes. If the independent directors are unable to attend the meetings in person to express their objections or reservations, they shall submit written statements in advance, unless there are legitimate reasons to do otherwise, and the</p>	

After	Before	Description
<p>statements shall be recorded in the board meeting minutes. With regard to proposals in the meeting agenda, amendments, alternative proposals or other issues raised through extempore motions shall be seconded by other directors. Written statements shall be provided by directors with specific reasons for objection concerning proposals to be voted on and the reasons shall be recorded in the meeting minutes.</p>	<p>statements shall be recorded in the board meeting minutes. With regard to proposals in the meeting agenda, amendments, alternative proposals or other issues raised through extempore motions shall be seconded by other directors. Written statements shall be provided by directors with specific reasons for objection concerning proposals to be voted on and the reasons shall be recorded in the meeting minutes.</p>	
<p>Article 18 The Rules took effect after being approved by the board on March 20, 2014 and reported in the shareholders' meeting. The first amendment was approved by the board on October 21, 2015 and reported in the shareholders' meeting on December 10, 2015. The second amendment was approved by the board on March 18, 2020 and reported in the shareholders' meeting on June 16, 2020. <u>The third amendment was approved by the board on February 23, 2023 and reported in the shareholders' meeting on May 31, 2023.</u> The board is authorized to approve the amendments.</p>	<p>Article 18 The Rules took effect after being approved by the board on March 20, 2014 and reported in the shareholders' meeting. The first amendment was approved by the board on October 21, 2015 and reported in the shareholders' meeting on December 10, 2015. The second amendment was approved by the board on March 18, 2020 and reported in the shareholders' meeting on June 16, 2020. The board is authorized to approve the amendments.</p>	<p>Added the date of the last amendment.</p>

Endorsement/Guarantee in Fiscal Year 2022

Chang Wah Technology Co., Ltd. and Subsidiaries

Endorsement/Guarantee Provided

For The Year Ended December 31, 2022

In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
0	The Company	Shanghai Chang Wah Electromaterials Inc.	2	\$ 1,954,961	\$ 119,308	\$ 119,308	\$ 119,308	\$ -	1.22	\$ 4,887,404	Yes	No	Yes	

Note 1: The amount of guarantees to any individual entity shall not exceed 20% of the Company's net worth. The maximum amount of guarantees shall not exceed 50% of the Company's net worth.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Financings Provided in Fiscal Year 2022

Chang Wah Technology Co., Ltd. and Subsidiaries Financings Provided To Others

For The Year Ended December 31, 2022

In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate (%)	Nature of Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	The Company	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	\$ 429,940	\$ -	\$ -	0.9	1	\$ 1,714,538	-	\$ -	None	\$ -	\$ 3,909,923	\$ 3,909,923	Note 2
1	SH Electronics Chengdu Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	322,455	322,455	122,840	0.8-0.9	2	-	Repayments of borrowings	-	None	-	1,116,661	1,116,661	Note 3
2	SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Other receivables	Yes	1,842,600	1,842,600	1,842,600	4.18	2	-	Financing of funds	-	None	-	6,075,380	6,075,380	Note 3

Note 1: The nature of financing is as follows:

1. Business relationship
2. The need for short-term financing

Note 2: The maximum amount of the total loan of funds provided by the Company for the companies or the parties which has business relationship or need short-term financing shall not exceed 40% of the net worth in the latest audited or reviewed financial statements of the Company, and the term of each loan shall not exceed one year.

Note 3: The maximum amount of the total loan of funds provided by subsidiary for the companies or the parties which need short-term financing shall not exceed net worth in the latest audited or reviewed financial statements of loan company. If the loan is made to a company in which the parent company has directly or indirectly, 100% of the ownership or voting rights of the Company, the amount shall not exceed the lender's net worth in its latest audited or reviewed financial statements. For other companies, the amount shall not exceed the lender's 40% of the net worth in its latest audited or reviewed financial statements. The term of each loan shall not exceed one year. If the loan is made to a company in which the parent company has directly or indirectly, 100% of the ownership or voting rights of the Company, the term of the loan shall not exceed five years.

Note 4: Amount was eliminated from the consolidated financial statements.

Investment in Mainland China in Fiscal Year 2022

Chang Wah Technology Co., Ltd. and Subsidiaries Information On Investment in Mainland China

For The Year Ended December 31, 2022

In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 2)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance from Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 3 and 4)	Carrying Amount as of December 31, 2022 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
CWTC (Shanghai) Inc.	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, machinery and equipment, etc.	\$ 61,420	1	\$ 64,308	\$ -	\$ -	\$ 64,308	\$ 8,856	100	\$ 8,856	\$ 94,181	\$ -	
Shanghai Chang Wah Electromaterials Inc.	Acting as an agent for IC packaging materials and equipment	122,840	2	-	-	-	-	78,308	69	54,326	339,842	-	
SH Electronics Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	261,035	2	-	-	-	-	273,073	100	273,337	1,316,797	385,258	Note 6
SH Precision Chengdu Co., Ltd	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	107,485	2	-	-	-	-	105,633	100	89,916	527,407	204,616	Note 6
SH Electronics Suzhou Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	767,750	2	-	-	-	-	396,322	100	398,367	1,174,658	-	

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA (Notes 5)	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA (Note 1)
Chang Wah Technology Co., Ltd.	\$64,308	\$1,401,697	\$-

Note 1: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, ROC and the amended Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China dated August 29, 2008, the Company obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau of Ministry of Economic Affairs. The ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 2: Methods of investment 1: Direct investment.

Methods of investment 2: Investments through a holding company registered in a third region.

Note 3: The basis for investment income (loss) recognition is the financial statement audited and attested.

Note 4: Amount was eliminated from the consolidated financial statements.

Note 5: This includes the investment of US\$2,000 thousand in CWTC (Shanghai) Inc., US\$23,279 thousand in SH Electronics Chengdu Co., Ltd., US\$8,035 thousand in SH Precision Chengdu Co., Ltd., US\$3,659 thousand in SH Electronics Suzhou Co., Ltd. and US\$8,670 thousand in Shanghai Chang Wah Electromaterials Inc. approved by the Ministry of Economic Affairs and were translated into NTD using the exchange rate of US\$1:NT\$30.71.

Note 6: The accumulated remittance of profit from investment by SH Electronics Chengdu Co., Ltd. is RMB91,422 thousand (US\$13,000 thousand); The accumulated remittance of profit from investment by SH Precision Chengdu Co., Ltd. is RMB49,921 thousand (US\$7,000 thousand).

2022 Consolidated Financial Statement

INDEPENDENT AUDITORS' REPORT

Chang Wah Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chang Wah Technology Co., Ltd. (the “Company”) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 is described as follows:

Revenue Recognition of Specific Customers

Due to the pressure from having to meet expected targets and market expectations, the possibility of overstatement of sales may arise. The operating revenue in 2022 has grown substantially compared with that of 2021, especially revenue from specific customers which amount is significant to the overall operating revenue. Therefore, the revenue recognition of specific customers with significant sales amount and changes was deemed as a key audit matter.

Our audit procedures performed in response to the abovementioned key audit matter are as follows:

1. We obtained an understanding and tested the effectiveness of the implementation of internal controls over sales.
2. We selected appropriate samples from the sales revenue receipts of specific customers, examined purchase orders, shipping documents and proof of payments as pertaining to the same transaction counterparties.
3. We obtained details on sales returns and allowances for the year and after the reporting period and checked for major abnormalities in sales returns and allowances for the purpose of confirming the authenticity of the sales recognized before the balance sheet date.

Other Matter

We have also audited the parent company only financial statements of Chang Wah Technology Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,625,570	30	\$ 3,685,370	25
Financial assets at fair value through profit or loss (Notes 4 and 7)	57,708	-	110,241	1
Notes receivable (Note 9)	7,948	-	530	-
Accounts receivable, net (Notes 4, 5 and 9)	2,001,042	11	2,100,042	14
Accounts receivable - related parties (Notes 4, 5, 9 and 32)	555,302	3	758,237	5
Other receivables (Note 32)	97,217	-	91,983	-
Inventories (Notes 4, 5 and 10)	2,456,090	13	2,195,670	15
Other financial assets - current (Note 11)	1,351,818	7	1,006,266	7
Other current assets	103,008	1	131,905	1
Total current assets	12,255,703	65	10,080,244	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	1,442,554	8	832,720	5
Property, plant and equipment (Notes 4, 13 and 32)	3,585,714	19	2,474,834	17
Right-of-use assets (Notes 4 and 14)	479,920	2	452,335	3
Investment properties (Notes 4, 6, 15 and 32)	140,610	1	8,219	-
Goodwill (Notes 4 and 16)	683,852	4	653,410	5
Other intangible assets (Notes 4 and 17)	39,026	-	34,664	-
Deferred tax assets (Notes 4, 5 and 26)	69,973	-	132,612	1
Prepayments for equipment	86,653	1	109,537	1
Other financial assets - non-current (Notes 11 and 33)	31,605	-	51,874	-
Other non-current assets (Note 22)	13,042	-	11,614	-
Total non-current assets	6,572,949	35	4,761,819	32
TOTAL	\$ 18,828,652	100	\$ 14,842,063	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 2,126,457	11	\$ 1,324,230	9
Contract liabilities - current (Notes 4 and 24)	331,044	2	126,975	1
Notes payable	170	-	-	-
Accounts payable (Note 20)	930,394	5	1,321,305	9
Accounts payable - related parties (Notes 20 and 32)	11,670	-	15,772	-
Dividends payable	651,505	3	246,872	2
Other payables (Notes 21, 22 and 32)	1,043,673	6	762,057	5
Current tax liabilities (Note 26)	504,723	3	264,886	2
Lease liabilities - current (Notes 4, 14 and 32)	18,677	-	10,619	-
Current portion of bonds payable (Notes 4 and 19)	-	-	215,168	1
Other current liabilities	54,483	-	47,611	-
Total current liabilities	5,672,796	30	4,335,495	29
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 4 and 24)	81,977	1	47,178	-
Long-term borrowings (Note 18)	2,473,985	13	1,736,873	12
Deferred tax liabilities (Notes 4, 5 and 26)	327,471	2	242,189	2
Lease liabilities - non-current (Notes 4, 14 and 32)	76,668	-	56,281	-
Guarantee deposits received	6,374	-	6,221	-
Other non-current liabilities	15,968	-	6,094	-
Total non-current liabilities	2,982,443	16	2,094,836	14
Total liabilities	8,655,239	46	6,430,331	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Share capital				
Ordinary shares	386,569	2	364,131	2
Capital collected in advance	-	-	17,109	-
Total share capital	386,569	2	381,240	2
Capital surplus	6,205,329	33	5,872,815	40
Retained earnings				
Legal reserve	633,251	4	346,521	2
Special reserve	225,382	1	105,738	1
Unappropriated earnings	3,244,984	17	2,093,758	14
Total retained earnings	4,103,617	22	2,546,017	17
Other equity	(334,695)	(2)	(170,630)	(1)
Treasury shares	(586,013)	(3)	(342,001)	(2)
Total equity attributable to owners of the Company	9,774,807	52	8,287,441	56
NON-CONTROLLING INTERESTS (Note 23)	398,606	2	124,291	1
Total equity	10,173,413	54	8,411,732	57
TOTAL	\$ 18,828,652	100	\$ 14,842,063	100

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 14,431,284	100	\$ 12,792,169	100
OPERATING COSTS (Notes 10, 25 and 32)	<u>10,045,698</u>	<u>69</u>	<u>9,386,479</u>	<u>74</u>
GROSS PROFIT	<u>4,385,586</u>	<u>31</u>	<u>3,405,690</u>	<u>26</u>
OPERATING EXPENSES (Notes 9, 25 and 32)				
Selling and marketing expenses	231,934	2	210,236	2
General and administrative expenses	602,796	4	529,720	4
Research and development expenses	422,484	3	461,211	3
Expected credit losses (gains)	<u>6,712</u>	<u>-</u>	<u>(5,776)</u>	<u>-</u>
Total operating expenses	<u>1,263,926</u>	<u>9</u>	<u>1,195,391</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>3,121,660</u>	<u>22</u>	<u>2,210,299</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	74,408	-	18,493	-
Other income	164,610	1	108,677	1
Other gains and losses	320,866	2	(44,940)	-
Finance costs	<u>(47,289)</u>	<u>-</u>	<u>(43,345)</u>	<u>-</u>
Total non-operating income and expenses	<u>512,595</u>	<u>3</u>	<u>38,885</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,634,255	25	2,249,184	18
INCOME TAX EXPENSE (Notes 4 and 26)	<u>789,286</u>	<u>5</u>	<u>510,539</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>2,844,969</u>	<u>20</u>	<u>1,738,645</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,139	-	733	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(255,018)	(2)	191,576	1

(Continued)

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (228)	-	\$ 258	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	288,177	2	(63,443)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(57,332)</u>	<u>-</u>	<u>12,613</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(23,262)</u>	<u>-</u>	<u>141,737</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,821,707</u>	<u>20</u>	<u>\$ 1,880,382</u>	<u>15</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,815,901		\$ 1,714,378	
Non-controlling interests	<u>29,068</u>		<u>24,267</u>	
	<u>\$ 2,844,969</u>		<u>\$ 1,738,645</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,812,447		\$ 1,856,491	
Non-controlling interests	<u>9,260</u>		<u>23,891</u>	
	<u>\$ 2,821,707</u>		<u>\$ 1,880,382</u>	
EARNINGS PER SHARE (Note 27)				
Basic	\$ 3.01		\$ 1.92	
Diluted	3.01		1.91	

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

(Concluded)

Chang Wah Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owner of the Company										Other Equity			Total Equity
	Share Capital			Retained Earnings			Unappropriated Earnings				Other Equity			
	Ordinary Shares	Capital collected in advance	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	Total	Non-controlling Interests	
BALANCE AT JANUARY 1, 2021	\$ 364,131	\$ 4,253,933	\$ 241,635	\$ 130,455	\$ 859,841	\$ 1,231,931	\$ 70,714	\$ (210,208)	\$ (139,994)	\$ (384,142)	\$ 5,525,859	\$ 100,400	\$ 5,426,259	
Appropriation of earnings	-	-	104,886	(24,717)	(104,886)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	104,886	(24,717)	(104,886)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(24,717)	24,717	(573,041)	-	-	-	-	(573,041)	-	(573,041)	
Cash dividends to shareholders	-	-	-	(24,717)	(653,210)	(573,041)	-	-	-	-	(573,041)	-	(573,041)	
Equity component of convertible bonds issued by the company (Note 19)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	1,714,378	1,714,378	-	-	-	-	1,714,378	24,267	1,738,645	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	587	587	191,980	(50,454)	141,526	-	142,113	(376)	141,737	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	587	587	191,980	(50,454)	141,526	-	142,113	(376)	141,737	
Convertible bonds converted to ordinary shares	-	17,109	-	-	-	17,109	191,980	(50,454)	141,526	-	142,113	23,891	1,880,382	
Share-based payments (Note 23)	-	44,726	-	-	-	44,726	-	-	-	42,141	1,233,726	-	1,233,726	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	172,162	172,162	(172,162)	-	(172,162)	-	-	-	-	
BALANCE AT DECEMBER 31, 2021	364,131	5,872,815	346,521	105,738	2,093,758	7,546,017	90,532	(261,162)	(170,630)	(342,001)	8,387,441	124,291	8,411,732	
Appropriation of earnings	-	-	286,730	119,644	(286,730)	-	-	-	-	-	-	-	-	
Legal reserve	-	-	286,730	119,644	(286,730)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(119,644)	119,644	(1,307,663)	-	-	-	-	(1,307,663)	-	(1,307,663)	
Cash dividends to shareholders	-	-	-	(119,644)	(1,714,037)	(1,307,663)	-	-	-	-	(1,307,663)	-	(1,307,663)	
Net profit for the year ended December 31, 2022	-	-	-	-	2,815,901	2,815,901	-	-	-	-	2,815,901	29,068	2,844,969	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	911	911	(233,566)	229,201	(4,365)	-	(3,454)	(19,808)	(3,262)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	911	911	(233,566)	229,201	(4,365)	-	(3,454)	(19,808)	(3,262)	
Convertible bonds converted to ordinary shares	-	-	-	-	2,816,812	2,816,812	(233,566)	229,201	(4,365)	-	2,812,447	9,260	2,821,707	
Purchase of the Company's shares by subsidiaries (Note 23)	20,068	(17,109)	-	-	-	-	-	-	-	-	213,086	-	213,086	
Cash dividends received by subsidiaries from the company	-	-	-	-	-	-	-	-	-	(244,012)	-	(253,972)	(497,984)	
Cash dividends received by subsidiaries from subsidiaries (Note 23)	-	-	-	-	-	-	-	-	-	-	7,102	-	7,102	
Share-based payments (Note 23)	2,370	-	-	-	-	-	-	-	-	-	6,405	-	6,405	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	48,451	48,451	(48,451)	-	(48,451)	-	-	-	-	
BALANCE AT DECEMBER 31, 2022	386,569	6,205,329	633,251	245,382	3,244,984	4,103,617	(191,485)	(31,961)	(334,692)	(586,013)	9,774,807	328,606	10,173,413	

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,634,255	\$ 2,249,184
Adjustments for:		
Depreciation expense	714,624	617,074
Amortization expense	13,207	11,186
Expected credit losses (gains)	6,712	(5,776)
Loss (gain) on financial assets at fair value through profit or loss	20,700	(26,480)
Finance costs	47,289	43,345
Interest income	(74,408)	(18,493)
Dividend income	(100,608)	(57,217)
Share-based compensation	6,405	44,663
Gain on disposal of property, plant and equipment	(423)	(4,768)
Impairment loss recognized on (reversal of) non-financial assets	103,731	(6,466)
Others	(9,716)	(14,661)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	30,418	3,808
Notes receivable	(7,418)	1,219
Accounts receivable	92,197	(568,777)
Accounts receivable - related parties	202,935	(171,548)
Other receivables	17,502	(44,822)
Inventories	(367,236)	(751,687)
Other current assets	26,017	(22,474)
Other non-current assets	11	(648)
Contract liabilities - current	204,069	76,022
Notes payable	170	-
Accounts payable	(390,911)	219,429
Accounts payable - related parties	(4,102)	12,732
Other payables	172,600	214,055
Other current liabilities	6,872	7,287
Net defined benefit liabilities	-	733
Contract liabilities - non-current	34,799	31,697
Other non-current liabilities	<u>9,874</u>	<u>(668)</u>
Cash generated from operations	4,389,565	1,837,949
Interest received	68,514	17,875
Dividends received	83,766	57,217
Interest paid	(27,572)	(28,242)
Income taxes paid	<u>(457,348)</u>	<u>(230,483)</u>
Net cash generated from operating activities	<u>4,056,925</u>	<u>1,654,316</u>

(Continued)

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (1,011,579)	\$ (601,600)
Proceeds from disposal of financial assets at fair value through other comprehensive income	141,813	660,057
Acquisition of property, plant and equipment	(1,362,857)	(758,388)
Proceeds from disposal of property, plant and equipment	453	9,269
Acquisition of intangible assets	(1,467)	(7,573)
Acquisition of investment properties	(261,628)	-
Decrease (increase) in other financial assets	(325,252)	406,414
Increase in other non-current assets	(399)	(1,618)
Increase in prepayments for equipment	<u>(146,609)</u>	<u>(105,095)</u>
Net cash used in investing activities	<u>(2,967,525)</u>	<u>(398,534)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,676,612	1,312,173
Repayments of short-term borrowings	(1,880,704)	(1,189,840)
Proceeds from issuance of convertible bonds	-	1,803,020
Redemption of corporate bonds	(775)	-
Proceeds from long-term borrowings	1,635,592	1,382,314
Repayments of long-term borrowings	(898,480)	(2,898,000)
Increase (decrease) in guarantee deposits received	72	(3,443)
Repayments of the principal portion of lease liabilities	(15,314)	(11,767)
Cash dividends paid	(888,535)	(467,445)
Acquisition of the parent company's shares held by subsidiaries	(497,984)	-
Treasury shares sold to employees	-	42,204
Increase in non-controlling interests	<u>510,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>640,484</u>	<u>(30,784)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>210,316</u>	<u>(41,163)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,940,200	1,183,835
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,685,370</u>	<u>2,501,535</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,625,570</u>	<u>\$ 3,685,370</u>

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

(Concluded)

2022 Parent Company Only Financial Statement

INDEPENDENT AUDITORS' REPORT

Chang Wah Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Chang Wah Technology Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

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 of 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2022 is described as follows:

Revenue Recognition of Specific Customers

Due to the pressure from having to meet expected targets and market expectations, the possibility of overstatement of sales may arise. The operating revenue in 2022 has grown substantially compared with that of 2021, especially revenue from specific customers which amount is significant to the overall operating revenue. Therefore, the revenue recognition of specific customers with significant sales amount and changes was deemed as a key audit matter.

Our audit procedures performed in response to the abovementioned key audit matter are as follows:

1. We obtained an understanding and tested the effectiveness of the implementation of internal controls over sales.
2. We selected appropriate samples from the sales revenue receipts of specific customers, examined purchase orders, shipping documents and proof of payments as pertaining to the same transaction counterparties.
3. We obtained details on sales returns and allowances for the year and after the reporting period and checked for major abnormalities in sales returns and allowances for the purpose of confirming the authenticity of the sales recognized before the balance sheet date.

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, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the 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 and appropriate audit evidence regarding the financial information of 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 control that we identify during our audit

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,227,965	13	\$ 1,730,905	13
Financial assets at fair value through profit or loss (Notes 4 and 7)	57,708	-	110,241	1
Accounts receivable, net (Notes 4, 5 and 9)	730,691	4	730,669	5
Accounts receivable - related parties (Notes 4, 5, 9 and 32)	704,821	4	549,049	4
Other receivables (Note 32)	74,322	-	438,464	3
Inventories (Notes 4, 5 and 10)	1,282,188	7	412,891	3
Other financial assets - current (Note 11)	768,328	5	1,006,266	8
Other current assets	42,199	-	43,634	-
Total current assets	<u>5,888,222</u>	<u>33</u>	<u>5,022,119</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	1,322,063	8	832,720	6
Investments accounted for using the equity method (Notes 4 and 12)	7,658,536	43	6,589,991	49
Property, plant and equipment (Notes 4, 13 and 32)	2,259,762	13	826,773	6
Right-of-use assets (Notes 4 and 14)	80,299	-	28,462	-
Investment properties (Notes 4, 15 and 32)	140,610	1	-	-
Goodwill (Notes 4 and 16)	131,195	1	-	-
Other Intangible assets (Notes 4 and 17)	32,471	-	29,505	-
Deferred tax assets (Notes 4 and 26)	45,392	-	93,680	1
Prepayments for equipment	86,515	1	96,231	1
Other financial assets - non-current (Notes 11 and 33)	29,400	-	29,700	-
Other non-current assets (Note 22)	5,624	-	1,480	-
Total non-current assets	<u>11,791,867</u>	<u>67</u>	<u>8,528,542</u>	<u>63</u>
TOTAL	<u>\$ 17,680,089</u>	<u>100</u>	<u>\$ 13,550,661</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 2,100,000	12	\$ 1,172,065	9
Contract liabilities (Notes 4 and 24)	252,590	1	11,371	-
Notes payable	170	-	-	-
Accounts payable (Note 20)	386,599	2	421,934	3
Accounts payable - related parties (Notes 20 and 32)	506,540	3	790,493	6
Dividends payable	661,540	4	246,872	2
Other payables (Notes 21, 22 and 32)	703,254	4	333,733	2
Current tax liabilities (Note 26)	343,832	2	62,292	-
Lease liabilities - current (Notes 4, 14 and 32)	9,316	-	2,840	-
Current portion of bonds payable (Notes 4 and 19)	-	-	215,168	2
Other current liabilities	12,453	-	1,058	-
Total current liabilities	<u>4,976,294</u>	<u>28</u>	<u>3,257,826</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 4 and 24)	51,861	-	-	-
Long-term borrowings (Note 18)	2,473,985	14	1,736,873	13
Deferred tax liabilities (Notes 4, 5 and 26)	327,471	2	242,110	2
Lease liabilities - non-current (Notes 4, 14 and 32)	73,283	1	26,411	-
Other non-current liabilities	2,388	-	-	-
Total non-current liabilities	<u>2,928,988</u>	<u>17</u>	<u>2,005,394</u>	<u>15</u>
Total liabilities	<u>7,905,282</u>	<u>45</u>	<u>5,263,220</u>	<u>39</u>
EQUITY (Notes 4 and 23)				
Capital				
Ordinary shares	386,569	2	364,131	3
Capital collected in advance	-	-	17,109	-
Total capital	<u>386,569</u>	<u>2</u>	<u>381,240</u>	<u>3</u>
Capital surplus	6,205,329	35	5,872,815	43
Retained earnings				
Legal reserve	633,251	4	346,521	3
Special reserve	225,382	1	105,738	1
Unappropriated earnings	3,244,984	18	2,093,758	15
Total retained earnings	<u>4,103,617</u>	<u>23</u>	<u>2,546,017</u>	<u>19</u>
Other equity	(334,695)	(2)	(170,630)	(1)
Treasury shares	(586,013)	(3)	(342,001)	(3)
Total equity	<u>9,774,807</u>	<u>55</u>	<u>8,287,441</u>	<u>61</u>
TOTAL	<u>\$ 17,680,089</u>	<u>100</u>	<u>\$ 13,550,661</u>	<u>100</u>

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

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 8,760,470	100	\$ 4,817,610	100
OPERATING COSTS (Notes 10, 25 and 32)	<u>6,707,648</u>	<u>77</u>	<u>4,184,408</u>	<u>87</u>
GROSS PROFIT	2,052,822	23	633,202	13
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(1,784)</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,051,038</u>	<u>23</u>	<u>633,108</u>	<u>13</u>
OPERATING EXPENSES (Notes 9, 25 and 32)				
Selling and marketing expenses	64,189	1	18,017	-
General and administrative expenses	218,092	2	78,688	2
Research and development expenses	199,397	2	114,112	2
Expected credit losses (gains)	<u>(1,137)</u>	<u>-</u>	<u>997</u>	<u>-</u>
Total operating expenses	<u>480,541</u>	<u>5</u>	<u>211,814</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>1,570,497</u>	<u>18</u>	<u>421,294</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	41,374	-	15,708	-
Other income	120,501	1	71,876	2
Other gains and losses	260,950	3	(32,317)	-
Finance costs	(44,550)	-	(36,674)	(1)
Share of profit of subsidiaries	<u>1,311,132</u>	<u>15</u>	<u>1,406,708</u>	<u>29</u>
Total non-operating income and expenses	<u>1,689,407</u>	<u>19</u>	<u>1,425,301</u>	<u>30</u>
PROFIT BEFORE INCOME TAX	3,259,904	37	1,846,595	39
INCOME TAX BENEFIT (Notes 4 and 26)	<u>444,003</u>	<u>5</u>	<u>132,217</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,815,901</u>	<u>32</u>	<u>1,714,378</u>	<u>36</u>

(Continued)

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 1,139	-	\$ -	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(214,527)	(3)	191,576	4
Share of remeasurement of defined benefit plans of subsidiaries	-	-	587	-
Unrealized gains and losses on investments in equity instruments designated as at fair value through other comprehensive income (loss) of subsidiaries accounted for using the equity method	(19,039)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(228)	-	404	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	286,533	3	(63,067)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	(57,332)	-	12,613	-
Other comprehensive income for the year, net of income tax	(3,454)	-	142,113	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,812,447</u>	<u>32</u>	<u>\$ 1,856,491</u>	<u>39</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 3.01		\$ 1.92	
Diluted	3.01		1.91	

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

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Capital			Retained Earnings				Other Equity			Total Equity		
	Ordinary Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Transferring the Financial Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value	Comprehensive Income		Unearned Employee Benefits	Treasury Shares
BALANCE AT JANUARY 1, 2021	\$ 364,131	\$ -	\$ 4,253,933	\$ 241,635	\$ 130,455	\$ 859,841	\$ 1,231,931	\$ (210,208)	\$ 70,714	\$ (139,994)	\$ -	\$ (384,142)	\$ 5,325,859
Appropriation of earnings	-	-	-	-	-	(104,886)	-	-	-	-	-	-	-
Legal reserve	-	-	-	104,886	-	(104,886)	-	-	-	-	-	-	-
Special reserve	-	-	-	(24,717)	(24,717)	24,717	(573,041)	-	-	-	-	-	(573,041)
Cash dividends to shareholders	-	-	-	-	-	(573,041)	(573,041)	-	-	-	-	-	(573,041)
Equity component of convertible bonds issued by the Company (Note 19)	-	-	-	104,886	(24,717)	(653,210)	(573,041)	-	-	-	-	-	(573,041)
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,714,378	1,714,378	-	-	-	-	-	355,539
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	587	587	(50,454)	191,980	-	-	-	1,714,378
	-	-	-	-	-	587	587	(50,454)	191,980	-	-	-	142,113
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,714,965	1,714,965	(50,454)	191,980	-	-	-	1,856,491
Convertible bonds converted to ordinary shares	-	17,109	-	-	-	-	-	-	-	-	-	-	1,235,726
Share - based payment (Note 28)	-	-	-	-	-	-	-	-	-	-	-	42,141	86,867
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	172,162	172,162	-	(172,162)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	364,131	17,109	5,872,815	346,521	105,738	2,093,758	2,546,017	(261,162)	90,532	(170,630)	-	(342,001)	8,287,441
Appropriation of earnings	-	-	-	286,730	-	(286,730)	-	-	-	-	-	-	-
Legal reserve	-	-	-	286,730	-	(286,730)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	119,644	(119,644)	-	-	-	-	-	-	(1,307,663)
Cash dividends to shareholders	-	-	-	-	-	(1,307,663)	(1,307,663)	-	-	-	-	-	(1,307,663)
Net profit for the year ended December 31, 2022	-	-	-	286,730	119,644	(1,714,037)	(1,307,663)	-	-	-	-	-	2,815,901
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	911	911	229,201	(233,566)	-	-	-	(3,454)
	-	-	-	-	-	911	911	229,201	(233,566)	-	-	-	(3,454)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,816,812	2,816,812	229,201	(233,566)	-	-	-	2,812,447
Convertible bonds converted to ordinary shares (Note 19)	20,068	(17,109)	-	-	-	-	-	-	-	-	-	-	213,086
Purchase of the Company's shares by subsidiaries (Note 23)	-	-	210,127	-	-	-	-	-	-	-	-	(244,012)	(244,012)
Cash dividends received by subsidiaries from the Company	-	-	-	-	-	-	-	-	-	-	-	-	7,102
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1
Share-based payment (Note 28)	2,370	-	-	-	-	-	-	-	-	-	(111,249)	-	6,405
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	48,451	48,451	-	(48,451)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	386,569	-	6,205,329	633,251	225,382	3,244,984	4,103,617	(31,961)	(191,485)	(111,249)	(586,013)	(586,013)	9,774,807

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

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,259,904	\$ 1,846,595
Adjustments for:		
Depreciation expense	340,189	103,952
Amortization expense	10,702	6,327
Expected credit losses (gains)	(1,137)	997
Loss (gain) on financial assets at fair value through profit or loss	20,700	(26,480)
Finance costs	44,550	36,674
Interest income	(41,374)	(15,708)
Dividend income	(90,995)	(57,217)
Share-based compensation	5,608	9,865
Share of the profit of subsidiaries	(1,311,132)	(1,406,708)
Gain on disposal of property, plant and equipment	-	(1,200)
Impairment loss recognized on (reversal of) non-financial assets	47,390	(5,974)
Unrealized gain on transactions with subsidiaries	1,784	94
Others	(9,716)	(14,661)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	30,418	3,808
Accounts receivable	33,078	(331,326)
Accounts receivable - related parties	282,927	(203,655)
Other receivables	8,554	(29,249)
Inventories	(309,028)	(297,251)
Other current assets	9,250	(15,976)
Other non-current assets	11	-
Contract liabilities - current	180,559	4,640
Notes payable	170	-
Accounts payable	(183,247)	150,713
Accounts payable - related parties	(52,121)	432,683
Other payables	102,467	133,745
Other current liabilities	6,962	(2,247)
Contract liabilities - non-current	18,902	-
Other non-current liabilities	124	-
Cash generated from operations	<u>2,405,499</u>	<u>322,441</u>
Interest received	40,303	16,717
Dividends received	76,358	57,217
Interest paid	(26,303)	(22,068)
Income taxes paid	<u>(169,457)</u>	<u>(16,320)</u>
Net cash generated from operating activities	<u>2,326,400</u>	<u>357,987</u>

(Continued)

Chang Wah Technology Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (845,683)	\$ (601,600)
Proceeds from disposal of financial assets at fair value through other comprehensive income	141,813	660,057
Acquisition of property, plant and equipment	(999,239)	(322,511)
Proceeds from disposal of property, plant and equipment	-	1,200
Acquisition of long-term equity investments accounted for using the equity method	(290,000)	-
Decrease in other receivables - related parties	388,425	20,868
Acquisition of intangible assets	(131)	(6,395)
Net cash inflow on acquisition of subsidiary	40,895	-
Acquisition of investment property	(261,628)	-
Decrease in other financial assets	258,238	406,414
Increase in other non-current assets	(1,498)	(1,249)
Increase in prepayments for equipment	(145,816)	(94,645)
Net cash generated from (used in) investing activities	<u>(1,714,624)</u>	<u>62,139</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,676,612	856,283
Repayments of short-term borrowings	(1,854,096)	(410,000)
Proceeds from issuance of convertible bonds	-	1,803,020
Redemption of corporate bonds	(775)	-
Proceeds from long-term borrowings	1,635,592	1,382,314
Repayments of long-term borrowings	(898,480)	(2,898,000)
Proceeds from guarantee deposits received	213	-
Repayment of the principal portion of lease liabilities	(6,372)	(1,813)
Cash dividends paid	(892,995)	(467,445)
Treasury shares sold to employees	-	42,204
Acquisition of subsidiaries	(774,415)	-
Net cash generated from (used in) financing activities	<u>(114,716)</u>	<u>306,563</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	497,060	726,689
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,730,905</u>	<u>1,004,216</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,227,965</u>	<u>\$ 1,730,905</u>

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

Chang Wah Technology Co., Ltd.
Comparison Table of "Procedures for Acquisition or Disposal of Assets"
before and after Amendments

Article	After	Before	Description
Article 5	<p>Authorization limits and levels Regarding acquisition or disposal of assets, the authority officer shall proceed in accordance with the procedures for fixed assets and investments under the internal control system of the Company. The approval process is carried out based on the following authorization scopes:</p> <ol style="list-style-type: none"> 1. Operating and non-operating real estate, equipment or right-of-use assets thereof shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties. 2. Other important assets, intangible assets or right-of-use assets thereof, or membership certificates required for business operation shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties. 3. Acquisition or disposal of marketable securities investments is subject to the authorization levels set forth in the rules governing the long and short-term investments of the Company. 4. The total amount of non-operating real estate or right-of-use assets thereof or 	<p>Authorization limits and levels Regarding acquisition or disposal of assets, the authority officer shall proceed in accordance with the procedures for fixed assets and investments under the internal control system of the Company. The approval process is carried out based on the following authorization scopes:</p> <ol style="list-style-type: none"> 1. Operating and non-operating real estate, equipment or right-of-use assets thereof shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties. 2. Other important assets, intangible assets or right-of-use assets thereof, or membership certificates required for business operation shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties. 3. Acquisition or disposal of marketable securities investments is subject to the authorization levels set forth in the rules governing the long and short-term investments of the Company. 4. The total amount of non-operating real estate or right-of-use assets thereof or 	The amendments are made according to practical need of execution of the Company.

Article	After	Before	Description
	<p>marketable securities acquired individually by the Company and its subsidiaries and the investments on individual marketable securities shall be subject to the limits below. Investments where the Company and its subsidiaries participate in the establishment or act as directors or supervisors and intend to hold on a long-term basis may be excluded when calculating the ratios under subparagraphs 4.</p> <p>(1) The total amount of non-operating real estate or right-of-use assets thereof shall not exceed 30 percent of the net worth in respective companies' latest financial statements.</p> <p>(2) The Company's total amount of investments in marketable securities shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's total amount of investments in marketable securities shall not exceed 300% of <u>the Company's</u> net worth in the latest financial statements.</p> <p>(3) The Company's amount of investments in a single marketable security shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's amount of investments in a single marketable security shall not exceed 300% of <u>the Company's</u> net worth in the latest financial statements.</p> <p>(4) The respective long and short-term net investments of the Company and its</p>	<p>marketable securities acquired individually by the Company and its subsidiaries and the investments on individual marketable securities shall be subject to the limits below. Investments where the Company and its subsidiaries participate in the establishment or act as directors or supervisors and intend to hold on a long-term basis may be excluded when calculating the ratios under subparagraphs 4 and 5.</p> <p>(1) The total amount of non-operating real estate or right-of-use assets thereof shall not exceed 30 percent of the net worth in respective companies' latest financial statements.</p> <p>(2) The Company's total amount of investments in marketable securities shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's total amount of investments in marketable securities shall not exceed 300% of <u>its</u> net worth in the latest financial statements.</p> <p>(3) The Company's amount of investments in a single marketable security shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's amount of investments in a single marketable security shall not exceed 300% of <u>its</u> net worth in the latest financial statements.</p> <p>(4) The respective long and short-term net investments of the Company and its</p>	

Article	After	Before	Description
	<p>subsidiaries in a listed or over-the-counter company shall not exceed 30 percent of the net worth in <u>the Company's</u> latest financial statements.</p> <p>(5) The respective short-term net investments of the Company and its subsidiaries shall not exceed 30 percent of the net worth in respective companies' latest financial statements.</p> <p>5. Regarding financial derivatives transactions, besides taking into account the Company's sales growth and changes in risk exposure, the in-charge staff shall draw up an approval request for each transaction due to security concerns. The request shall be approved by the authority officer followed by the chairperson before the transactions can be executed. Modifications shall also be approved by the chairperson. Due to time constraints, the in-charge staff may obtain verbal consents from the authority officer and the chairperson first and submit the approval requests afterwards. The transaction amount is subject to provisions under Chapter III of the Procedures.</p> <p>6. Regarding acquisition of real</p>	<p>subsidiaries in a listed or over-the-counter company shall not exceed 30 percent of the net worth in <u>respective companies'</u> latest financial statements.</p> <p>(5) The total shareholding of long and short term investments of the Company and its subsidiaries in a listed or over the counter company shall not exceed 10 percent of the total issued shares of the said listed or over the counter company.</p> <p>(6) The respective short-term net investments of the Company and its subsidiaries shall not exceed 30 percent of the net worth in respective companies' latest financial statements.</p> <p>5. Regarding financial derivatives transactions, besides taking into account the Company's sales growth and changes in risk exposure, the in-charge staff shall draw up an approval request for each transaction due to security concerns. The request shall be approved by the authority officer followed by the chairperson before the transactions can be executed. Modifications shall also be approved by the chairperson. Due to time constraints, the in-charge staff may obtain verbal consents from the authority officer and the chairperson first and submit the approval requests afterwards. The transaction amount is subject to provisions under Chapter III of the Procedures.</p> <p>6. Regarding acquisition of real</p>	

Article	After	Before	Description
	<p>estate or right-of-use assets thereof from related parties, documents shall be prepared in accordance with provisions under Chapter II of the Procedures and submitted to the Board for approval.</p> <p>7. Regarding merger, spin off, acquisition or transfer of shares, procedures and documents are subject to provisions under Chapter IV of the Procedures. Mergers, spin offs and acquisitions shall be approved by the shareholders' meeting, unless otherwise specified in other laws and regulations. Transfers of shares shall be approved by the Board.</p>	<p>estate or right-of-use assets thereof from related parties, documents shall be prepared in accordance with provisions under Chapter II of the Procedures and submitted to the Board for approval.</p> <p>7. Regarding merger, spin off, acquisition or transfer of shares, procedures and documents are subject to provisions under Chapter IV of the Procedures. Mergers, spin offs and acquisitions shall be approved by the shareholders' meeting, unless otherwise specified in other laws and regulations. Transfers of shares shall be approved by the Board.</p>	

Appendix

Chang Wah Technology Co., Ltd.

Rules of Procedure for Shareholders' Meetings

- Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 2: Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors. Changes to the methods of convening the shareholders' meeting shall be resolved by the board of directors and made before sending out the shareholders' meeting notice.
- The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. However, if the Company's paid-in capital equals to or exceeds NT\$10 billion as of the end of the most recent fiscal year or the aggregate shareholding percentage of foreign and mainland Chinese investors equals to or exceeds 30% as recorded in the shareholder register of the regular shareholders' meeting in the most recent fiscal year, the aforementioned electronic versions of documents shall be uploaded 30 days before the date of a regular shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also prepare the shareholders' meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated.
- The shareholders' meeting agenda and supplemental meeting materials in the preceding paragraph shall be made available by the Company in the following manners for shareholders to review on the date of the shareholders' meeting:
1. For physical shareholders' meetings, the documents shall be distributed at the meeting.
 2. For hybrid shareholders' meetings, the documents shall be distributed at the meeting and their electronic versions shall be available on the virtual meeting platform.
 3. For virtual shareholders' meetings, the electronic versions of documents shall be available on the virtual meeting platform.

The Company shall specify in its shareholders' meeting notices the time during which the attendance registrations of shareholders, solicitors and proxies (collectively, "shareholders") will be accepted, the place to register for attendance, and other matters requiring attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations. For virtual shareholders' meetings, shareholder attendance registrations may begin on the virtual meeting platform 30 minutes prior to the time the meeting commences. Shareholders completing the registration will be deemed as attending the shareholders' meeting in person.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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

at the regular shareholders' meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. However, the exercise of their voting rights shall be calculated on the basis of the shares held by them; if there are two or more representatives, the representatives shall exercise their voting rights jointly.

For virtual shareholders' meetings, shareholders shall register with the Company two days before the date of the shareholders' meeting if they intend to attend the meeting online.

For virtual shareholders' meetings, the Company shall upload the shareholders' meeting agenda, annual report and other relevant materials to the virtual meeting platform at least 30 minutes prior to the time the meeting commences and have the information available until the end of the meeting.

To convene a virtual shareholders' meeting, the Company shall include the following items in the shareholders' meeting notice:

1. The means for shareholders to attend the virtual meeting and exercise their rights.
2. Actions to be taken when the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events. The action plan shall at least cover the following items:
 - A. The time to which the meeting is postponed if the above obstruction cannot be removed or the time the meeting will resume, and the date to which the meeting is postponed or the date the meeting will resume.
 - B. Shareholders who did not register to attend the original virtual shareholders' meeting cannot attend the postponed or resumed session.
 - C. For hybrid shareholders' meetings, if the virtual meeting cannot continue and the total number of shares represented by attending shareholders, excluding shares represented by ones attending the virtual meeting online, meets the minimum quorum requirement for a shareholders'

meeting, the meeting shall continue. For shareholders who attend the virtual meeting online, their shares shall be included in the total number of shares represented by the attending shareholders, and they are deemed to have waived their rights with respect to all proposals of that shareholders' meeting.

D. Actions to be taken if the outcome of all proposals has been announced and extraordinary motions have not been carried out.

3. For virtual shareholders' meetings, alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

Attendance and voting at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in and the shares of shareholders whose attendances are registered at the virtual meeting platform, plus the number of shares with voting rights exercised by correspondence or electronic means.

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting. For virtual shareholders' meetings, the Company shall upload the aforementioned meeting materials to the virtual meeting platform at least 30 minutes prior to the time the meeting commences and have the information available until the end of the meeting.

For virtual shareholders' meetings, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

Article 3: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder

intends to attend the meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the date of the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means as the voting rights were exercised, two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Article 4: The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The constraints on meeting venue do not apply in the case of virtual shareholders' meetings.

Article 5: It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson of the board of directors shall designate a person to act on his/her behalf; if the chairperson of the board of directors does not designate a person to act on his/her behalf, the directors shall elect one among themselves to act on his/her behalf.

When a director serves as chair, as referred to in the preceding paragraph,

the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 6: The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 7: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained together with the attendance book and proxy forms for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

For virtual shareholders' meetings, the Company shall keep records of the shareholder registration, sign-in, check-in, question time, and voting as well as the vote counting by the Company, and make an uninterrupted audio and video recording of the entire proceedings of the virtual meetings.

The records and audio and video recording in the preceding paragraph shall be properly retained during the existence of the Company. Copies of the audio and video recording shall be given to the party engaged by the Company to handle the virtual meetings for safekeeping.

For virtual shareholders' meetings, the Company is advised to make audio and video recording of the back-end operation interface of the virtual meeting platform.

Article 8: When the attending shareholders represent a majority of the total number of issued shares, the chair shall call the meeting to order at the appointed meeting time and announce the number of non-voting shares and the number of shares present at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. For virtual shareholders' meetings, shareholders shall re-register with the Company pursuant to Article 2 if they

intend to attend the meeting online.

When, prior to conclusion of the meeting, the number of shares represented by the shareholders present has reached a quorum, the chairperson shall immediately call the meeting to order and resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and maintained in a record.

For virtual shareholders' meetings, when the meeting is called to order, shareholders attending the meeting online shall cast votes on proposals and elections via the virtual meeting platform before the chair announces the end of the voting session. Otherwise, they are deemed to have waived their rights.

For virtual shareholders' meetings, all votes are counted after the chair announces the end of the voting session. The results of voting and elections shall be announced immediately.

For hybrid shareholders' meetings, shareholders who decide to attend the physical shareholders' meeting in person after registering to attend the meeting online in accordance with Article 2 shall retract their registration two days before the date of the shareholders' meeting by the same means as their original registration. If their registration is retracted after that time, they can only attend the shareholders' meeting online.

When voting rights have been exercised by correspondence or electronic means, unless the shareholders withdraw their declarations of intent and attend the shareholders' meeting online, they cannot exercise voting rights on the original proposals, make any amendments to the original proposals or exercise voting rights on amendments to the original proposals, except for extraordinary motions.

Resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the chair of the meeting with a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The minutes may be prepared and distributed by electronic means.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the statistical tallies of the numbers of votes). In the event of an election of directors or supervisors, the number of voting rights won by each candidate shall be disclosed. The minutes shall be retained during the existence of the Company.

For virtual shareholders' meetings, besides items set forth in the preceding paragraph, the time the shareholders' meeting start and end, method for convening the meeting, names of the chair and recorder, and actions to be taken when the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events as well as the outcomes thereof shall be included in the minutes.

For virtual shareholders' meetings, besides complying with requirements set forth in the preceding paragraph, alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified in the meeting minutes.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under regulations of competent authorities, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected and the names of those who were not elected and the numbers of votes with which they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 10: If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting is adjourned, the shareholders are not allowed to select another chairperson to resume the meeting at the same place or another venue.

- Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor.
- Article 12: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes; with the permission of the chair, a speech may be extended for 2 minutes, and is limited to one time.
If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. The chair may stop his/her speech if the violation continues after the termination.
- Article 13: When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 13-1: For virtual shareholders' meetings, shareholders attending online may raise questions in writing at the virtual meeting platform after the chair calls the meeting to order and before the chair announces the meeting adjourned. Shareholders cannot raise more than two questions concerning the same proposal and each question shall be limited to 200 words. Articles 11 to 13 do not apply.
Questions referred to in the preceding paragraph are advised to be disclosed to the public at the virtual meeting platform if they do not violate any rules nor exceed the scope of a proposal.
- Article 14: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 15: When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- Article 16: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

- Article 17: Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- Article 18: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 20: If a shareholders' meeting cannot be convened on the day of notice for any reason, or if the proceedings of the meeting cannot be continued for any reason, the chair of the shareholders' meeting at that time is authorized to announce the adjournment or resumption of the meeting within five days in accordance with Article 182 of the Company Act; the provisions of Article 172 of the Company Act regarding the convening procedure shall not apply.
- Article 21: For virtual shareholders' meetings, the Company shall disclose the results of voting and election promptly after the end of the voting session on the virtual meeting platform as required. The disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- Article 22: When convening a virtual shareholders' meeting, the chair and the recorder shall be at the same location in Taiwan. The chair shall announce the address of their location when the meeting is called to order.

Article 23: Prior to a virtual shareholders' meeting, the Company may conduct a simple connection trial with shareholders. Relevant services shall be provided promptly before and during the meeting to assist with technical issues of communication.

When calling a virtual shareholders' meeting to order, the chair shall also announce the date to which the meeting would be postponed or resume in cases where the virtual meeting platform or online participation is obstructed due to natural disasters, accidents or other force majeure events before the chair announces the meeting adjourned and the obstruction continues for more than 30 minutes, except for circumstances set forth in Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies where the meeting is not required to be postponed or resumed. The new date shall be within five days from the original meeting and Article 182 of the Company Act does not apply.

For postponed or resumed meetings as described in the preceding paragraph, shareholders who did not register to attend the original virtual shareholders' meeting cannot attend the postponed or resumed session.

For meetings postponed or resumed in accordance with paragraph 2, the number of shares represented by and the voting rights and election rights exercised by the shareholders, who register to attend and complete the attendance registration of the original shareholders' meeting but do not take part in the postponed or resumed meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed meeting.

In meetings postponed or resumed in accordance with paragraph 2, discussions and resolutions are not required for proposals with votes cast and counted as well as results announced, or concerning the list of elected directors and supervisors.

For hybrid shareholders' meetings where the virtual meeting cannot continue due to circumstances set forth in paragraph 2, if the total number of shares represented by attending shareholders, excluding shares represented by ones attending the virtual meeting online, meets the minimum quorum requirement for a shareholders' meeting, the meeting shall continue. Rules of postponement or resumption under paragraph 2 shall not apply.

When the meeting continues as described in the preceding paragraph, shares represented by shareholders attending the meeting online shall be included in the total number of shares represented by attending shareholders. However, these shareholders are deemed to have waived their rights with respect to all proposals of that shareholders' meeting.

When the Company postpones or resumes the shareholders' meeting in accordance with paragraph 2, preliminary works shall be done according to the date of the original shareholders' meeting and the requirements set forth in Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or periods set forth in the second half of Article 12, and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as well as Article 44-5, paragraph 2,

Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed based on the date of shareholders' meeting postponed or resumed in accordance with paragraph 2.

Article 24: When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures to shareholders with difficulties in attending the virtual shareholders' meeting online.

Chang Wah Technology Co., Ltd.

Articles of Incorporation

Chapter I General

- Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be 長華科技股份有限公司 in the Chinese language, and Chang Wah Technology Co., Ltd. in the English language.
- Article 2: The scope of business of the Company shall be as follow:
- (1) C805050 Industrial Plastic Products Manufacturing
 - (2) CC01080 Electronic Parts and Components Manufacturing
 - (3) F119010 Wholesale of Electronic Materials
 - (4) F219010 Retail Sale of Electronic Materials
 - (5) CA01130 Copper Material Rolls over Extends and Crowding
 - (6) CA02010 Metal Architectural Components Manufacturing
 - (7) CC01020 Electric Wires and Cables Manufacturing
 - (8) CC01110 Computers and Computing Peripheral Equipments Manufacturing
 - (9) CQ01010 Die Manufacturing
 - (10) CA02090 Metal line Products Manufacturing
 - (11) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
 - (12) F106030 Wholesale of Die
 - (13) F113010 Wholesale of Machinery
 - (14) F113020 Wholesale of Household Appliance
 - (15) F113050 Wholesale of Computing and Business Machinery Equipment
 - (16) F113070 Wholesale of Telecom Instruments
 - (17) F206030 Retail Sale of Die
 - (18) F213010 Retail Sale of Household Appliance
 - (19) F213030 Retail sale of Computing and Business Machinery Equipment
 - (20) F213060 Retail Sale of Telecom Instruments
 - (21) F213080 Retail Sale of Machinery and Equipment
 - (22) F213100 Retail Sale of Pollution Controlling Equipments
 - (23) F401010 International Trade
 - (24) CC01040 Lighting Facilities Manufacturing
 - (25) E603090 Illumination Equipments Construction
 - (26) IG03010 Energy Technical Services
 - (27) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The Company may provide external guarantees for business purposes in accordance with relevant laws and regulations.
- Article 2-2: The total amount of the Company's reinvestment is not limited to 40% of the paid-in capital.

Article 3: The Company is headquartered in Kaohsiung City. If necessary, the Company may establish domestic or overseas branch organizations after the resolution from the Board.

Chapter II Shares

Article 4: The total capital of the Company is set at NT\$700 million, divided into 1.75 billion shares of NT\$0.4 each, and the board of directors is authorized to issue the shares in installments. Preferred shares may be issued within the above total number of shares. The aforementioned capital stock is reserved with 25 million shares, which is reserved for the exercise of stock options and may be issued in installments in accordance with the resolution of the board of directors.

If the Company issues stock options at a price lower than the market price (net value per share), the stock options shall be issued only with the approval of two-thirds or more of the shareholders present at the shareholders' meeting representing a majority of the total number of shares.

Article 4-1: Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to transfer treasury stock to employees, issue employee stock options, issue preemptive rights for employees and issue restricted stock for employees may be specified by the board of directors.

Article 4-2: The rights and obligations and other important conditions of issuance of the preferred shares of the Company are as follows:

1. If there is any surplus in the Company's annual final accounts, the Company shall, in addition to paying tax, first make up for prior years' losses and set aside legal reserve as required by law, and then set aside or reverse the special reserve in accordance with the Articles of Incorporation, and if there is any remaining balance, the Company shall have priority in the distribution of dividends for the year to which the preferred shares are entitled.
2. Dividends on preferred shares are capped at 8% per annum and are calculated on the basis of the issue price per share. Dividends may be distributed annually in cash in one lump sum, and the board of directors or the chairperson authorized by a resolution of the board of directors to set the base date for distribution of dividends after the financial report is approved by the shareholders at the annual general meeting. The number of dividends to be distributed in the year of issuance and the year of recovery is calculated based on the actual number of days of issuance in that year, and the issuance date is defined as the base date of capital increase for the issuance of the preferred shares.
3. The Company has the discretion to distribute dividends on preferred shares. If the Company's annual final accounts do not contain any earnings or earnings sufficient to distribute dividends on preferred shares or due to other necessary considerations, the board of directors may resolve not to distribute dividends on preferred shares, which shall not constitute a breach of contract, and preferred shareholders may not object. If the preferred shares issued are non-cumulative, any undistributed or under-distributed dividends will not be accumulated and deferred in future years.
4. In addition to receiving dividends as provided in Paragraph 2 of this

Article, preferred shareholders may not participate in the distribution of ordinary shares with respect to cash and equity capital of earnings and capital surplus if the preferred shares issued is non-participating.

5. When the Company issues new shares in cash, preferred shareholders have the same preferential subscription rights as ordinary shareholders.
6. Preferred shareholders shall have priority over ordinary shareholders in the distribution of the Company's remaining property, and shall be paid in the same order as preferred shareholders issued by the Company, all subordinate to general creditors, to the extent that the distribution does not exceed the amount of the outstanding preferred shares issued at the time of distribution, based on the issue price.
7. The preferred shareholders shall not have voting rights, but may be elected as directors and have the voting rights at the preferred shareholders' meeting or at the shareholders' meeting concerning the preferred shareholders' rights and obligations.
8. If the preferred shares issued by the Company are convertible preferred shares, they are not convertible within one year from the date of issuance. The period of conversion is authorized to be determined by the board of directors in the actual conditions of issuance. The shareholders of convertible preferred shares may apply for conversion of all or part of their preferred shares in accordance with the conditions of issuance in the ratio of one preferred share to one ordinary share (conversion ratio of 1:1). Upon conversion of the convertible preferred shares into ordinary shares, the rights and obligations are the same as those of the ordinary shares. Dividends for the year of conversion of preferred shares are calculated based on the ratio of the actual number of days of issuance to the number of days of the year. However, those who convert to ordinary shares before the ex-dividend date of each year's dividend distribution are not allowed to participate in the distribution of preferred share dividends and dividends in the subsequent year, but may participate in the distribution of ordinary share earnings and capital surplus in the year. Dividends on preferred shares and dividends on ordinary shares in the same year shall be distributed without duplication.
9. The preferred shares have no expiration date and the preferred shareholders do not have the right to request the Company to redeem the preferred shares held by them. However, the Company may redeem all or part of the preferred shares at any time from the day after the expiration of five years from the date of issuance by cash, mandatory conversion by issuing new shares, or in any other manner permitted by law, at the actual issue price and the relevant issuance method. If the preferred shares are not redeemed, the rights and obligations under the various conditions of issuance shall continue until redeemed by the Company. In the year in which the preferred shares are redeemed, if the Company's shareholders' meeting resolves to pay dividends, the dividends payable as of the redeemed date shall be calculated based on the actual number of days of issuance in that year.
10. Except for making up for losses, the capital surplus from the issuance of

preferred shares at premium shall not be reallocated as capital during the issuance period. The name of the preferred shares, the issuance date, the specific conditions of issuance and other related matters are authorized to be determined by the board of directors in accordance with the Company's Articles of Incorporation and relevant laws and regulations, depending on the capital market conditions and the willingness of investors to subscribe for the preferred shares when the preferred shares are actually issued.

Article 5: The shares of the Company shall be in registered form, signed or sealed by the directors on behalf of the Company, and shall be issued with certification in accordance with the law.

The shares and other securities issued by the Company may be issued without a share certificate, but should be registered with a central securities depository. If the Company intends to cancel the public offering, it shall submit a resolution to the shareholders' meeting, and this provision shall not be changed during the emerging and listing periods.

The registration of the transfer of shares shall be in accordance with Article 165 of the Company Act.

The Company's share affairs are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies", unless otherwise required by the relevant securities laws and regulations.

Chapter III Shareholders' Meeting

Article 6: The Company's shareholders' meetings are as the following two types:

1. Ordinary meetings shall be convened once a year by the board of directors, within six months after the end of each fiscal year.
2. Interim meetings shall be convened as required by law.

When necessary, a meeting of preferred shareholders may be held in accordance with the relevant laws and regulations.

Unless otherwise provided by law, a shareholders' meeting shall be convened by the board of directors. The notice of the shareholders' meeting may be given by electronic means with the consent of the shareholders.

The convening and announcement of the shareholders' meeting of the Company shall be made in accordance with Article 172 of the Company Act.

Article 6-1: Shareholders' meetings of the Company may be convened virtually or in other ways announced by the Ministry of Economic Affairs.

Article 7: In the event that a shareholder is unable to attend a shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting in accordance with Article 177 of the Company Act by issuing a letter of proxy issued by the Company specifying the scope of the authority. Unless otherwise provided in the Company Act, the Company shall follow the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" established by the competent authorities.

When the Company convenes a shareholders' meeting, the Company may exercise its voting rights in writing or by electronic means. The Company shall include electronic means as one of the methods for shareholders to exercise their voting rights, and shareholders who exercise their voting rights by electronic means shall be deemed to be present in person, and the related matters shall

be handled in accordance with the laws and regulations.

Article 8: Unless otherwise provided by law, each shareholder is entitled to one vote for each share held.

Article 9: Unless otherwise provided for in the Company Act, a shareholders' meeting shall proceed only if attended by shareholders representing more than one-half of the total issued and outstanding capital stock of the Company. Resolutions of a shareholders' meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

Article 10: The shareholders' meeting shall be convened by the board of directors, with the chairperson as the chair. In case the chairperson of the board of directors is absent, the chairperson of the board of directors shall designate a person to act on his/her behalf; if the chairperson of the board of directors does not designate a person to act on his/her behalf, the directors shall elect one among themselves to act on his/her behalf. If the shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 11: The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting, and shall be kept permanently during the existence of the Company.

The foregoing minutes may be prepared and distributed by electronic means or by way of public notice.

Chapter IV Board of Directors

Article 12: The Company shall have 7 to 9 Directors to be elected at the shareholders' meeting from among the individuals of legal capacity, with the term of three years. All Directors shall be eligible for re-election. The election of directors shall be based on a candidates nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The percentage of shareholdings of all directors shall be in accordance the provisions prescribed by the competent authority in charge of securities affairs.

The election of directors of the Company and the handling of related matters shall be in accordance with the "Rules for Election of Directors" of the Company and relevant laws and regulations.

The number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directorships. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities affairs.

Article 12-1: In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an "Audit Committee", which shall consist of all

independent directors. The Audit Committee or members of the Audit Committee shall be responsible for carrying out the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act, and other laws and regulations.

The number, term of office, terms of reference, powers, and rules of procedure for meetings of the Audit Committee shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", and shall adopt an Audit Committee Charter.

The Board of Directors may establish a compensation committee or other functional committees as necessary for the operation of the Company's business.

Article 13: The board of directors shall be organized by the directors, and a chairperson shall be elected by and from among the directors with the presence of at least two-thirds of the directors and the consent of a majority of the directors present.

Article 14: Meetings of the board of directors shall be convened by the chairperson of the board of directors. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice of the convening of the board of directors meeting may be given in writing, by e-mail or by fax.

In the case a director is unable to attend a board meeting for any reason, he/she may appoint in writing another director to attend as his/her proxy in accordance with the law, and the proxy may accept a proxy from one person only; if the director participates in the meeting via tele- or video-conference is deemed as attendance in person.

Article 15: If the chairperson cannot perform his/her duty due to certain reason, the assignment of his/her deputy shall be conducted in accordance with the regulations of Article 208 of the Company Act.

Article 16: The compensation of the Company's directors is authorized to be determined by the board of directors with reference to the recommendations of the Remuneration Committee and subject to the directors' participation in the Company's operations and the value of their contributions and the usual standards in the industry and the Company's "Regulations Governing Compensation of Directors".

The board of directors meeting may be attended by more than half of the directors as necessary, and a majority of the directors present agree to purchase liability insurance for all directors during their term of office.

Chapter V Managerial Officers

Article 17: The Company may have one or more managerial officers. Appointment, discharge and the compensation of the managerial officers shall be in compliance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18: The Company's fiscal year shall begin on January 1 and end on December 31 of each year. At the end of each fiscal year, the board of directors shall submit to

the Audit Committee for review or the Audit Committee shall appoint an accountant to audit and submit a report to the shareholders for approval 30 days prior to the shareholders' meeting, including (1) Annual Business Report; (2) Financial Statement; (3) Proposal of Distribution of Earnings or Making Up of Loss.

Article 19: The Company shall distribute earnings or make up for losses after the end of each quarter. If there is any surplus at the end of each quarter, the Company shall first make up for losses, estimate and retain the taxable contributions and compensation to employees and directors, and set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or regulations prescribed by the competent authority. If there is any surplus, the remaining balance shall be added to the accumulated undistributed earnings of the previous quarter, and the board of directors shall prepare a proposal for the distribution of the earnings, which shall be resolved by the shareholders' meeting if the earnings are to be distributed by issuing new shares, or by the board of directors if the earnings are to be distributed in cash.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or the competent authority; if there is any remaining balance, the Company may give priority to the distribution of dividends from the preferred shares; if there is any unappropriated earnings from prior years, the Board of Directors shall prepare a proposal for the distribution of earnings, which shall be resolved by the shareholders' meeting if the distribution is to be made by issuing new shares.

In accordance with Article 240 of the Company Act, the Company authorizes the distributable dividends and bonuses or the legal reserve and capital surplus provided for in Article 241 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 19-1: The Company is in line with the overall environment and the growth characteristics of the industry, as well as the long-term financial planning of the Company, in order to achieve sustainable and stable business development. The Company's dividend policy is based on the residual dividend policy, which is based on the Company's future capital budget plan to measure the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

1. Determine the best capital budget.
2. Determine the amount of financing needed to meet the previous capital budget.
3. Determine the amount of capital to be financed by retained earnings.
4. The remaining earnings may be distributed to the shareholders in the

form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Company's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

Article 19-2: The Company shall distribute compensation to employees at no less than 1% and no more than 12% of the Company's profitability for the year and shall distribute compensation to directors at no more than 1.5% of the Company's profitability for the year. However, if the Company has accumulated deficits, the Company shall first make up for them.

Compensation to employees may be distributed in the form of shares or in cash to employees of parents or subsidiaries of the company meeting certain specific requirements that are entitled to receive shares or cash; such requirements shall be established by the board of directors.

Profit of the current year referred to in the first paragraph refers to the net income before taxation for the current year before the distribution of compensation to employees and compensation to directors.

The distribution of compensation to employees and compensation to directors shall be made by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 20: After the Company's shares are listed on the Taiwan Stock Exchange, in accordance with Article 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company may transfer shares to employees at less than the average actual share repurchase price, with the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

Chapter VII Supplementary Provision

Article 21: The Company's bylaws and regulations are set forth separately.

Article 22: All matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other laws and regulations.

Article 23: These Articles of Incorporation were established on December 21, 2009.

The 1st amendment was made on February 9, 2010.

The 2nd amendment was made on June 13, 2013.

The 3rd amendment was made on May 14, 2014.

The 4th amendment was made on April 30, 2015.

The 5th amendment was made on December 10, 2015.

The 6th amendment was made on May 12, 2016.

The 7th amendment was made on June 14, 2019.

The 8th amendment was made on June 16, 2020.

The 9th amendment was made on July 22, 2021.

The 10th amendment was made on June 14, 2022.

Chang Wah Technology Co., Ltd.
Chairperson: Canon, HUANG

Chang Wah Technology Co., Ltd.

Rules of Procedure for Board of Directors' Meetings (before Amendment)

- Article 1: The Rules of Procedure for Board of Directors' Meetings (the "Rules") are drawn up in accordance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" in order to establish a sound governance system, improve supervisory function and strengthen management mechanism of the board of directors (the "board").
- Article 2: With regards to the rules of procedure for board meetings of the Company, the main agenda items, procedures, matters required in the meeting minutes, public announcement and other compliance requirements shall be conducted in accordance with the provisions of the Rules.
- Article 3: Board meetings shall be held at least once every quarter for business needs. Board meeting notices shall state the time, place and reasons for convening the meeting and shall be delivered to all directors seven days before the meeting. In case of emergency, the board meetings may be convened at any time. The notices in the preceding paragraph may be served in written form or delivered through electronic means with the consent of the recipients.
- Article 4: The Finance Department is the designated unit responsible for the board meetings (the "board meeting unit"). The board meeting unit shall draft the agenda items of the board meetings and provide sufficient meeting materials to be delivered with the meeting notices. If the meeting materials are deemed to be insufficient by the directors, they may request the board meeting unit to provide supplementary information. If the materials pertaining to proposals are deemed to be insufficient by the directors, the discussion of the agenda items may be postponed upon a resolution of the board.
- Article 5: The Company shall provide the attending directors with an attendance book to sign at the board meetings for future reference. Directors shall attend the board meetings in person. A director who is unable to attend in person shall appoint another director to attend the meetings as proxy in accordance with the Company's Articles of Incorporation. Directors attending the meetings via video conferencing shall be deemed to have attended the meetings in person. However, the attendance book shall be faxed as proof of attendance. Directors who appoint other directors as proxies to attend the board meetings shall provide the proxy forms with the scope of authority clearly stated for each board meeting. Regarding the proxy referred to in Paragraph 2, no director may act as proxy for more than one director.
- Article 6: Board meetings shall be convened at the premises of the Company during office hours, or at a place and time convenient for the directors to attend and appropriate for such an event.
- Article 7: Board meetings convened by the Chairman shall be chaired by the Chairman. However, if the first meeting of each term of the board is convened by the director receiving the highest number of voting rights in the shareholders' meeting, he/she shall preside at the meeting. When there are two or more

convening parties, they shall elect a person from among themselves to preside at the meeting.

Where a board meeting is convened by the majority of directors on their own pursuant to Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Act, the directors shall elect a person from among themselves to preside at the meeting.

If the Chairman is on leave or unable to exercise power, he/she may appoint one director to stand proxy. If the Chairman does not appoint a proxy, the directors shall elect one person from among themselves to stand proxy.

Article 8: Management (or the board meeting unit designated by the board) shall have relevant information ready for attending directors to examine during the board meetings.

Depending on the agenda items, personnel from relevant departments or subsidiaries may be notified to attend the board meetings to report on corporate performance and business as well as answer questions raised by directors, thereby assisting directors with understanding the company and making proper decisions. If necessary, certified public accountants, attorneys or other professionals may also be invited to be present at the meeting and provide expert opinions as references for directors. However, they shall excuse themselves during discussion and voting.

The chair shall call the meeting to order at the scheduled time when the attending directors represent the majority of all directors. When the attending directors do not represent the majority of all directors, the chair may announce to postpone the meeting. The postponement is limited to two times. If the number of attending directors does not meet the quorum after two postponements, the chair shall reconvene the meeting in accordance with the procedures specified in Paragraph 2 of Article 3 herein.

Where the chair cannot call the meeting to order at the scheduled time due to force majeure events or other special circumstances, he/she may postpone the meeting after seeking opinions from each director and secure the consent of the majority of directors. The postponed meeting may be held at another location or (and) via video conferencing. However, it shall be convened before 12 o'clock midnight of that date.

The term "all directors" in Paragraph 3 and Subparagraph 2, Paragraph 2 of Article 16 herein means the number of directors who are actually in office.

Article 9: The Company shall make an audio or video recording of the board meeting and retain it for at least five years. The recording may be kept in electronic form.

If litigation arises from matters resolved in the board meetings before the retention period referred to in the preceding paragraph expires, relevant audio or video recordings shall be retained until the litigation is concluded. The rule in the preceding paragraph shall not apply.

For board meetings convened via video conferencing, the audio and video recordings shall be part of the meeting minutes and properly retained throughout the life of the Company.

Article 10: Agenda items of the Company's regular board meetings shall include at least the following matters:

1. Report items:
2. Discussion items:
3. Extempore motions

Article 11: Proposals raised by directors shall be delivered to the Company's board meeting unit three days prior to the delivery of meeting notices; otherwise, they would not be included in the agenda.

Board meetings shall proceed in accordance with the agenda set out in the meeting notices. The agenda shall not be changed without the consent of the majority of attending directors.

The chair may not declare the meeting adjourned prior to the completion of meeting agenda in the preceding paragraph and extempore motions without the consent of the majority of attending directors.

In the process of the board meetings, if the number of directors in attendance were less than the majority of directors originally attending the meeting, the chair shall temporarily adjourn the meeting upon a motion by the directors in attendance. Under such circumstance, Paragraph 3 of Article 8 herein shall apply mutatis mutandis.

When the meeting is in progress, the chair may set time for a break or negotiation at his/her discretion.

Article 12: The following matters shall be proposed for discussion at the board meetings:

1. Business plans of the Company.
2. Annual and semiannual financial reports, with the exception of semiannual financial reports which are exempt from being audited by the certified public accountants according to the law.
3. Internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the "Act").
4. Procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivative transactions, loans to others, or the provision of guarantees, established or amended in accordance with Article 36-1 of the Act.
5. Offering, issuance or private placement of equity-type securities.
6. Appointment and discharge of financial, accounting or internal audit officers.
7. Donation to related parties or material donation to non-related parties. For public welfare emergency relief in relation to serious natural disasters, the board may ratify such donation in the next board meeting.
8. Matters that shall be resolved by the shareholders' meetings or board meetings pursuant to Article 14-3 of the Act, relevant laws and regulations or the Company's Articles of Incorporation, or significant matters stipulated by the competent authorities.

The term "related parties" in Subparagraph 7 of the preceding paragraph is as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "material donation to non-related parties" refers to individual donation or the aggregate amount to the same party within one year exceeding NT\$100,000,000, or 1 percent of net operating revenue or 5 percent of paid-in capital in the audited financial report of the most recent year.

The term “within one year” in the preceding paragraph means one year calculated retroactively from the date of the current board meeting. Amounts already resolved in the board meetings shall be excluded.

Except for emergency or legitimate reasons, matters specified in subparagraphs under Paragraph 1 shall be listed as reasons for convening the meetings and shall not be raised as extempore motions.

When discussing the material financial or business transactions referred to in Subparagraph 4, Paragraph 1 at the board meetings, full consideration shall be given to the opinions of the Audit Committee or the independent directors. Their consents or objections and the reasons thereof shall be recorded in the board meeting minutes.

For matters set out to be resolved at the board meetings in accordance with Article 14-3 of the Act, the independent directors shall attend the meetings in person or appoint other independent directors to stand proxy. Objections or reservations of the independent directors, if any, shall be recorded in the board meeting minutes. If the independent directors are unable to attend the meetings in person to express their objections or reservations, they shall submit written statements in advance, unless there are legitimate reasons to do otherwise, and the statements shall be recorded in the board meeting minutes. With regard to proposals in the meeting agenda, amendments, alternative proposals or other issues raised through extempore motions shall be seconded by other directors.

Written statements shall be provided by directors with specific reasons for objection concerning proposals to be voted on and the reasons shall be recorded in the meeting minutes.

Article 13: When the chair is of the opinion that a proposal has been discussed sufficiently to be put to a vote, he/she shall announce the discussion closed and call for a vote.

Resolutions are deemed adopted if no objection is voiced by any of the attending directors after solicitation by the chair and shall have the same effect as if they were put to a vote. If objections are voiced upon solicitation by the chair, the resolution shall be put to a vote.

The chair shall adopt one of the following voting methods unless objections are voiced by attending directors, in which case, the voting method shall be determined by the majority of attending directors:

1. By showing of hands or using a voting machine;
2. By voicing votes;
3. By casting ballots; or
4. Voting methods adopted by the Company.

The term “any of the attending directors” in Paragraph 2 excludes directors who shall not exercise voting rights pursuant to Paragraph 1, Article 15 herein.

Article 14: Each director has one vote.

Unless otherwise stipulated by the Act and the Company Act, resolutions of the board meetings shall be adopted by the majority of attending directors which represents the majority of all directors.

When there is an amendment or an alternative to a proposal, the chair shall present the amendment or alternative together with the original proposal and

decide their voting orders. If one proposal among them has been adopted, the others shall be deemed overruled and no further voting is required.

Where the monitoring and counting personnel are required for the voting, they shall be appointed by the chair, provided that all monitoring personnel shall be directors of the Company.

The results of voting shall be announced at the meeting and placed on record.

Article 15: For agenda items of which the director or the juridical person represented by the director has a personal interest, the director shall disclose major aspects of such personal interest at the board meetings. If the Company's interests could be impaired, the director may state his/her opinions and answer questions. However, he/she shall not participate and shall recuse himself/herself from the discussion and voting of the agenda items. In addition, he/she shall not exercise voting rights on behalf of another director.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is a party with a personal interest in the agenda items referred to in the preceding paragraph, the director shall be deemed to have a personal interest in the agenda item.

With respect to resolutions at the board meetings, when a director is prohibited by the preceding two paragraphs from exercising the voting rights, the provisions of Paragraph 2, Article 180 of the Company Act shall apply mutatis mutandis pursuant to Paragraph 4, Article 206 of the same act.

Article 16: Discussions at the board meetings shall be recorded in the meeting minutes, which shall document the following items:

1. The term (or year), time and place of the meeting;
2. Name of the chair;
3. The attendance of directors, including the names and numbers of directors who are present, on leave, and absent;
4. Names and job titles of parties attending the meeting;
5. Name of the recorder;
6. Report items;
7. Discussion items: Resolution method and result of each proposal; speech summary of directors, experts and other personnel; names of directors having a personal interest pursuant to Paragraph 1 of the preceding article; description on major aspects of the interest; reasons for recusal or non-recusal; status of recusal; objections or reservations which are on the record or in writing; and written statements submitted by independent directors pursuant to Paragraph 6 of Article 12 herein;
8. Extempore motion: Name of proposer; resolution method and result of each proposal; speech summary of directors, experts and other personnel; names of directors having a personal interest pursuant to Paragraph 1 of the preceding article; description on major aspects of the interest; reasons for recusal or non-recusal; status of recusal; and objection or reservation which are on the record or in writing; and
9. Other items that shall be recorded.

With regard to resolutions of the board meetings, when one of the following situations occurs, the Company shall make public announcements and filing at

the Market Observation Post System designated by the Financial Supervisory Commission within two days from the date of the board meetings besides recording the resolution in the meeting minutes:

1. Where the independent directors show objections or reservations that are kept on the record or in writing; or
2. Where the resolution is approved by two-thirds of the total number of directors but not by the Audit Committee for companies with an audit committee.

The attendance book of the board meetings is a part of the meeting minutes and shall be retained permanently.

Meeting minutes shall be signed or sealed by the chair and the recorder of the meeting and distributed to all directors within twenty days after meeting. It shall be classified as an important file of the Company and retained properly throughout the life of the Company.

The meeting minutes referred to in Paragraph 1 may be prepared and distributed by electronic means.

Article 17: Except for matters under Paragraph 1, Article 12 which shall be submitted for discussion at the board meetings, when the board delegates its authority to a party pursuant to relevant laws and regulations or the Company's Articles of Incorporation, the delegation level, contents or matters shall be specific. The board shall not give a blanket authority and matters involving material interests of the Company shall still be resolved by the board.

Article 18: The Rules took effect after being approved by the board on March 20, 2014 and reported in the shareholders' meeting. The first amendment was approved by the board on October 21, 2015 and reported in the shareholders' meeting on December 10, 2015. The second amendment was approved by the board on March 18, 2020 and reported in the shareholders' meeting on June 16, 2020. The board is authorized to approve the amendments.

Chang Wah Technology Co., Ltd.
Procedures for Acquisition or Disposal of Assets (before Amendment)

Chapter I General Provisions

Article 1: Purpose and legal basis

To safeguard investments and implement information disclosure, the Procedures for Acquisition or Disposal of Assets ("Procedures") are established pursuant to Article 36-1 of the Securities Exchange Act and provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" drawn up by the Financial Supervisory Commission of the Republic of China ("FSC"). Acquisition or disposal of the Company's assets shall comply with the Procedures. Matters not set forth in the Procedures shall be handled in accordance with relevant laws and regulations.

Article 2: Scope of application

Assets in the Procedures refer to:

1. Marketable securities: including investments in stocks, government bonds, corporate bonds, financial bonds, marketable securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities and asset-backed securities;
2. Real estate (including land, houses and buildings, and investment property), plants and equipment;
3. Membership certificates;
4. Intangible assets: including patents, copyrights, trademarks and franchise rights;
5. Right-of-use assets;
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
7. Financial derivatives;
8. Assets acquired or disposed through mergers, spin off, acquisitions or transfers of shares by laws; and
9. Other important assets.

Article 3: Assessment and procedures

1. Regarding long and short-term securities investments or financial derivatives transaction, the department applying for the transaction shall submit an evaluation report to be approved by the authorized approval authority.
2. Regarding acquisition or disposal of real estate, equipment or right-of-use assets thereof and other assets due to business needs, the applying department shall state the reasons based on actual requirements or via a special project, submit relevant information after prudent evaluations through procedures such as price inquiry, comparison and negotiation, and consult with relevant departments before having the application reviewed by the Company's approval authority. For matters set forth in Article 185 of the Company Act, a resolution from the shareholders' meeting is required.
3. Regarding acquisition or disposal of intangible assets or right-of-use assets thereof or membership certificates, the applying department shall submit the transaction terms or the prices with reference to the evaluation reports issued by the experts or the fair value of the market to be reviewed by the

Company's approval authority pursuant to the rules for fixed asset acquisitions.

4. Transactions with related parties shall be conducted in accordance with provisions under Chapter II of the Procedures. For mergers, spin off, acquisitions or transfers of shares, provisions under Chapter IV of the Procedures shall apply.

Article 4: Method and basis for pricing

1. Regarding acquisition or disposal of real estate, equipment or right-of-use assets thereof, except for transactions with domestic government agencies, commissioned construction on land owned or leased by the Company or acquisition or disposal of operating equipment or right-of-use assets thereof, the Company shall obtain an appraisal report produced by a professional appraiser before the date of occurrence and meet the following criteria when the transaction amount exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000:
 - (1) When a limited price, specific price or special price must be used as reference for the transaction price due to special circumstances, the transaction shall be submitted to the board of directors (the Board) for approval. The same procedures shall apply for any subsequent changes to the transaction terms.
 - (2) When the transaction amount exceeds NT\$1,000,000,000, appraisals from two or more professional appraisers are required.
 - (3) If any of the following situation occurs, unless all appraisal values for asset acquisition are higher than the transaction amount or all appraisal values for asset disposal are lower than the transaction amount, the Company shall contact certified public accountants (CPAs) to express specific opinions on the reasons for the discrepancy as well as the fairness of the transaction price:
 - A. The difference between the appraisal values and the transaction amount exceeds 20 percent of the transaction amount.
 - B. The difference between the appraisal values from two or more professional appraisers exceeds 10 percent of the transaction amount.
 - (4) The date of report issued by a professional appraiser shall not be more than three months earlier than the contract date. However, if the publicly announced value of the same period is applicable and the report is issued within six months, the original professional appraiser may issue an opinion.
2. Regarding acquisition or disposal of marketable securities, the Company shall obtain the target company's latest CPA-audited or reviewed financial statements as a reference for assessing the transaction price before the date of occurrence. In addition, where the transaction amount exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price. However, the rules do not apply if quoted prices from an active market are available for such marketable securities or the FSC has regulated otherwise.
3. Where the transaction amount of the Company's acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates

exceeds 20 percent of the Company's paid-in capital or NT\$300,000,000, except for transactions with domestic government agencies, the Company shall, before the date of occurrence, contact CPAs to express opinions on the reasonableness of the transaction price.

4. The transaction amount in the preceding three paragraphs shall be calculated in accordance with Article 7, paragraph 1, subparagraphs 7. The "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions in accordance with the Procedures shall not be included.
5. Where the Company acquires or disposes of assets through court auctions, certificates issued by the court may substitute for appraisal reports or CPAs' opinions.
6. Financial derivatives transactions shall take into account trading conditions of the futures market as well as trends of exchange rates and interest rates. Prices are determined in accordance with provisions under Chapter III of the Procedures.
7. Regarding merger, spin off, acquisition or transfer of shares, the business nature, book value per share, assets value, technical competence, profitability, production capacity and future growth potential of the target company shall be taken into account. Prices are determined in accordance with provisions under Chapter IV of the Procedures.

Article 5: Authorization limits and levels

Regarding acquisition or disposal of assets, the authority officer shall proceed in accordance with the procedures for fixed assets and investments under the internal control system of the Company. The approval process is carried out based on the following authorization scopes:

1. Operating and non-operating real estate, equipment or right-of-use assets thereof shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties.
2. Other important assets, intangible assets or right-of-use assets thereof, or membership certificates required for business operation shall be approved by the Board. However, the Board may authorize the chairperson to make decisions for transactions within a certain amount based on the authorization levels set forth in the rules governing the delegation of duties.
3. Acquisition or disposal of marketable securities investments is subject to the authorization levels set forth in the rules governing the long and short-term investments of the Company.
4. The total amount of non-operating real estate or right-of-use assets thereof or marketable securities acquired individually by the Company and its subsidiaries and the investments on individual marketable securities shall be subject to the limits below. Investments where the Company and its subsidiaries participate in the establishment or act as directors or supervisors and intend to hold on a long-term basis may be excluded when calculating the ratios under subparagraphs 4 and 5.

- (1) The total amount of non-operating real estate or right-of-use assets thereof shall not exceed 30 percent of the net worth in respective companies' latest financial statements.
 - (2) The Company's total amount of investments in marketable securities shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's total amount of investments in marketable securities shall not exceed 300% of its net worth in the latest financial statements.
 - (3) The Company's amount of investments in a single marketable security shall not exceed 500% of its net worth in the latest financial statements. A subsidiary's amount of investments in a single marketable security shall not exceed 300% of its net worth in the latest financial statements.
 - (4) The respective long and short-term net investments of the Company and its subsidiaries in a listed or over-the-counter company shall not exceed 30 percent of the net worth in respective companies' latest financial statements.
 - (5) The total shareholding of long and short-term investments of the Company and its subsidiaries in a listed or over-the-counter company shall not exceed 10 percent of the total issued shares of the said listed or over-the-counter company.
 - (6) The respective short-term net investments of the Company and its subsidiaries shall not exceed 30 percent of the net worth in respective companies' latest financial statements.
5. Regarding financial derivatives transactions, besides taking into account the Company's sales growth and changes in risk exposure, the in-charge staff shall draw up an approval request for each transaction due to security concerns. The request shall be approved by the authority officer followed by the chairperson before the transactions can be executed. Modifications shall also be approved by the chairperson. Due to time constraints, the in-charge staff may obtain verbal consents from the authority officer and the chairperson first and submit the approval requests afterwards. The transaction amount is subject to provisions under Chapter III of the Procedures.
 6. Regarding acquisition of real estate or right-of-use assets thereof from related parties, documents shall be prepared in accordance with provisions under Chapter II of the Procedures and submitted to the Board for approval.
 7. Regarding merger, spin off, acquisition or transfer of shares, procedures and documents are subject to provisions under Chapter IV of the Procedures. Mergers, spin offs and acquisitions shall be approved by the shareholders' meeting, unless otherwise specified in other laws and regulations. Transfers of shares shall be approved by the Board.

Article 6: Implementation departments and transaction processes

Acquisition or disposal of assets shall be approved in accordance with provisions specified below and where necessary, the Board may review the application:

1. Acquisition or disposal of long and short-term marketable securities – President Office and Finance and Accounting Division shall proceed in accordance with the rules governing the long and short-term investments of the Company.
2. Acquisition or disposal of real estate or right-of-use assets thereof or other

fixed assets – Management Division or user department shall conduct a detailed market survey and submit the survey report as well as appraisal reports produced by professional appraisers to the president and chairperson for approval.

3. Acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates – once the application is approved in accordance with the authorization levels, the user department along with the Finance and Accounting Division or the Management Division shall be responsible for executing the transaction.
4. Financial derivatives transaction – As derivative trading features quick changes, significant amount, frequent transactions and complex computation, the Finance Division is designated to carry out the transaction and relevant management works. Confirmation and settlement shall be performed by different staff.
5. The implementation department of merger, spin off, acquisition or transfer of shares shall be designated by the chairperson. Transactions shall be executed in compliance with laws and regulations.

Article 7: Public disclosure of information

1. Items to be publicly disclosed and reported and the standards for public disclosure and reporting
 - (1) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party with transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300,000,000. This does not apply to the purchase or sale of domestic government bonds, bonds with repurchase or resale agreements, nor the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Engagement in a merger, spin off, acquisition or transfer of shares.
 - (3) Financial derivatives transactions with losses exceeding the upper limit for aggregate or individual contracts as stipulated in the Procedures.
 - (4) Acquisition or disposal of assets classified as operating equipment or right-of-use assets thereof from or to a non-related party with transaction amount satisfying one of the following conditions:
 - A. Paid-in capital is less than NT\$10,000,000,000 while the transaction amount exceeds NT\$500,000,000.
 - B. Paid-in capital exceeds NT\$10,000,000,000 while the transaction amount exceeds NT\$5,000,000,000.
 - (5) Real estate acquired by means of contracting others to construct on land owned or leased by the Company, distributing housing units in a joint construction project, distributing profit in a joint construction project or selling housing units separately in a joint construction project from a non-related party with the expected transaction amount exceeding NT\$500,000,000.
 - (6) Asset transactions other than the ones described in the preceding five subparagraphs or investments in China with transaction amount exceeding 20 percent of the Company's paid-in capital or NT\$300,000,000. However, the following circumstances are not subject to the aforementioned

requirements:

- A. Purchase or sale of domestic government bonds or overseas government bonds with credit ratings equal to or above the sovereign rating of Taiwan.
- B. Purchase or sale of bonds with repurchase or resale agreements or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The aforementioned transaction amount shall be calculated as follows:

- (1) The amount of each transaction.
- (2) The cumulative amount of acquisition or disposal of subject matters in the same category from or to the same counterparty within one year.
- (3) The cumulative amount of acquisition or disposal of real estate or right-of-use assets thereof of the same development project within one year (the acquisition and disposal amounts shall be accumulated separately).
- (4) The cumulative amount of acquisition or disposal of the same marketable securities within one year (the acquisition and disposal amounts shall be accumulated separately).

The "within one year" referred to in the preceding paragraph means one year calculated retrospectively from the date of transaction. The part which has been publicly disclosed in accordance with relevant provisions shall not be included.

2. Deadline for public disclosure and reporting

If the Company's acquisition or disposal of assets meets criteria in the preceding paragraph and the transaction amount meets the requirements for public disclosure and reporting, the Company shall disclose and report the transaction within two days counting inclusively from the date of occurrence.

3. Procedures for public disclosure and reporting

- (1) The Company shall disclose and report relevant information on the website designated by the FSC.
- (2) The Company shall update the status of financial derivatives transactions engaged by the Company and its subsidiaries that are not domestic public companies as of the end of the previous month in the prescribed format at the information reporting website designated by the FSC before the tenth of each month.
- (3) If the Company has to amend errors or omissions in items disclosed, the Company shall publicly disclose and report all items again within two days counting inclusively from the date it becomes aware of such errors or omissions.
- (4) Regarding the acquisition or disposal of assets, the Company shall keep related contracts, meeting minutes, memorandums, appraisal reports and opinions of CPAs, lawyers or securities underwriters available at its office. Unless otherwise provided in other laws, these documents shall be retained for a minimum of five years.
- (5) After publicly disclosing and reporting transactions in accordance with the Article, the Company shall, under any of the following circumstances,

publicly disclose and report related information on the website designated by the FSC within two days counting inclusively from the date of occurrence:

- A. Contracts signed in relation to the original transaction is amended, terminated or cancelled.
- B. Merger, spin off, acquisition or transfer of shares fails to be completed as scheduled.
- C. Details of the original disclosure and reporting have been changed.

Article 8: Controls over acquisition or disposal of assets by subsidiaries:

1. Subsidiaries of the Company shall also establish the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" by the FSC.
2. Acquisition or disposal of assets by subsidiaries shall be in compliance with their own "internal controls" and "Procedures for Acquisition or Disposal of Assets". Subsidiaries shall submit a summary of their acquisition or disposal of assets in the previous month and the status of financial derivatives transactions engaged as of the end of the previous month to the Company before the fifth of each month. The audit unit of the Company shall include the acquisition or disposal of assets by subsidiaries as an annual audit item and the audit outcome shall be a mandatory item in the reporting of audit operation to the Audit Committee and the Board.
3. Where the subsidiary is not a domestic public company and its asset acquisition or disposal meets the requirements for public disclosure and reporting, the Company shall make public disclosure and reporting on behalf of the subsidiary. The subsidiary shall inform the Company within one day from the date of occurrence and the Company shall disclose and report relevant information on the designated website within two days counting inclusively from the date of occurrence in accordance with relevant provisions. The subsidiary's public disclosure and reporting standards concerning paid-in capital or total assets shall be based on the Company's paid-in capital or total assets.

Article 9: Penalties

Employees who undertake asset acquisition or disposal and violate the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" and the Procedures would be penalized depending on the severity of the case in accordance with the Personnel Management Rules of the Company.

Chapter II Related Party Transaction

Article 10: Identification basis

Regarding the acquisition or disposal of assets between the Company and its related parties, in addition to complying with the Procedures and this Chapter for resolution procedures and reasonableness assessments on the transaction terms and conditions, where the transaction amount exceeds 10 percent of the Company's total assets, appraisal reports produced by professional appraisers or CPA's opinions shall also be obtained in accordance with Article 4 herein.

The transaction amount in the preceding paragraph is calculated in accordance with Article 4, paragraph 4 herein.

The "related parties" herein is determined by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Article 11: Resolution procedures

Where the transaction amount of acquisition or disposal of real estate or right-of-use assets thereof from or to a related party or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300,000,000, except for the purchase or sale of domestic government bonds, bonds with repurchase or resale agreements, and the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the implementation department shall submit the following information to the Audit Committee and the Board and obtain their approvals before signing the transaction contract and making payments:

1. Purpose, necessity and expected benefits of the asset acquisition or disposal.
2. Reasons for choosing the related party as the counterparty.
3. Information related to the reasonableness assessment on the preliminary transaction terms of the acquisition of real estate or right-of-use assets thereof from a related party in accordance with Articles 12 or 13 of the Procedures.
4. Items such as the related party's original acquisition date, price, counterparty and the counterparty's relations to the Company and the related party.
5. Monthly cash flow forecasts of the coming year starting from the estimated contract-signing month and the assessments on necessity of transaction and reasonableness of fund utilization.
6. Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with the preceding paragraph.
7. Restrictions and other important covenants of the transaction.

For following transactions between the Company and its parent company or subsidiaries or between subsidiaries whose issued shares or authorized capitals are held 100%, either directly or indirectly, by the Company, the Board may authorize the chairperson to make decisions for transactions within a certain amount in accordance with the Procedures and report it afterwards for acknowledgement in the upcoming Board meeting:

1. Acquisition or disposal of operating equipment or right-of-use assets thereof.
2. Acquisition or disposal of operating real estate right-of-use assets.

Where the Company or its subsidiaries that are not domestic public companies engage in transactions set forth in paragraph 1 with a transaction amount exceeding 10 percent of the Company's total assets, the Company shall submit information set out in paragraph 1 to the shareholders' meeting and obtain its approval before signing the transaction contract and making payments. This rule, however, does not apply to transactions between the Company and its parent company or subsidiaries or between subsidiaries.

The transaction amount in paragraph 1 and the preceding paragraph shall be calculated in accordance with Article 7, paragraph 1, subparagraph 7 herein, and the "within one year" means one year calculated retrospectively from the date of transaction. The part which has been approved by the majority of Audit Committee members and the Board as well as the shareholders' meeting in accordance with the Procedures shall not be included.

Article 12: Assessment on reasonableness of transaction terms and conditions

Except for situations where the real estate or right-of use assets thereof is acquired by the related party via inheritance or as a gift; the related party signed the acquisition contract for the real estate or right-of use assets thereof more than five years before the date of this transaction; the real estate is acquired through a joint construction contract between the Company and the related party or by contracting the related party to construct on land owned or leased by the Company; or the operating real estate right-of-use assets is acquired by the Company with its parent company or subsidiaries or by subsidiaries whose issued shares or authorized capitals are held 100%, either directly or indirectly, by the Company, when the Company acquires real estate or right-of-use assets thereof from a related party, the reasonableness of transaction costs shall be assessed by the following methods and CPAs shall be engaged to review and express specific opinions:

1. Based on the related party's transaction price plus the necessary interest of funding and the cost to be borne by the buyer by law. The "necessary interest of funding" is calculated using the weighted average interest rates for borrowings in the year the Company acquired the assets. However, the interest rate shall not exceed the maximum borrowing rate of non-financial industry announced by the Ministry of Finance.
2. Total loan value appraised by the financial institution if the related party has been granted a mortgage loan on the subject matter from the financial institution, provided that the cumulative amount lent by the financial institution shall exceed 70 percent of the total appraised loan value and the loan period shall exceed one year. However, this shall not apply where the financial institution and one of the transaction parties are related parties to each other.

Where both land and buildings of the same subject matter are purchased or leased in one transaction, the transaction cost of the land and buildings may be assessed separately by one of the methods in the preceding two paragraphs.

Article 13: Actions to be taken when the imputed transaction cost is lower than the transaction price

When the transaction costs assessed pursuant to the preceding article are all lower than the transaction price, actions shall be taken in accordance with paragraph 3, except for circumstances below with objective evidences submitted and specific opinions on reasonableness from professional real estate appraisers and CPAs obtained.

1. Where the related party acquires bare land or leased land for construction, it may submit evidences of compliance with one of the following conditions:
 - (1) With the bare land assessed by method set forth in the preceding article and buildings assessed on the basis of the related party's construction cost plus reasonable construction profit, the total amount exceeds the actual transaction price. The "reasonable construction profit" refers to the profit calculated by the lower of the 3-year average gross margin of the related party's construction department or the latest gross margin of the construction industry released by the Ministry of Finance.
 - (2) Transactions completed by non-related parties within one year involving

other floors of the same subject matter or in the neighborhood area with similar land area and equivalent transaction terms, adjusting for reasonable price difference in floor or location according to standard real estate or leasing market practices.

2. The Company provides evidence that the real estate acquired or the real estate right-of-use assets leased from a related party has transaction terms equivalent to transactions of non-related parties concerning real estate with similar land areas in the neighborhood within one year.

The transactions "in the neighborhood" basically refers to real estate in the same or neighboring street within 500 meters from the subject matter or with similar publicly announced value. The "with similar land areas" basically means the land areas in the non-related party transaction is no less than 50% of the subject matter. The "within one year" means one year calculated retrospectively from the date of acquiring the real estate or right-of-use assets thereof.

Regarding the acquisition of real estate or right-of-use assets thereof from a related party, if the transaction cost assessed in accordance with Article 12 and the preceding two paragraphs are lower than the transaction price and circumstances described in paragraph 1 do not occur, the following procedures shall be carried out:

1. Regarding the difference between the transaction price and the assessed cost of real estate or right-of-use assets thereof, the Company shall recognize a special reserve in accordance with Article 41, paragraph 1 of the Securities and Exchange Act and the special reserve shall not be distributed nor used in share issuance for capital increase. If an investor, who accounts for its investment in another company using the equity method, is a public company, the special reserve required pursuant to Article 41, paragraph 1 of the Securities and Exchange Act shall be recognized in proportion to the shareholding percentage of the investor in the investee company. The special reserve recognized can be utilized only when valuation losses have been recognized for the assets purchased or leased at a premium, the said assets have been disposed of, relevant lease agreements have been terminated or the said assets have been compensated appropriately or restored to original status, and the approval from the FSC has been obtained.
2. The Audit Committee shall proceed in accordance with Article 218 of the Company Act.
3. Actions taken pursuant to the preceding two subparagraphs shall be reported to the shareholders' meeting and transaction details shall be disclosed in the annual report and prospectus.

Chapter III Controls over Financial Derivatives Transaction

Article 14: Principles and guidelines

1. Transaction types: "Financial derivatives" in the Procedure refers to forwards contracts, options contracts, futures contracts, leverage contracts, or swaps contracts with value derived from specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, price or rate indexes, credit ratings or credit indexes or other variables, or a combination of the above contracts, or hybrid contracts or structured products containing embedded derivatives. The aforementioned forward contracts do not

include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) agreements.

2. Operating or hedging strategies: The Company engages in financial derivatives transactions to hedge risks in operation. Speculative transactions are prohibited. Transactions involving foreign exchange rates and interest rates are engaged primarily for hedging foreign currency risk and interest rate risk in relation to operating activities. Transactions involving derivatives for non-ferrous metals (copper, nickel, silver, palladium, etc.) are engaged primarily to lock in on costs, hedge against inventory valuation risks and adjust inventory levels. Transactions are carried out pursuant to the principles of hedging with prudence.
3. Transaction limits: The total outstanding amount of hedging contracts is capped at hedging requirements arising from actual transactions within one year. The outstanding amount of individual contract is capped at US\$2,000,000 or the equivalent in foreign currencies.
4. Loss limits for all contracts as a whole and individual contract
 - (1) Hedging transaction: Hedging transactions are engaged based on the Company's actual needs. As risk exposure has been evaluated and monitored prior to the transaction, the loss limit for all contract as a whole and individual contract is capped at 20 percent of the total contracts.
 - (2) Non-hedging transaction: The Company is prohibited from engaging in non-hedging transactions.
5. Division of authorization and responsibilities
 - (1) Trading personnel: responsible for collecting information, laws and regulations relevant to financial derivatives, designing hedging strategies and disclosing risks. Prior to carrying out a transaction, they shall understand corporate policies and principles, make judgements on market trends and risks, and submit recommendation reports concerning the positions and hedging methods based on operation strategies to be approved by the authorized officer.
 - (2) Confirmation personnel: responsible for confirming the transaction terms with the corresponding banks and affixing official seals on the confirmation documents to be delivered to the banks.
 - (3) Settlement personnel: responsible for settling financial derivatives transactions and regularly reviewing the status of cash flows to ensure timely settlements of contracts.
 - (4) Bookkeeping personnel: responsible for presenting the transactions and gains and losses thereof accurately and fairly on the financial reports in accordance with relevant rules (Statement of Financial Accounting Standards, etc.)
6. Key points in performance evaluation
 - (1) Performances of hedging transactions are evaluated based on the hedging strategies. The Finance Division shall present the performance of previous month to the chairperson in the first week of each month.
 - (2) When abnormal situations are identified during regular evaluations and reviews, the Finance Division shall take necessary actions immediately and report to the chairperson.

Article 15: Risk management measures

For financial derivatives transactions, the Company's risk management scope and measures are as follows:

1. Credit risk: Counterparties of the Company are limited to banks having business transactions with the Company or internationally renowned financial institutions, which can provide professional information.
2. Price risk: As losses that may arise from future price fluctuations of financial derivatives are uncertain, once a position is established, rules on loss limit shall be strictly followed.
3. Liquidity risk: The Company's financial derivatives transactions are based on actual transactions to ensure the fulfillment of settlement obligations.
4. Cash flow risk: The trading personnel shall, besides complying with rules concerning authorization limit, monitor cash flows of the Company to ensure sufficient cash for settlement.
5. Operational risk: All personnel shall carry out transactions in compliance with the authorization limits and relevant procedures to avoid operational risks.
6. Legal risk: Before signing, the contracts with financial institutions shall be reviewed by legal personnel to avoid legal risks.
7. Commodity risk: Trading personnel of the Company and corresponding financial institutions shall have complete and correct professional knowledge of the financial derivatives traded. Also, banks are required to fully disclose risks to avoid losses arising from derivatives misuse.

Article 16: Internal audit system

Internal auditors of the Company shall regularly review the adequacy of internal controls concerning financial derivatives transactions, and audit the compliance of trading department with relevant procedures on a monthly basis for audit reports. If a significant violation is identified, they shall immediately report to the chairperson or the top executives appointed by the Board and notify every Audit Committee member in writing.

Article 17: Regular assessments and actions taken for abnormal situation

1. Trading, confirmation and settlement of financial derivatives transactions shall be performed by different personnel. Risk assessment, monitoring and control shall be reported by different departments to the Board or the top executives who do not assume the responsibilities of decision-making concerning trading or positions.
2. Positions in the financial derivatives transactions shall be assessed at least twice a month. The assessment report shall be presented to the top executives authorized by the Board. Non-hedged positions shall be placed under constant monitoring.
3. The Board shall supervise and manage in accordance with the following principles:
 - (1) The appointed top executives shall constantly monitor the supervision and control over risks of financial derivatives transactions.
 - (2) Regularly assess whether the performance of financial derivatives transactions is in line with the established management strategies and the risks undertaken are within the Company's risk tolerance.

4. Top executives authorized by the Board shall manage financial derivatives transactions in accordance with the following principles:
 - (1) Regularly assess whether the risk management measures currently in use are adequate and transactions are carried out in accordance with the “Regulations Governing the Acquisition and Disposal of Assets” by the FSC and the Procedures.
 - (2) Monitor transactions and gains or losses thereof. When an abnormal situation is identified, countermeasures shall be adopted and the Board shall be notified immediately. Independent directors shall attend the Board meeting and express opinions.
 - (3) Where relevant personnel are authorized to engage in financial derivatives transactions in accordance with the Procedures, the situation shall be reported afterwards in the upcoming Board meeting.
5. The Company shall prepare a memorandum for financial derivatives transactions detailing the transaction types and amount, resolution date of the Board meeting, regular assessment reports and matters regularly assessed by the Board and the top executives authorized by the Board.

Chapter IV Merger, Spin off, Acquisition or Transfer of Shares

Article 18: For merger, spin off, acquisition or transfer of shares, before convening the Board meeting for a resolution, the Company shall engage CPAs, lawyers or securities underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders and submit their opinions to the Board for discussion. Opinions on reasonableness from the abovementioned experts are not required when a public company merges with its subsidiary whose shares issued or paid-in capital are 100 percent owned, either directly or indirectly, by the public company or the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned, either directly or indirectly, by the public company.

Article 19: The Company shall prepare a public report to shareholders listing the important contractual terms and relevant matters of the merger, spin off or acquisition before the shareholders' meeting. The report together with expert opinions referred to in the preceding article and the shareholders' meeting notice shall be delivered to shareholders as reference materials in deciding whether to approve the merger, spin off or acquisition; provided, this shall not apply where under other laws and regulations, a shareholders' meeting is not required to approve the merger, spin off or acquisition.

If any of the companies participating in the merger, spin off or acquisition is unable to convene a shareholders' meeting, make a resolution or have the motion passed by the shareholders' meeting, the Company shall immediately explain to the public the reasons, subsequent actions and the date scheduled to convene the shareholders' meeting.

Article 20: Unless otherwise stipulated in other laws or regulations or an approval from the FSC has been obtained beforehand, the Company shall convene the Board meeting and shareholders' meeting on the same day as other participating companies to resolve matters associated with the merger, spin off or acquisition. Regarding a transfer of shares, unless otherwise stipulated in other laws or

regulations or an approval from the FSC has been obtained beforehand, the Company shall convene the Board meeting on the same day as other participating companies.

When participating in a merger, spin off, acquisition or transfer of shares, the Company shall prepare a complete written record detailing the following information and retain it for five years:

1. Basic information of the personnel: including the job title, name and identification card number (or passport number for a foreign national) of everyone who participates in or executes the merger, spin off, acquisition or transfer of shares before the news is disclosed to the public.
2. Dates of important events: including the dates for signing the letter of intent or the memorandum, engaging financial or legal consultants, signing contracts, and convening the Board meetings.
3. Important documents and meeting minutes: including plans, letters of intent or memorandums, important contracts and Board meeting minutes for the merger, spin off, acquisition or transfer of share.

When participating in a merger, spin off, acquisition or transfer of shares, the Company shall also report the information set out in subparagraphs 1 and 2 of the preceding paragraph in the prescribed format to the FSC for reference through internet-based information system within two days counting inclusively from the day the resolution is made in the Board meeting.

The Company shall sign agreements with companies participating in the merger, spin off, acquisition or transfer of shares who are not listed nor OTC companies, and take actions in accordance with the preceding two paragraphs.

Article 21: Stock conversion ratio and acquisition price

Stock conversion ratio or acquisition price for merger, spin off, acquisition or transfer of shares shall not be changed arbitrarily except for circumstance set out below and these circumstances shall be stipulated in the merger, spin off, acquisition or transfer of shares contracts:

1. Cash capital increase, issuance of convertible corporate bonds, distribution of bonus shares or issuance of corporate bonds with warrants, preferred shares with warrants, stock option certificates and other equity-type marketable securities.
2. Actions that affect the Company's financial operations, such as a disposal of the Company's material assets.
3. Occurrence of major disasters or significant changes in technology that affect shareholders' equity or share price of the Company.
4. Adjustment due to treasury share buyback pursuant to relevant laws and regulations by one of the companies participating in the merger, spin off, acquisition or transfer of shares.
5. Changes in the entities or the number of companies participating in the merger, spin off, acquisition or transfer of shares.
6. Other conditions which allow changes as stipulated in the contract and have been publicly disclosed.

Article 22: Matters to be included in the contract

In addition to rights and obligations required by the Company Act and relevant laws and regulations, the contract of companies participating in the

merger, spin off, acquisition or transfer of shares shall contain the following items:

1. Actions taken for a breach of contract.
2. Guidelines on handling equity-type marketable securities already issued or treasury shares already bought back by companies dissolved due to the merger or split.
3. The number of treasury stocks a participating company may buy back by law after the record date for the calculation of stock conversion ratio and the handling principles thereof.
4. Actions taken to handle changes in entities or the number of participating companies.
5. Estimated progress schedule and completion date.
6. Estimated date to convene the shareholders' meeting by law and relevant handling procedures when the project fails to be completed as scheduled.

Article 23: Matters requiring attention when the Company participates in a merger, spin off, acquisition or transfer of shares

1. All personnel who participate in or are aware of the merger, spin off, acquisition or transfer of shares project shall sign a written confidentiality agreement. Before the information become public, they shall neither disclose project details to the public nor buy or sell, in their own or other people's names, the shares and other equity-type marketable securities of any companies associated with the merger, spin off, acquisition or transfer of shares.
2. Once the information concerning the merger, spin off, acquisition or transfer of shares becomes public, if any participating company intends to carry out another merger, spin off, acquisition or transfer of shares with other companies, the procedures or legal actions completed in the original project shall be repeated by all participating companies. However, if the number of participating companies has decreased and the shareholders' meeting has resolved to authorize the Board to change the authorization limit, the participating companies are exempt from convening another shareholders' meeting for resolution.
3. The Company shall sign agreements with non-public companies participating in the merger, spin off, acquisition or transfer of shares and take actions in accordance with Article 20 and the preceding two paragraphs of the Procedures.

Chapter V Other Important Matters

Article 24: Other matters requiring attention

1. The professional appraisers and related appraising personnel from whom the Company obtains appraisal reports and the CPAs, lawyers or securities underwriters from whom the Company acquires opinions shall comply with the following rules:
 - (1) They shall not have been sentenced to imprisonment for one year or longer for a violation of the Securities Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. This rule does not apply if three years have passed since completion of the sentence,

expiration of the probation, or the pardon.

- (2) They shall not be a related party or a de facto related party to parties of the transaction.
- (3) If appraisal reports from two or more professional appraisers are required, the professional appraisers or their appraisal personnel shall not be related parties or de facto related parties to each other.

Such personnel shall comply with the disciplinary codes of their respective trade associations and rules below when issuing appraisal reports or opinions:

- (1) Before accepting the case, they shall prudently assess their own professional competence, practical experience, and independence.
 - (2) When executing the case, they shall carefully plan and carry out appropriate procedures to draw conclusions, thereby issuing reports or opinions. The procedures, information gathered and conclusions shall be detailed truthfully in the working papers.
 - (3) They shall assess the appropriateness and reasonableness of data sources, parameters and information used item-by-item to serve as the basis for their appraisal reports or opinions.
 - (4) They shall issue a statement attesting to the professional competence and independence of relevant personnel, the completion of assessments on the appropriateness and reasonableness of information used and regulatory compliance.
2. Where the Company's acquisition or disposal of assets shall be approved by the Board in accordance with the Procedures or other laws and regulations, if any director expresses objections on the record or in writing, the Company shall submit such director's objection to the Audit Committee. In addition, when the Company reports the acquisition or disposal of assets to the Board as required, independent directors' opinions shall be fully considered and their consents or objections and the reasons thereof shall be recorded in the meeting minutes.
 3. Material asset transactions or transactions requiring the approval of Audit Committee by law shall be approved by the majority of all Audit Committee members and submitted to the Board for approval. The transactions may proceed upon approval from two-thirds or more of all directors if the majority of Audit Committee members do not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting. The "all Audit Committee members" and "all directors" in the preceding paragraph refer to ones currently holding those positions.
 4. The threshold of "10 percent of total assets" in the Procedures is calculated based on the total assets in the latest parent company only or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. For shares with no par value or a par value other than NT\$10, the threshold of 20 percent of the paid-in capital shall be replaced by 10 percent of equity attributable to shareholders of the parent and the threshold of paid-in capital exceeds NT\$10,000,000,000 shall be replaced by NT\$20,000,000,000 of equity attributable to shareholders of the parent.

Article 25: Implementation and amendment

When the acquisition or disposal of assets is required to be submitted to the Board for discussion or the Procedures are to be adopted or amended, they shall be approved by the majority of all audit committee members and submitted to the Board for a resolution. If the majority of audit committee members do not approve, approval from two-thirds or more of all directors is required; and in such a case, the resolutions of the audit committee shall be recorded in the minutes of the Board meeting.

When the acquisition or disposal of assets or the Procedures are required to be submitted to the Board for discussion, independent directors' opinions shall be fully considered and their objections or reservations shall be recorded in the minutes of the Board meeting.

The Procedures and amendments thereof come into effect upon approval from the Board and the shareholders' meeting.

The "all Audit Committee members" in the Procedures and "all directors" in paragraph 1 refer to ones currently holding those positions.

The Procedures were established on May 14, 2014.

The 1st amendment was made on December 10, 2015.

The 2nd amendment was made on May 12, 2016.

The 3rd amendment was made on December 29, 2016.

The 4th amendment was made on June 28, 2017.

The 5th amendment was made on May 8, 2018.

The 6th amendment was made on June 14, 2019.

The 7th amendment was made on June 14, 2022.

Shareholding Status of the Directors

- I. The paid-in capital of the Company is NT\$386,568,680, and totally 966,421,700 shares have been issued (Note 1).
- II. In accordance with Article 26 of the Securities and Exchange Act, the Board of Directors shall hold at least 90,000,000 shares in total (Note 2).
- III. The number of shares held by the directors as of the date for suspension of share transfer of the shareholders' meeting (April 2, 2023) is as follows, which has met the criteria of the percentage stipulated in Article 26 of the Securities and Exchange Act.

Title	Name	Date of Election	Current Holding Shares		Remark
			Shares	Shareholding percentage	
Chairperson	Yuan Yao Energy Technology Co., Ltd. Representative: Canon, Huang	July 22, 2021	35,165,000	3.64%	
Director	Chang Wah Electromaterials Inc. Representative: Huang, Siou-Cyuan	July 22, 2021	449,919,925	46.56%	Note 3
Director	Chang Wah Electromaterials Inc. Representative: Hung, Chuen-Sing	July 22, 2021			
Director	Chang Wah Electromaterials Inc. Representative: Tsai, Rong-Dong	July 22, 2021			
Director	Chang Wah Electromaterials Inc. Representative: Angus, Shih	July 22, 2021			Note 3
Independent Director	Lin, Ren-Lin	July 22, 2021	0	0%	
Independent Director	Ou, Jia-Ruey	July 22, 2021	0	0%	
Independent Director	Lin, Yi- Jing	July 22, 2021	0	0%	
Total shares held by the directors			485,084,925	50.20%	

Note 1: On June 22, 2022, the change of par value of each share to NT\$0.4 was approved by Jing-Jia-San-Shang-Zi Decree No. 1110006264; on September 5, 2022 new shares were fully reissued.

Note 2: The Company has set up an Audit Committee, so the requirement that the "number of shares held by supervisors should not be less than a certain percentage" does not apply.

Note 3: Chang Wah Electromaterials Inc., the juristic person director, redesignated its authorized representative, Mr. Angus Shih, as a director on January 3, 2023 and the former director, Mr. Siou-Cyuan Huang, resigned. (The new director took office on January 3, 2023.)

CWTC Chang Wah Technology Co., Ltd.
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