

**(English Translation)**  
**Winbond Electronics Corporation**

**2022 Annual General Shareholders Meeting**  
**Agenda Handbook<sup>1</sup>**

**Shareholders meeting will be held by means of physical shareholders meeting**

**Date: May 31, 2022**

**Time: 9:00 A.M.**

**Place: No.539, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County 302052,  
Taiwan (R.O.C.)**

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<sup>1</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

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## **Procedure and Agenda for the 2022 Annual General Meeting of Shareholders**

I. Announcement of the Commencement of the Meeting

II. Opening Speech of the Chairman

III. Meeting Agenda

A. Matters to be reported

1. Business report of fiscal year 2021
2. Audit committee's review report on 2021 financial statements
3. Report of remuneration of employees and directors for fiscal year 2021
4. Report on distribution of cash dividends from the 2021 profits.
5. Other matters to be reported

B. Matters to be recognized and discussed

1. To recognize business report and financial statements of fiscal year 2021
2. To recognize the proposal for distribution of 2021 profits
3. To discuss the amendment to the Articles of Incorporation of the Company
4. To discuss the amendment of the rules of the Company:
  - (1) Procedures of Acquisition or Disposal of Assets
  - (2) Rules Governing the Conduct of Shareholders Meeting
5. To discuss the release of directors from the non-competition restriction

Voting by Poll

IV. Other Extemporaneous Matters and Motions

V. Adjournment

## **Matters to be reported**

1. Business report of fiscal year 2021  
Both the business report and the financial statements of fiscal year 2021 are hereby presented (please refer to Attachment 1 for details). Please examine. To be reported by the President.
2. The Audit Committee's review report on 2021 financial statements  
The Audit Committee's review report is hereby presented (please refer to Attachment 3 for details). Please examine.
3. Report of remuneration of employees and directors for fiscal year 2021  
According to the Company's 2021 earnings audited by the certified public accountants, it is proposed to, in accordance with Article 22 of the Company's Articles of Incorporation, allot 1% of the balance to be the remuneration of directors, which is NT\$165,368,523 in total, and allot 2% of the balance to be the remuneration of employees, which is NT\$330,737,046 in total. The above amounts will all be paid in cash. The aforesaid ratios and amounts for allocation have been approved respectively by the Company's Compensation Committee and Board of Directors.
4. Report on distribution of cash dividends from the 2021 profits.  
Based on the authorization of Article 240 of the Company Act and the Articles of Incorporation of the Company, the Board of Directors meeting held on March 15, 2022 has resolved to issue cash dividends amounting to NT\$3,980,000,193 for fiscal year 2021, at NT\$1 cash dividend per common share; the Chairman of the Board of Directors is authorized to modify the cash dividend per share distributable to shareholders based on the actual number of the outstanding shares in the Company as of the ex-dividend record date if such cash dividend is changed and rounded to the nearest whole New Taiwan dollar (the part below one New Taiwan dollar will be unconditionally discarded) due to changes in the number of the outstanding shares in the Company arising from any event such as a share buyback by the Company. Any fractional amount less than one New Taiwan dollar will be accounted in the Company's other income.
5. Other matters to be reported
  - (1) Report on shareholdings of all directors
    - a. According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors and Supervisors of Public Companies, the minimum combined shareholdings of all directors required should be 95,520,005 shares. The Company has set up an Audit Committee and thus the requirement on the minimum shareholdings of all supervisors is not applicable.
    - b. Please refer to Attachment 4 for the shareholding of each director and the shareholdings of all directors as of the record date for determining the shareholders eligible to attend this annual general shareholders meeting.
    - c. The aggregate shareholdings of all directors meet the minimum shareholding required by laws and regulations.
  - (2) During the period for accepting shareholders' proposals, no shareholder submitted any written proposal to the Company for the 2022 annual general shareholders meeting in accordance with Article 172-1 of the Company Act.

## **Matters to be recognized and discussed**

### **Motion 1:** (proposed by the Board of Directors)

Proposal: The business report and financial statements of fiscal year 2021 are hereby presented. Please acknowledge and recognize the same.

Explanation:

1. Please refer to Attachment 1 for the business report and financial statements of fiscal year 2021.

- The aforementioned financial statements had been approved by the Board of Directors and after audited by the certified public accountants, together with the business report, have been submitted to and reviewed by the Audit Committee.

**Motion 2:** (proposed by the Board of Directors)

Proposal: The proposal for distribution of 2021 profit of the Company is presented. Please acknowledge and recognize the same.

Explanation:

- The Company made a profit of NT\$13,594,643,249 after tax for fiscal year 2021. The proposed statement of profit distribution is as follows.
- The distribution of cash dividends for common shares has been approved by the resolution of the Board of Directors held on March 15, 2022.

Winbond Electronics Corporation  
Statement of Profit Distribution  
For the year ended December 31, 2021

(Unit : NT\$)

Items	Total
Unappropriated Earnings, Beginning of Year	\$7,137,500,298
Plus : Net Income of 2021	\$13,594,643,249
Plus : Gain on Disposals of investments in equity instruments designated as at fair value through other comprehensive income and the cumulative gain or loss transferred to retained earnings	94,257,899
Minus : Losses on Remeasurement of Defined Benefit Plans	(92,951,045)
Net Income of 2021 and other adjustments transferred to retained earnings in 2021	13,595,950,103
Minus : 10% Legal Reserve Appropriated	(1,359,595,010)
Earnings Available for Distribution as of December 31, 2021	\$19,373,855,391
Distributable items:	
Cash Dividends to Common Shareholders (NT\$ 1 per share)	(3,980,000,193)
Unappropriated Earnings, End of Year	\$15,393,855,198

(Note 1: Cash dividends will be calculated and distributed in whole New Taiwan Dollar. Any fractional amount less than one New Taiwan Dollar will be accounted in the Company's other income.)

(Note 2: Distribution of the Company's profit or make up its losses for the end of half of 2021: None.)

Chairman: Arthur Yu-Cheng Chiao

Manager: Pei-Ming Chen

Chief Accountant: Chin-Feng Yang

**Motion 3:** (proposed by the Board of Directors)

Proposal: It is proposed to amend the Company's Articles of Incorporation. Please review and approve the same.

Explanation:

- It is conducted in accordance with Item 8 of Article 17 of the Company's Articles of Incorporation, the relevant provisions of the Company Act, and the Company's actual needs.
- The amendments are explained below:
  - Addition of Article 9-1: In order to make the method of holding shareholders' meetings more flexible, the Company has included video conferencing as one of the methods of convening the Company's shareholders' meetings in accordance with Paragraph 1 of Article 172-2 of the Company Act.
  - Amendment to Article 14-1: This Article has been amended according to the revision to the wording of Paragraph 4 of Article 204 of the Company Act to include various types of electronic means in the future.

c. Addition of Item 18 of Article 17: The duties of the Board of Directors have expanded to include the acquisition or disposal of real property.

3. Please refer to Attachment 5 for the comparison table of the articles proposed to be amended and refer to Appendix 2 for the full text of the amended Articles of Incorporation.

**Motion 4:** (proposed by the Board of Directors)

Proposal: It is proposed to amend the rules of the Company. Please review and approve the same.

Explanation: Amendments to the following rules of the Company are as follows:

1. Procedures of Acquisition or Disposal of Assets
  - a. It is conducted in accordance with Item 19 of Article 17 of the Company's Articles of Incorporation, the letter from the Financial Supervisory Commission dated January 28, 2022 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1110380465), and the Company's actual needs.
  - b. The major amendments required in the above letter are as follows:
    - (a) Strengthening the management of related party transactions: It is stipulated that if a public company or its subsidiary that is not itself a domestic public company acquires or disposes of any assets from or to a related party and the transaction amount accounts for 10% or more of the public company's total assets, the public company shall submit the relevant information to the shareholders' meeting for approval before doing so, in order to protect the shareholders' rights and interests, except that such transactions between the public company and its parent company or subsidiary or between its subsidiaries are exempt from the requirement of being submitted to the shareholders' meeting for resolution.
    - (b) Considering enhancing the quality of opinions issued by external experts: It is specified that appraisal reports or opinions issued by professional appraisers and their appraisal personnel, accountants, attorneys, or securities underwriters shall comply with the self-regulation guidelines of the associations of their respective profession.
  - c. Please refer to Attachment 6 for the comparison table showing the amendments and the full text of the amended Procedures of Acquisition or Disposal of Assets.
2. Rules Governing the Conduct of Shareholders' Meeting
  - a. It is conducted in accordance with Item 19 of Article 17 of the Company's Articles of Incorporation and the Sample Template for "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" promulgated by the Taiwan Stock Exchange on March 8, 2022.
  - b. The amendment mainly introduces new rules for holding virtual shareholders' meetings or hybrid (i.e., both physical and virtual) shareholders' meetings.
  - c. Please refer to Attachment 7 for the comparison table showing the amendments and refer to Appendix 1 for the full text of the amended rules.

**Motion 5:** (proposed by the Board of Directors)

Proposal: It is proposed to release the directors of the Company from non-competition restrictions.

Please review and approve the same.

Explanation:

1. It is conducted in accordance with Paragraph 1 of Article 209 of the Company Act.
2. Please refer to Attachment 8 for the items of competitive conduct of the directors of the Company who act as directors or managers in other companies which engage in the same businesses as those of the Company.
3. It is proposed to release the non-competition restriction on the directors or manager who conduct activities that fall within the Company's business scope and to waive the Company's right to request disgorgement of the profits gained by such directors from the date of acting as directors or managers of other companies in the same business.

**Voting by Poll:**

Other Extemporaneous Matters and Motions:

Meeting Adjourned.

# **Attachment**



## Winbond Electronics Corporation 2021 Business Report

Over the past two years, the COVID-19 pandemic has drastically changed people's lifestyle and the way to work. In addition, there were geopolitical conflicts and climate change as well as incidents such as port congestion and broken supply chains, causing imbalances in industrial supply and demand and unprecedented market changes.

For Winbond, 2021 was a bountiful year. Despite the unstable environment, Winbond was able to fully support our strategic partners with flexible allocation of production capacity with high quality and diverse offerings. In addition, after a subsidiary, Nuvoton Technology Corp, acquired Nuvoton Technology Corporation Japan in 2020, the synergies of this acquisition resulted in a record high year in terms of consolidated revenue in 2021.

### **Financial Performance**

In 2021, our consolidated revenue amounted to NT\$99.57 billion, an increase of 64.08% in comparison with 2020. This was mainly attributed to the memory business benefiting from market conditions, as well as the revenue from Nuvoton Technology Corporation Japan. Memory and logic ICs made up 59% and 41% of consolidated revenue respectively. The gross margin was 42% and the operating margin was 18%. The Company recorded NT\$15 billion in net earnings after tax (NT\$13.6 billion were attributed to the parent company) while earnings per share were NT\$3.42.

### **Market and Product Applications**

Winbond's memory business has been focusing on the design, manufacture, and marketing in the areas of code storage flash and specialty DRAM. In 2021, the revenue of our code storage flash and specialty DRAM products accounted for 55% and 45% of memory revenue, respectively. The revenue and shipment of code storage flash products also hit record highs. Furthermore, the logic IC business was also strengthened after merging Nuvoton Technology Corporation Japan in 2020. The current logic IC business mainly includes applications of microcontrollers, smart homes, cloud security, image sensors, battery monitoring, applications of IoT, semi-conductor components, and foundry services. We will continue to provide our customers with solutions that are more comprehensive and diverse (Please refer to the annual report and the website of Nuvoton Technology Corp. for further details).

In terms of applications of memory products, our products are evenly distributed among the four major areas of electronics. The weight of our communications products as a percentage of memory revenue maintained at 32% in 2021, thanks to the work-from-home and online education driven by COVID-19 pandemic. While consumer products decreased slightly to 24% of total revenue, the revenue of computer and upgrades of peripheral products on the other hand accounted for 22%. In car and industrial products, which require high specification and quality, the demand for industrial products kept growing. Furthermore, driven by the significant recovery of car market and applications of electric vehicles, the car and industrial products as a percentage of memory revenue was increased to 22% of total memory revenue.

### **Capacity Planning**

In the past two years, Winbond has been dedicated to digital transformation, achieving significant results in the improvement of yield rates, production efficiency, and quality control in the 12-inch fab. AI and sensor technology were also combined to build a low quantity but diversified smart production model, optimizing manufacturing and service processes, and continue to refine smart production.

The Kaohsiung Fab is expected to be operational in 2022 and will contribute to the revenue in 2023. In the beginning phase, the capacity will be about 10,000 wafers per month. The latest DRAM 20nm technology will be used in this fab to provide customers with high quality niche-type DRAM and satisfy the requirements of the Internet of Things, smart systems, and Metaverse applications.

The CTSP Fab in Central Taiwan Science Park continues to optimize its existing capacity and productivity, flexibly adjusting the allocation of various products and manufacturing processes to meet the demands of code storage flash and specialty DRAM product lines at the same time. We will gradually increase the capacity of code storage flash at the CTSP Fab based on the progress of the Kaohsiung Fab, thus maintaining our leading position in code storage flash in the

market.

### **Product Innovation and Technology Development**

Winbond is active in many different markets and emerging applications, which helps us to develop new products and fulfill customers with different needs. With the rise of new application markets and the expansion of existing markets, Winbond provides a wide variety of flash, DRAM, and logic ICs in the industry that feature high density, high efficiency, high reliability, high quality, high safety, and low power consumption.

With the growing awareness towards information security, Winbond has also developed security products in different product lines that match the needs of the market. For instance, W77Q Flash Memory of the TrustME® product line which is certified by the CC EAL2, ISO 26262 ASIL-C Ready, and FIPS CAVP is compatible with the standard NOR Flash, providing secured boot code storage and identity authentication, secured firmware updates and remote authentication. This means that even when the platform firmware is compromised, the system may be restored to a trusted firmware version, maintaining the system's integrity and allowing it to repel attacks, thereby enhancing the protection capacity of the system. In the product line of logic ICs, we have introduced a new inverter MCU for homes, featuring high performance and security. The baseboard management controller will meet the demands of cloud safety for corporations and cloud Internet users. The development of the new high-performance BMC will also continue as scheduled.

With the steady trend towards developing electric vehicles, aside from the fact that Winbond is already a stable supplier of flash and DRAM products to tier 1 vehicle manufacturers around the world. The battery monitoring IC product of the logic business will also be introduced to the lithium batteries of many famous vehicle manufacturers. We will continue to develop new customers and extend our technologies to markets such as electric bicycles and electric motorcycles.

In terms of the development of technology, Winbond has enhanced the contributions of its DRAM 25nm to operations in 2021, and the effects were significantly reflected in the company's growing revenue. The development of DRAM 20nm was a success and will be introduced to the Kaohsiung Fab for mass production in 2023, thereby creating a strong developmental foundation and growth driver for Winbond. As to the production process of flash, in responding to the demand for high density in the market, Winbond will not only continue the development of NOR Flash 45nm but also start working on the optimization of the existing standards and performance of NOR Flash 58nm. We hope to achieve a win-win situation by continuously advancing the technological competitiveness of both Winbond and clients through our existing core technology and value-added products.

### **Corporate Sustainable Development**

For many years, Winbond has been continuously developing measurable performances and index to generate sustainable competitiveness for our products. In 2021, Winbond introduced the Task Force on Climate-related Financial Disclosure (TCFD) framework to make the business operations more resilient and forward-looking. Winbond has also responded to the "SEMICON ESG Sustainability Initiative" so that through the collaboration of industry, government, and academia, we can all contribute to the sustainability of our environment.

Recognized by third-party certification authorities for its contributing efforts on ESG, Winbond has been awarded at the "2021 Taiwan Corporate Sustainability Award" hosted by the Taiwan Institute for Sustainable Energy. Winbond once again was awarded the "Corporate Sustainability Comprehensive Performance-Taiwan Top 50 Sustainable Corporations", the "Platinum Prize for the Corporate Sustainability Report", the "Sustainability Single Performance-Talent Development Leadership", and "Sustainability Single Performance-Innovation Growth Leadership". These awards represent Winbond's response to the implementation of "Corporate Governance 3.0-Sustainable Development Blueprint" of the Financial Supervisory Commission as well as the expectations of stakeholders on ESG.

In 2021, Winbond has been selected by FTSE4Good Emerging Index, FTSE4Good TIP Taiwan ESG Index, and TWSE Corporate Governance 100 Index, and has been in the top 6% to 20% of corporations in the TWSE Corporate Governance Evaluation for many years in a row.

### **Honors and Awards**

In 2021, Winbond received multiple awards for product innovation. The W77Q Secure Flash Memory, applies to IoT solutions, supports secure booting and secure storage, detects intrusion and protects against attacks, has won the "2021 Central Taiwan Science Park Innovative Product Awards" and the "2021 China IoT Innovation Awards".

The HyperRAM and the NuMicro M2354 series of microcontrollers has respectively won "Best Memory IC of the Year"

and "The Promising Product of the Year" in the first "EE Awards Asia". The high bandwidth, ultra low power consumption, simple interface and small foot print characteristics of HyperRAM matched the required standards of AI and IoT applications in the future. The NuMicro M2354 series are equipped with chip-level security as per the requirements of international IoT information security. Moreover, EE Times has also presented the "Best Manager" award to Chairman Arthur Yu-Cheng Chiao, thus demonstrating the leading position of Winbond in the industry.

### **Future Outlook**

In recent years, globalization has taken new aspects. Major economic organizations have been increasing their influence on semiconductor industry and emerging technologies. Facing these new challenges and opportunities, Winbond responds with localization of product innovation, marketing, sales, delivery and customer service, providing customers complete services and supplies that are flexible and stable to grasp business opportunities in different regions of the world.

Going forward, most enterprises are still facing challenges such as obstructed supply chains, inflation, global warming, technology leaps, information security threats and the COVID-19 pandemic. Winbond will continue to innovate and strengthen the core competitiveness of products, implement digital transformation to optimize operation, strengthen information security structures to address Internet risks, integrate various resources to maximize operational efficiency for long-term growth, and march toward the goal of becoming "a hidden champion in providing sustainable semiconductors technology to enrich human life", enhancing the competitiveness corporate sustainable operation.

Lastly, on behalf of the management team at Winbond, I would like to thank all shareholders for your continued support and encouragement.

Chairman: Arthur Yu-Cheng Chiao

President: Pei-Ming Chen

CAO: Chin-Feng Yang

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 30,914,427	20	\$ 11,744,306	9
Current financial assets at fair value through profit or loss (Notes 4 and 7)	215,748	-	51,603	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	10,977,904	7	8,837,227	7
Notes and accounts receivable, net (Notes 4 and 9)	11,515,593	8	9,707,378	8
Accounts receivable due from related parties, net (Note 31)	639,262	-	77,760	-
Other receivables (Note 10)	1,267,026	1	1,973,584	2
Inventories (Notes 4 and 11)	15,940,688	10	14,141,414	11
Other current assets	<u>1,036,085</u>	<u>1</u>	<u>997,529</u>	<u>1</u>
Total current assets	<u>72,506,733</u>	<u>47</u>	<u>47,530,801</u>	<u>38</u>
<b>NON-CURRENT ASSETS</b>				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	69,200	-	-	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,481,435	2	2,239,987	2
Investments accounted for using equity method (Notes 4 and 12)	8,286,463	5	6,241,789	5
Property, plant and equipment (Notes 4 and 13)	61,079,605	40	61,452,516	49
Right-of-use assets (Notes 4 and 14)	2,796,920	2	3,200,332	2
Investment properties (Notes 4 and 15)	2,005,598	1	2,466,667	2
Intangible assets (Notes 4 and 16)	1,072,985	1	891,380	-
Deferred income tax assets (Notes 4 and 25)	774,072	1	908,560	1
Other non-current assets (Note 6)	<u>667,273</u>	<u>1</u>	<u>1,111,208</u>	<u>1</u>
Total non-current assets	<u>80,233,551</u>	<u>53</u>	<u>78,512,439</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 152,740,284</u>	<u>100</u>	<u>\$ 126,043,240</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 1,430,417	1	\$ 1,821,210	2
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	3,191	-
Notes and accounts payable	6,256,539	4	6,571,429	5
Accounts payable due to related parties (Note 31)	1,344,195	1	1,666,003	1
Payables on machinery and equipment	4,462,326	3	2,197,953	2
Other payables	9,946,855	6	6,123,460	5
Current tax liabilities (Notes 4 and 25)	2,704,871	2	252,309	-
Provisions - current (Notes 4 and 19)	532,948	-	928,719	1
Lease liabilities - current (Notes 4 and 14)	333,791	-	388,401	-
Long-term borrowings - current portion (Note 17)	785,000	1	5,000,000	4
Other current liabilities	<u>847,989</u>	<u>1</u>	<u>522,331</u>	<u>-</u>
Total current liabilities	<u>28,644,931</u>	<u>19</u>	<u>25,475,006</u>	<u>20</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 18)	9,956,086	6	11,151,668	9
Long-term borrowings (Notes 17 and 27)	13,348,865	9	9,381,845	7
Provisions - non-current (Notes 4 and 19)	2,966,575	2	3,293,313	3
Lease liabilities - non-current (Notes 4 and 14)	2,682,609	2	3,119,221	3
Net defined benefit liabilities - non-current (Notes 4 and 20)	2,621,015	2	2,722,544	2
Other non-current liabilities	<u>2,486,691</u>	<u>1</u>	<u>306,956</u>	<u>-</u>
Total non-current liabilities	<u>34,061,841</u>	<u>22</u>	<u>29,975,547</u>	<u>24</u>
Total liabilities	<u>62,706,772</u>	<u>41</u>	<u>55,450,553</u>	<u>44</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 21)</b>				
Share capital	39,800,002	26	39,800,002	32
Capital surplus	7,786,124	5	7,770,865	6
Retained earnings				
Legal reserve	2,074,570	1	1,913,317	2
Unappropriated earnings	20,733,450	14	8,094,753	6
Exchange differences on translation of foreign financial statements	(861,389)	(1)	(271,328)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	<u>12,911,356</u>	<u>9</u>	<u>8,141,510</u>	<u>6</u>
Total equity attributable to owners of the parent	82,444,113	54	65,449,119	52
<b>NON-CONTROLLING INTERESTS</b>	<u>7,589,399</u>	<u>5</u>	<u>5,143,568</u>	<u>4</u>
Total equity	<u>90,033,512</u>	<u>59</u>	<u>70,592,687</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 152,740,284</u>	<u>100</u>	<u>\$ 126,043,240</u>	<u>100</u>

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

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 99,569,924	100	\$ 60,683,171	100
OPERATING COSTS (Note 11)	<u>57,088,857</u>	<u>58</u>	<u>43,643,035</u>	<u>72</u>
GROSS PROFIT	<u>42,481,067</u>	<u>42</u>	<u>17,040,136</u>	<u>28</u>
OPERATING EXPENSES				
Selling expenses	2,572,816	3	1,598,624	3
General and administrative expenses	6,044,264	6	3,170,173	5
Research and development expenses	15,379,855	15	10,506,230	17
Expected credit loss (Note 9)	<u>56,210</u>	<u>-</u>	<u>137,818</u>	<u>-</u>
Total operating expenses	<u>24,053,145</u>	<u>24</u>	<u>15,412,845</u>	<u>25</u>
INCOME FROM OPERATIONS	<u>18,427,922</u>	<u>18</u>	<u>1,627,291</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	58,948	-	47,015	-
Dividend income (Note 8)	404,585	-	227,534	-
Gain from bargain purchase (Note 28)	-	-	218,968	-
Other income (Notes 14 and 27)	477,608	1	254,482	-
Share of profit (loss) of associates	197,908	-	62,556	-
Gains (losses) on disposal of property, plant and equipment	174,642	-	44,334	-
Gains (losses) on disposal of intangible assets	(4,803)	-	-	-
Gains (losses) on disposal of investments	(436)	-	(16,146)	-
Gains (losses) on disposal of non-current held for sale assets	30,371	-	27,674	-
Gains (losses) on foreign exchange (Note 35)	(106,710)	-	(130,651)	-
Gains (losses) on financial instruments at fair value through profit or loss	64,345	-	110,312	-
Interest expense (Notes 14 and 27)	(205,883)	-	(296,470)	-
Other expenses	(512,458)	-	(251,686)	-
Impairment loss recognized on property, plant and equipment (Note 13)	(782,949)	(1)	-	-
Impairment loss recognized on intangible assets (Note 16)	<u>-</u>	<u>-</u>	<u>(112,805)</u>	<u>-</u>
Total non-operating income and expenses	<u>(204,832)</u>	<u>-</u>	<u>185,117</u>	<u>-</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 18,223,090	18	\$ 1,812,408	3
INCOME TAX EXPENSE (Notes 4 and 25)	<u>3,222,968</u>	<u>3</u>	<u>293,365</u>	<u>-</u>
NET INCOME	<u>15,000,122</u>	<u>15</u>	<u>1,519,043</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Note 20)	(116,564)	-	(18,697)	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	3,417,063	3	1,819,583	3
Share of other comprehensive income (loss) of associates accounted for using the equity method	1,901,619	2	1,692,465	3
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>(1,015,187)</u>	<u>(1)</u>	<u>(202,100)</u>	<u>(1)</u>
Other comprehensive income (loss)	<u>4,186,931</u>	<u>4</u>	<u>3,291,251</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,187,053</u>	<u>19</u>	<u>\$ 4,810,294</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 13,594,643	14	\$ 1,304,019	2
Non-controlling interests	<u>1,405,479</u>	<u>1</u>	<u>215,024</u>	<u>-</u>
	<u>\$ 15,000,122</u>	<u>15</u>	<u>\$ 1,519,043</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 17,775,735	18	\$ 4,592,028	8
Non-controlling interests	<u>1,411,318</u>	<u>1</u>	<u>218,266</u>	<u>-</u>
	<u>\$ 19,187,053</u>	<u>19</u>	<u>\$ 4,810,294</u>	<u>8</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.42</u>		<u>\$ 0.33</u>	
Diluted	<u>\$ 3.41</u>		<u>\$ 0.33</u>	

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Other Equity		Non-controlling Interests	Total Equity
			Legal Reserve	Unappropriated Earnings		Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2020	\$ 39,800,002	\$ 7,536,396	\$ 1,798,091	\$ 6,995,451	\$ (119,246)	\$ 5,009,928	\$ 61,020,622	\$ 2,836,565	\$ 63,857,187
Appropriation of 2019 earnings (Note 21)									
Legal reserve appropriated	-	-	115,226	(115,226)	-	-	-	-	-
Cash dividends	-	-	-	(398,000)	-	-	(398,000)	-	(398,000)
Total appropriations	-	-	115,226	(513,226)	-	-	(398,000)	-	(398,000)
Net income for the year ended December 31, 2020	-	-	-	1,304,019	-	-	1,304,019	215,024	1,519,043
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(5,710)	(152,082)	3,445,801	3,288,009	3,242	3,291,251
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,298,309	(152,082)	3,445,801	4,592,028	218,266	4,810,294
Changes in ownership interests in subsidiaries	-	234,469	-	-	-	-	234,469	2,221,402	2,455,871
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	314,219	-	(314,219)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(132,665)	(132,665)
BALANCE AT DECEMBER 31, 2020	39,800,002	7,770,865	1,913,317	8,094,753	(271,328)	8,141,510	65,449,119	5,143,568	70,592,687
Appropriation of 2020 earnings (Note 21)									
Legal reserve appropriated	-	-	161,253	(161,253)	-	-	-	-	-
Cash dividends	-	-	-	(796,000)	-	-	(796,000)	-	(796,000)
Total appropriations	-	-	161,253	(957,253)	-	-	(796,000)	-	(796,000)
Net income for the year ended December 31, 2021	-	-	-	13,594,643	-	-	13,594,643	1,405,479	15,000,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(92,951)	(590,061)	4,864,104	4,181,092	5,839	4,186,931
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	13,501,692	(590,061)	4,864,104	17,775,735	1,411,318	19,187,053
Changes in ownership interests in subsidiaries	-	15,259	-	-	-	-	15,259	1,183,301	1,198,560
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	94,258	-	(94,258)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(148,788)	(148,788)
BALANCE AT DECEMBER 31, 2021	\$ 39,800,002	\$ 7,786,124	\$ 2,074,570	\$ 20,733,450	\$ (861,389)	\$ 12,911,356	\$ 82,444,113	\$ 7,589,399	\$ 90,033,512

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

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 18,223,090	\$ 1,812,408
Adjustments for:		
Depreciation expense	11,361,984	9,240,589
Amortization expense	293,856	222,008
Expected credit loss recognized on accounts receivable	56,210	137,818
Interest expense	205,883	296,470
Interest income	(58,948)	(47,015)
Dividend income	(404,585)	(227,534)
Gain from bargain purchase	-	(218,968)
Share of (profit) loss of associates	(197,908)	(62,556)
(Gains) losses on disposal of property, plant and equipment	(174,642)	(44,334)
(Gains) losses on disposal of intangible assets	4,803	-
(Gains) losses on financial assets or liabilities at fair value through profit or loss	1,058	-
(Gains) losses on disposal of non-current held for sale assets	(30,371)	(27,674)
Impairment loss on property, plant and equipment	782,949	-
(Gains) losses on disposal of investments	436	16,146
Impairment loss on intangible assets	-	112,805
Compensation costs of employee share options	-	62,240
(Gains) losses on other items	(15)	(5)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(19,867)	27,474
(Increase) decrease in notes and accounts receivable	(1,845,248)	(512,580)
(Increase) decrease in accounts receivable due from related parties	(561,502)	(5,651)
(Increase) decrease in other receivables	294,673	379,008
(Increase) decrease in inventories	(1,799,274)	803,830
(Increase) decrease in other current assets	(297,781)	277,230
(Increase) decrease in other non-current assets	(774)	8,532
Increase (decrease) in notes and accounts payable	(314,890)	(33,869)
Increase (decrease) in accounts payable due to related parties	(321,808)	(775,789)
Increase (decrease) in other payables	3,818,970	(73,968)
Increase (decrease) in other current liabilities	325,658	293,960
Increase (decrease) in other non-current liabilities	<u>1,678,380</u>	<u>10,063</u>
Cash flows generated by (used in) operations	31,020,337	11,670,638
Interest received	53,059	52,120
Dividends received	459,437	318,955
Interest paid	(436,963)	(443,367)
Income taxes paid	<u>(720,486)</u>	<u>(159,264)</u>
Net cash flows generated by (used in) operating activities	<u>30,375,384</u>	<u>11,439,082</u>

(Continued)



# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through profit or loss	\$ (178,957)	\$ -
Acquisition of financial assets at fair value through other comprehensive income	(219,676)	(719,218)
Proceeds from disposal of financial assets at fair value through other comprehensive income	310,667	1,074,374
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,500	14,119
Acquisition of investments accounted for using the equity method	-	(29,250)
Net cash flow from acquisition of subsidiaries	(77,934)	(6,928,207)
Proceeds from disposal of non-current held for sale assets	279,897	542,845
Acquisition of property, plant and equipment	(9,819,828)	(8,356,007)
Proceeds from disposal of property, plant and equipment	959,954	70,027
Acquisition of intangible assets	(314,310)	(506,222)
Proceeds from disposal of intangible assets	-	735
(Increase) decrease in refundable deposits	442,799	(571,431)
(Increase) decrease in other receivables - time deposits	13,008	250,236
Acquisition of right-of-use assets	-	(6,971)
Net cash flows generated by (used in) investing activities	<u>(8,599,880)</u>	<u>(15,164,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(390,793)	821,210
Proceeds from issuing bonds	-	1,998,428
Proceeds from long-term borrowings	4,931,600	6,600,000
Repayments of long-term borrowings	(5,000,000)	(6,047,040)
Cash dividends paid	(796,000)	(398,000)
Change in non-controlling interests	(148,788)	1,456,227
Repayments of lease liabilities	<u>(381,264)</u>	<u>(278,553)</u>
Net cash flows generated by (used in) financing activities	<u>(1,785,245)</u>	<u>4,152,272</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(820,138)</u>	<u>(149,985)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,170,121	276,399
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>11,744,306</u>	<u>11,467,907</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 30,914,427</u>	<u>\$ 11,744,306</u>

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 20,226,289	16	\$ 4,818,337	5
Current financial assets at fair value through profit or loss (Notes 4 and 7)	50,057	-	38,380	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	10,977,904	9	8,802,794	9
Notes and accounts receivable, net (Notes 4 and 9)	5,556,897	4	3,828,445	4
Accounts receivable due from related parties, net (Note 26)	1,944,639	2	1,077,501	1
Other receivables	283,312	-	248,394	-
Inventories (Notes 4 and 10)	9,195,814	7	7,919,624	8
Other current assets	<u>680,687</u>	<u>1</u>	<u>725,566</u>	<u>-</u>
Total current assets	<u>48,915,599</u>	<u>39</u>	<u>27,459,041</u>	<u>27</u>
<b>NON-CURRENT ASSETS</b>				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,086	-	18,077	-
Investments accounted for using equity method (Notes 4 and 11)	18,878,347	15	15,303,118	15
Property, plant and equipment (Notes 4 and 12)	55,352,300	44	54,399,180	55
Right-of-use assets (Notes 4 and 13)	1,558,921	1	1,650,011	2
Investment properties (Notes 4 and 14)	285,814	-	292,195	-
Intangible assets (Notes 4 and 15)	43,999	-	57,563	-
Deferred income tax assets (Notes 4 and 21)	445,000	1	518,000	1
Other non-current assets (Note 6)	<u>435,513</u>	<u>-</u>	<u>356,115</u>	<u>-</u>
Total non-current assets	<u>77,028,980</u>	<u>61</u>	<u>72,594,259</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 125,944,579</u>	<u>100</u>	<u>\$ 100,053,300</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 1,430,417	1	\$ -	-
Notes payable	61,648	-	185,729	-
Accounts payable	3,520,195	3	3,362,133	4
Accounts payable due to related parties (Note 26)	913,581	1	877,960	1
Payables on machinery and equipment	4,393,748	3	2,066,672	2
Other payables	5,157,125	4	2,350,134	2
Current tax liabilities (Note 21)	2,256,788	2	-	-
Lease liabilities - current (Notes 4 and 13)	75,578	-	78,038	-
Long-term borrowings - current portion (Note 16)	785,000	1	5,000,000	5
Other current liabilities	<u>93,942</u>	<u>-</u>	<u>71,353</u>	<u>-</u>
Total current liabilities	<u>18,688,022</u>	<u>15</u>	<u>13,992,019</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 17)	9,956,086	8	9,943,848	10
Long-term borrowings (Notes 16 and 23)	11,848,865	9	7,881,845	8
Lease liabilities - non-current (Notes 4 and 13)	1,535,495	1	1,604,911	2
Net defined benefit liabilities, non-current (Notes 4 and 18)	944,555	1	929,544	1
Other non-current liabilities	<u>527,443</u>	<u>1</u>	<u>252,014</u>	<u>-</u>
Total non-current liabilities	<u>24,812,444</u>	<u>20</u>	<u>20,612,162</u>	<u>21</u>
Total liabilities	<u>43,500,466</u>	<u>35</u>	<u>34,604,181</u>	<u>35</u>
<b>EQUITY (Note 19)</b>				
Share capital	39,800,002	32	39,800,002	40
Capital surplus	7,786,124	6	7,770,865	8
Retained earnings				
Legal reserve	2,074,570	2	1,913,317	2
Unappropriated earnings	20,733,450	16	8,094,753	8
Exchange differences on translation of foreign financial statements	(861,389)	(1)	(271,328)	(1)
Unrealized gains on financial assets measured at fair value through other comprehensive income	<u>12,911,356</u>	<u>10</u>	<u>8,141,510</u>	<u>8</u>
Total equity	<u>82,444,113</u>	<u>65</u>	<u>65,449,119</u>	<u>65</u>
<b>TOTAL</b>	<u>\$ 125,944,579</u>	<u>100</u>	<u>\$ 100,053,300</u>	<u>100</u>

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

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 57,532,802	100	\$ 39,649,875	100
OPERATING COSTS (Note 10)	<u>32,775,614</u>	<u>57</u>	<u>30,842,706</u>	<u>78</u>
GROSS PROFIT	<u>24,757,188</u>	<u>43</u>	<u>8,807,169</u>	<u>22</u>
OPERATING EXPENSES				
Selling expenses	1,200,719	2	866,694	2
General and administrative expenses	2,756,183	5	1,468,085	4
Research and development expenses	6,088,149	10	5,363,963	13
Expected credit loss (Note 9)	<u>34,000</u>	<u>-</u>	<u>17,844</u>	<u>-</u>
Total operating expenses	<u>10,079,051</u>	<u>17</u>	<u>7,716,586</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>14,678,137</u>	<u>26</u>	<u>1,090,583</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	25,480	-	16,536	-
Dividend income	336,520	-	159,788	-
Other income	87,948	-	75,600	-
Share of profit (loss) of subsidiaries and associates	1,985,911	3	550,764	1
Gains (losses) on disposal of property, plant and equipment	41,973	-	6,097	-
Gains (losses) on disposal of non-current held for sale assets	30,371	-	27,674	-
Gains (losses) on financial instruments at fair value through profit or loss	48,733	-	76,346	-
Interest expense	(136,158)	-	(224,749)	(1)
Other expenses	(165,769)	-	(163,775)	-
Gains (losses) on disposal of investments	(436)	-	(16,146)	-
Gains (losses) on foreign exchange (Note 30)	(109,015)	-	(136,087)	-
Impairment loss recognized on property, plant and equipment (Note 12)	(782,949)	(1)	-	-
Impairment loss recognized on intangible assets (Note 15)	<u>-</u>	<u>-</u>	<u>(112,805)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,362,609</u>	<u>2</u>	<u>259,243</u>	<u>-</u>
INCOME BEFORE INCOME TAX	16,040,746	28	1,349,826	3
INCOME TAX EXPENSE (Notes 4 and 21)	<u>2,446,103</u>	<u>4</u>	<u>45,807</u>	<u>-</u>
NET INCOME	<u>13,594,643</u>	<u>24</u>	<u>1,304,019</u>	<u>3</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Note 18)	\$ (51,661)	-	\$ 10,891	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive loss	2,176,120	4	1,608,878	4
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	2,646,694	4	1,820,322	5
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	(22,955)	-	(30,052)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>(567,106)</u>	<u>(1)</u>	<u>(122,030)</u>	<u>-</u>
Other comprehensive income (loss)	<u>4,181,092</u>	<u>7</u>	<u>3,288,009</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 17,775,735</u>	<u>31</u>	<u>\$ 4,592,028</u>	<u>12</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.42</u>		<u>\$ 0.33</u>	
Diluted	<u>\$ 3.41</u>		<u>\$ 0.33</u>	

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	\$ 39,800,002	\$ 7,536,396	\$ 1,798,091	\$ 6,995,451	\$ (119,246)	\$ 5,009,928	\$ 61,020,622
Appropriation of 2019 earnings							
Legal reserve appropriated	-	-	115,226	(115,226)	-	-	-
Cash dividends	-	-	-	(398,000)	-	-	(398,000)
Total appropriations	-	-	115,226	(513,226)	-	-	(398,000)
Net income for the year ended December 31, 2020	-	-	-	1,304,019	-	-	1,304,019
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(5,710)	(152,082)	3,445,801	3,288,009
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,298,309	(152,082)	3,445,801	4,592,028
Changes in ownership interest in subsidiaries	-	234,469	-	-	-	-	234,469
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	314,219	-	(314,219)	-
BALANCE AT DECEMBER 31, 2020	39,800,002	7,770,865	1,913,317	8,094,753	(271,328)	8,141,510	65,449,119
Appropriation of 2020 earnings							
Legal reserve appropriated	-	-	161,253	(161,253)	-	-	-
Cash dividends	-	-	-	(796,000)	-	-	(796,000)
Total appropriations	-	-	161,253	(957,253)	-	-	(796,000)
Net income for the year ended December 31, 2021	-	-	-	13,594,643	-	-	13,594,643
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(92,951)	(590,061)	4,864,104	4,181,092
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	13,501,692	(590,061)	4,864,104	17,775,735
Changes in ownership interest in subsidiaries	-	15,259	-	-	-	-	15,259
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	94,258	-	(94,258)	-
BALANCE AT DECEMBER 31, 2021	<u>\$ 39,800,002</u>	<u>\$ 7,786,124</u>	<u>\$ 2,074,570</u>	<u>\$ 20,733,450</u>	<u>\$ (861,389)</u>	<u>\$ 12,911,356</u>	<u>\$ 82,444,113</u>

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

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,040,746	\$ 1,349,826
Adjustments for:		
Depreciation expense	10,231,678	8,593,723
Amortization expense	53,712	51,065
Expected credit loss recognized on accounts receivable	34,000	17,844
(Gains) losses on financial assets or liabilities at fair value through profit or loss	(11,677)	31,044
Interest expense	136,158	224,749
Interest income	(25,480)	(16,536)
Dividend income	(336,520)	(159,788)
Share of (profit) loss of subsidiaries and associates	(1,985,911)	(550,764)
(Gains) losses on disposal of investments	436	16,146
(Gains) losses on disposal of property, plant and equipment	(41,973)	(6,097)
(Gains) losses on disposal of non-current held for sale assets	(30,371)	(27,674)
Impairment loss on property, plant and equipment	782,949	-
Impairment loss on intangible assets	-	112,805
Unrealized profit (loss) on the transactions with subsidiaries	93,720	5,754
(Gains) losses on other items	(15)	(1)
Changes in operating assets and liabilities		
(Increase) decrease in notes and accounts receivable	(1,762,452)	(906,000)
(Increase) decrease in accounts receivable due from related parties	(867,138)	399,812
(Increase) decrease in other receivables	(56,187)	(23,330)
(Increase) decrease in inventories	(1,276,190)	830,448
(Increase) decrease in other current assets	(204,647)	173,042
Increase (decrease) in notes payable	(124,081)	4,377
Increase (decrease) in accounts payable	158,062	(126,380)
Increase (decrease) in accounts payable due to related parties	35,621	(33,569)
Increase (decrease) in other payables	2,804,097	(60,900)
Increase (decrease) in other current liabilities	22,589	3
Increase (decrease) in other non-current liabilities	27,238	(14,967)
Cash flows generated by (used in) operations	23,698,364	9,884,632
Interest received	23,337	16,464
Dividends received	1,081,156	467,410
Interest paid	(374,197)	(388,527)
Income taxes paid	(109,456)	(1,391)
Net cash flows generated by (used in) operating activities	24,319,204	9,978,588

(Continued)

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (10,000)	\$ (457,202)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	435,785
Acquisition of investments accounted for using the equity method	(357,898)	(1,471,822)
Proceeds from capital reduction of investments accounted for using equity method	16,116	233,640
Acquisition of property, plant and equipment	(9,292,410)	(7,885,047)
Proceeds from disposal of property, plant and equipment	61,082	23,143
Acquisition of intangible assets	(6,070)	(62,764)
Acquisition of right-of-use assets	-	(6,971)
Acquisition of investment properties	(2,712)	(5,754)
Proceeds from disposal of non-current held for sale assets	279,897	542,845
(Increase) decrease in refundable deposits	<u>(81,309)</u>	<u>(7,195)</u>
Net cash flows generated by (used in) investing activities	<u>(9,393,304)</u>	<u>(8,661,342)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	1,430,417	(1,000,000)
Proceeds from long-term borrowings	4,931,600	3,800,000
Repayments of long-term borrowings	(5,000,000)	(4,247,040)
Cash dividends paid	(796,000)	(398,000)
Repayments of lease liabilities	<u>(83,965)</u>	<u>(78,835)</u>
Net cash flows generated by (used in) financing activities	<u>482,052</u>	<u>(1,923,875)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	15,407,952	(606,629)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,818,337</u>	<u>5,424,966</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 20,226,289</u>	<u>\$ 4,818,337</u>

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

(Concluded)



## 勤業眾信

勤業眾信聯合會計師事務所  
110016 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988  
Fax:+886 (2) 4051-6888  
www.deloitte.com.tw

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Winbond Electronics Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Winbond Electronics Corporation (the “Company”) and its subsidiaries (collectively referred as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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, 2021. 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.



### Occurrence of Sales Revenue

There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit facilities and temporary increase in credit facilities in 2021 as a key audit matter for the year ended December 31, 2021. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the validity of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

### **Other Matter**

We have also audited the stand alone financial statements of the Company for the years ended December 31, 2021 and 2020 on which we have issued an unqualified 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 IFRS, IAS, IFRIC, and 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kenny Hong and Wen-Yea Shyu.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 11, 2022

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.*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Winbond Electronics Corporation

### Opinion

We have audited the accompanying financial statements of Winbond Electronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its 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 audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Occurrence of Sales Revenue

There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit facilities and temporary increase in credit facilities in 2021 as a key audit matter for the year ended December 31,

2021. Refer to Note 4 to the financial statements for the Company's revenue recognition policies.

Our audit procedures in response to the validity of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kenny Hong and Wen-Yea Shyu.

Handwritten signatures of the engagement partners, Kenny Hong and Wen-Yea Shyu, in black ink.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 11, 2022

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.*

## **Audit Committee's Review Report**

To: The 2022 Annual General Meeting of Shareholders

The Board of Directors has prepared the Company's 2021 Business Report, the financial statements (including the consolidated financial statements) and proposal for distribution of earnings. The financial statements have been audited by Kenny Hong and Wen-Yea Shyu from Deloitte & Touche, which has been retained by the Board of Directors as independent auditors. The independent auditors have issued an unmodified opinion. The Audit Committee has reviewed and determined the above Business Report, the financial statements, and proposal for distribution of earnings to be correct and accurate. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, it is hereby submitted for your review and perusal.

Winbond Electronics Corporation

Chairman of the Audit Committee : Allen Hsu

Date: March 15 2022

**Winbond Electronics Corporation**  
**Shareholdings of All Directors**

Book closure date: April 2, 2022

Position	Name	Current shareholding (Shares)	Shareholding ratio (%)
Chairman	Arthur Yu-Cheng Chiao	63,472,995	1.59%
Vice Chairman	Tung-Yi Chan	551,000	0.01%
Director	Yung Chin	11,778,797	0.30%
Independent Director	Allen Hsu	0	0.00%
Independent Director	Stephen Tso	0	0.00%
Independent Director	Francis Tsai	0	0.00%
Independent Director	Jerry Hsu	0	0.00%
Director	Walsin Lihwa Corporation (Representative: Fred Pan)	883,848,423	22.21%
Director	Chin-Xin Investment Co., Ltd (Representative: Yuan-Mou Su)	240,003,072	6.03%
Director	Jamie Lin	0	0.00%
Director	Wei-Hsin Ma	0	0.00%
Shareholdings of All Directors		1,199,654,287	30.14%

**Note:** This Company had a total of 3,980,000,193 issued shares as of April 2, 2022



**Winbond Electronics Corporation (the "Company")**  
**Comparison table of the articles of incorporation**

No. of Article	Amended Article	Current Article	Note
<u>Article 9-1</u>	<p><u>The shareholders meeting of the Company may be convened by video conferencing or other methods announced by the central competent authority.</u></p> <p><u>In the event that the shareholders meeting is to be held by video conferencing according to the preceding paragraph, a board resolution is required in advance.</u></p>	<u>(Article was newly added)</u>	<p>1. To make the <u>Company's method of convening shareholders meeting more flexible, this article is newly added in accordance with Paragraph 1 of Article 172-2 of the Company Act.</u></p> <p>2. According to <u>Paragraph 3 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, a company shall not convene the shareholders meeting by video conferencing unless it is expressly stipulated in the company's articles of incorporation and is approved through board resolution.</u></p>

No. of Article	Amended Article	Current Article	Note
Article 14-1	<p>Paragraph 1. Omitted</p> <p>The meeting notice set forth in the preceding paragraph may be in writing or <u>by electronic means.</u></p> <p>Hereafter Omitted</p>	<p>Paragraph 1. Omitted</p> <p>The meeting notice set forth in the preceding paragraph may be in writing or by <u>fax or e-mail.</u></p> <p>Hereafter Omitted</p>	<p>The article was <u>amended in accordance with Paragraph 4 of Article 204 of the Company Act to include various types of electronic means in the future.</u></p>
Article 17	<p>The functions and responsibilities of the Board of Directors shall be as follows:</p> <p>Paragraphs 1. ~ 12. Omitted</p> <p>13. Convene shareholders meetings (<u>include without limitation to the date, place, and method of convening the meeting</u>) and make business reports;</p> <p>Paragraphs 14. ~ 17. Omitted</p> <p><u>18. Acquire or dispose of real property.</u></p> <p><u>19. Examine and approve major business transactions between related parties (including affiliated enterprises);</u></p> <p><u>20. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.</u></p> <p>Hereafter Omitted</p>	<p>The functions and responsibilities of the Board of Directors shall be as follows:</p> <p>Paragraphs 1. ~ 12.Omitted</p> <p>13. Convene shareholders meetings and make business reports;</p> <p>Paragraphs 14. ~ 17.Omitted</p> <p><u>18. Examine and approve major business transactions between related parties (including affiliated enterprises);</u></p> <p><u>19. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.</u></p> <p>Hereafter Omitted</p>	<p><u>1. According to Paragraph 3 of Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, a company shall not convene the shareholders meeting by video conferencing unless it is expressly stipulated in the company's articles of incorporation and is approved through board resolution.</u></p> <p><u>2. Paragraph 18 was newly added based on actual needs. Current Paragraphs 18 and 19 were moved to Paragraphs 19 and 20.</u></p>

No. of Article	Amended Article	Current Article	Note
Article 27	These Articles of Incorporation were enacted on September 1, 1987, and were first amended ...; the thirtieth amendment was made on Aug. 12, 2021; <u>and the thirty first amendment was made on May 31, 2022</u> and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.	These Articles of Incorporation were enacted on September 1, 1987, and were first amended ...; and the thirtieth amendment was made on Aug. 12, 2021 and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.	<u>The date of amendment was newly added.</u>

## (English Translation)

## Winbond Electronics Corporation (the "Company")

## Comparison Table of the Procedures of Acquisition or Disposal of Assets

Amended Article	Current Article	Note
<p>Article 9: Professional Appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall meet the following requirements:</p> <p>Paragraphs 1. ~ 3.Omitted</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulation guidelines of their respective trade associations and</u> the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, it/he shall prudently assess its/his own professional capabilities, practical experience, and independence.</li> <li>2. When <u>examining</u> a case, it/he shall appropriately plan and execute adequate working process, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The relevant working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers for the case.</li> <li>3. It/He shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data, the parameters, and the information used, as the basis for issuance of the appraisal report or the opinion.</li> </ol>	<p>Article 9: Professional Appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall meet the following requirements:</p> <p>Paragraphs 1. ~ 3.Omitted</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. Prior to accepting a case, it/he shall prudently assess its/his own professional capabilities, practical experience, and independence.</li> <li>2. When <u>auditing</u> a case, it/he shall appropriately plan and execute adequate working process, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The relevant working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers for the case.</li> <li>3. It/He shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data, the parameters, and the information used, as the basis for issuance of the appraisal report or the opinion.</li> </ol>	Amended to comply with regulations

Amended Article	Current Article	Note
<p>4. It/He shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that it/he has evaluated and found that the information used is <u>appropriate and</u> reasonable, and that it/he has complied with applicable laws and regulations.</p> <p>Hereafter Omitted</p>	<p>4. It/He shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that it/he has evaluated and found that the information used is <u>reasonable and accurate</u>, and that it/he has complied with applicable laws and regulations.</p> <p>Hereafter Omitted</p>	
<p><u>Article 12-1:</u></p> <p><u>If a subsidiary of the Company, that is not itself a domestic public company or other jurisdictions, enters into any related party transactions and the transaction amount reaches 10 percent or more of total assets of the subsidiary's direct parent company, this subsidiary of the Company may not proceed with execution of a transaction contract or making any payment unless and until the information provided in Sub-paragraphs 1 to 7 of Paragraph 4 of Article 15 has been submitted to its direct parent company's shareholders' meeting and the transaction has been approved by such shareholders' meeting. The above restriction shall not apply to the transactions between a subsidiary on the one hand and its parent company and its subsidiary on the other hand, or transactions between two subsidiaries of such subsidiary.</u></p>	<p><u>Article 12-1:</u></p> <p><u>(Article was newly added)</u></p>	<p>Amended to comply with regulations</p>
<p>Article 14: The procedures of acquisition or disposal of securities Paragraphs</p> <p>1.Omitted</p> <p>2. In connection with the acquisition or disposal of securities, the most updated audited or reviewed financial</p>	<p>Article 14: The procedures of acquisition or disposal of securities Paragraphs</p> <p>1.Omitted</p> <p>2. In connection with the acquisition or disposal of securities, the most updated audited or reviewed financial</p>	<p>Amended to comply with regulations</p>

Amended Article	Current Article	Note
<p>statements prepared by a certified public accountant of the target company should be obtained for reference to evaluate the transaction price prior to the Date of Occurrence of the transaction. In addition, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the Company should engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the Date of Occurrence of the transaction. The above restriction shall not apply if such securities have public prices quoted on an active market or the regulations of the FSC otherwise provide.</p> <p>Hereafter Omitted</p>	<p>statements prepared by a certified public accountant of the target company should be obtained for reference to evaluate the transaction price prior to the Date of Occurrence of the transaction. In addition, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the Company should engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the Date of Occurrence of the transaction. <del>If the certified public accountant needs to use the report of an expert, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ADRF</del> The above restriction shall not apply if such securities have public prices quoted on an active market or the regulations of the FSC otherwise provide.</p> <p>Hereafter Omitted</p>	
<p>Article 15: The procedures of acquisition or disposal of real property or its right-of-use assets</p> <p>Paragraphs 1. ~ 3. Omitted</p> <p>4. In acquiring or disposing of the assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until the following information has been submitted for approval from the Audit Committee and the board of directors; <u>provided that, if the amount of a related transaction</u></p>	<p>Article 15: The procedures of acquisition or disposal of real property or its right-of-use assets</p> <p>Paragraphs 1. ~ 3. Omitted</p> <p>4. In acquiring or disposing of the assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until the following information has been submitted for approval from the Audit Committee and the board of directors:</p>	Amended to regulations

Amended Article	Current Article	Note
<p><u>between the Company and its Related Party reaches 10 percent or more of the Company's total assets, the Company may not proceed with execution of a transaction contract or making any payment unless and until the information set forth in Subparagraphs 1 through 7 of this paragraph has been submitted to the shareholders' meeting and the approval of the shareholders' meeting has been obtained. The above restriction shall not apply to the transactions between the Company and its subsidiaries or between two of the Company's subsidiaries.</u></p> <p>item 1.~ item 7.Omitted</p> <p>(8) The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items that have been approved by <u>the shareholders' meeting</u> or the board of directors and recognized need not be counted again when calculating the transaction amount.</p> <p>Hereafter Omitted</p>	<p>item 1.~ item 7.Omitted</p> <p>(8) The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items that have been approved by the board of directors and recognized need not be counted again when calculating the transaction amount.</p> <p>Hereafter Omitted</p>	
<p>Article 18: The evaluation of real property, equipment or its right-of-use assets.</p> <p>In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning</p>	<p>Article 18: The evaluation of real property, equipment or its right-of-use assets.</p> <p>In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency,</p>	Amended to regulations

Amended Article	Current Article	Note
<p>others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use assets for operational use, shall obtain an appraisal report prior to the Date of Occurrence of the transaction from a Professional Appraiser and shall further comply with the following provisions:</p> <p>Paragraphs 1.~2.Omitted</p> <p>3.Where the Professional Appraiser's appraisal results in any of the following circumstances, unless all the appraised values of the assets to be acquired are higher than the transaction amount, or all the appraised values of the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and express a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>Hereafter Omitted</p>	<p>commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use assets for operational use, shall obtain an appraisal report prior to the Date of Occurrence of the transaction from a Professional Appraiser and shall further comply with the following provisions:</p> <p>Paragraphs 1.~2.Omitted</p> <p>3. Where the Professional Appraiser's appraisal results in any of the following circumstances, unless all the appraised values of the assets to be acquired are higher than the transaction amount, or all the appraised values of the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <del>in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the Accounting Research and Development Foundation (hereinafter referred to as "ARDF")</del> and express a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>Hereafter Omitted</p>	
<p>Article 19: The procedures of acquisition or disposal of memberships</p> <p>Paragraphs 1.Omitted</p> <p>2. Except for transactions with domestic government agencies, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the usage after acquisition or the purpose of</p>	<p>Article 19: The procedures of acquisition or disposal of memberships</p> <p>Paragraphs 1.Omitted</p> <p>2. Except for transactions with domestic government agencies, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the usage after acquisition or the purpose of</p>	Amended to regulations



Amended Article	Current Article	Note
disposal <u>is required prior to the Date of Occurrence of the transaction, and the Company shall engage a certified public accountant to provide an opinion on the reasonableness of the transaction price.</u>	disposal <u>and an opinion on the reasonableness of the transaction price issued by a certified public accountant</u> <del>in accordance with the Statement of General Auditing Procedures No. 20 published by the ARDF</del> are required prior to the Date of Occurrence of the transaction.	
Hereafter Omitted	Hereafter Omitted	
<p>Article 25: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the FSC in the prescribed format within two days commencing immediately from the Date of Occurrence of such fact:</p> <p>Paragraphs 1.~5. Omitted</p> <p>6. Where an asset transaction other than those referred to in the preceding five subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:</p> <p>(1) Trading of domestic government bonds <u>or foreign government bonds having credit ratings not lower than the ROC's sovereign credit rating.</u></p> <p>Hereafter Omitted</p>	<p>Article 25: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the FSC in the prescribed format within two days commencing immediately from the Date of Occurrence of such fact:</p> <p>Paragraphs 1.~5. Omitted</p> <p>6. Where an asset transaction other than those referred to in the preceding five subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>Hereafter Omitted</p>	Amended to comply with regulations

**(Translation)**  
**Winbond Electronics Corporation (the "Company")**  
**Procedures of Acquisition or Disposal of Assets<sup>2</sup>**

**I. Purpose**

To efficiently manage the procedures of acquisition and disposal of the Company's assets and to ensure the Company's rights and interests, the Company enacts these Procedures.

**II. Objective**

To meet the Company's policies, to fully utilize resources and to properly acquire or dispose of assets to maximize the economic benefit to the Company.

**III. Contents**

**Chapter I            General**

Article 1: The scope of applicability of the term "Assets" as used in these Procedures is as follows:

1. Stocks, government bonds, corporate bonds, financial bonds, securities representing units of funds, depositary receipts, call (put) warrants, beneficiary securities, and asset-backed securities.
2. Real property (including land, houses and buildings, real properties for investment purpose) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, trade secrets and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of through mergers, spin-offs, acquisitions or assignments of shares in accordance with law.
8. Other major assets.

Article 2: The term "Date of Occurrence" under these Procedures means the date of execution of contract, date of payment, date of consignment trade, date of transfer, date of board of directors meeting or any other date that can confirm the counterpart and the transaction amount, whichever date is earliest; provided that, where approval of the competent authority is required for such transaction, the earlier of the earliest

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<sup>2</sup> This English translation is for reference only. In the event of discrepancy between the Chinese version and the English translation, the Chinese version shall prevail.

date above or the date of receipt of approval by the competent authority shall apply.

- Article 3: The term "Professional Appraiser" under these Procedures means a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
- Article 4: The terms "Subsidiary" and "Related Party" under these Procedures shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

When judging whether a counterparty of a transaction is a Related Party, in addition to legal formalities, the substance of the relationship shall also be taken into consideration.

- Article 5: The "securities exchange" referred to in these Procedures: "domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

The "over-the-counter venue" ("OTC venue") referred to in these Procedures: "domestic OTC venue" refers to a venue for over-the-counter trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution which is regulated by the foreign competent authority and permitted to conduct securities business.

- Article 6: The term "Derivatives" under these Procedures means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products whose value is derived from specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, indexes of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contract" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.

- Article 7: Assets acquired or disposed of through mergers, spin-offs, acquisitions or assignment of shares in accordance with law under these Procedures means assets acquired or disposed through mergers, spin-offs or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and/or other acts/laws, or acquisitions of shares through issuance of new shares of its own as the consideration therefore (hereinafter "Assignment of Shares") under Article 156-3 of the Company Act.

- Article 8: The term "Mainland Area Investment" means investments in People's Republic of China conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" promulgated by the Investment Commission of the Ministry of Economic Affairs.

- Article 9: Professional Appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall meet the following requirements:

1. It/He shall not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Securities and 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; provided, however, that this provision does not apply if three (3) years have already passed since the completion of the term of the imprisonment sentence, since expiration of the period of a probation, or since it/he was pardoned.
2. It/He may not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulation guidelines of their respective trade associations and the following:

1. Prior to accepting a case, it/he shall prudently assess its/his own professional capabilities, practical experience, and independence.
2. When examining a case, it/he shall appropriately plan and execute adequate working process, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The relevant working procedures, data collected, and conclusion shall be fully and accurately specified in the working papers for the case.
3. It/He shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data, the parameters, and the information used, as the basis for issuance of the appraisal report or the opinion.
4. It/He shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that it/he has evaluated and found that the information used is appropriate and reasonable, and that it/he has complied with applicable laws and regulations.

However, if the Company acquires or disposes of assets through a court auction, the court certificates may be substituted for appraisal reports or the certified public accountant's opinions.

#### Article 10: Responsible Unit

The Responsible Unit under these Procedures means the business operating unit designated by the Company based on the nature of each business of the Company.

Article 11: The total amount obtained from non-operating real property and its right-of-use assets may not exceed 20% of the Company's net value; the total amount obtained from securities may not exceed 100% of the net value of the Company; however, the amount obtained from individual security may not exceed 50% of the net value of the Company.

Article 12: The restrictions on the amount any Subsidiary of the Company may use to obtain non-operating real property or its right-of-use assets, securities or individual investment are as follows:

1. If such Subsidiary's main business is investment:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use assets may not exceed 10% of the net value of such Subsidiary; the amount for such

Subsidiary to obtain securities may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher.

2. If such Subsidiary's main business is not investment:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use assets may not exceed 100% of the net value of such Subsidiary; the amount used to obtain securities may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher.

3. If such Subsidiary has both investment business and operational functions:

The amount for such Subsidiary to obtain non-operating real property or its right-of-use assets may not exceed 100% of the net value of such Subsidiary; the amount used to obtain securities may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher; however, the amount for obtaining individual security may not exceed 300% of the paid-in capital or the net value of such Subsidiary, whichever is higher.

Article 12-1: If a subsidiary of the Company, that is not itself a domestic public company, enters into any related party transactions and the transaction amount reaches 10 percent or more of total assets of the subsidiary's direct parent company, this subsidiary of the Company may not proceed with execution of a transaction contract or making any payment unless and until the information provided in Sub-paragraphs 1 to 7 of Paragraph 4 of Article 15 has been submitted to its direct parent company's shareholders' meeting and the transaction has been approved by such shareholders' meeting. The above restriction shall not apply to the transactions between a subsidiary on the one hand and its parent company and its subsidiary on the other hand, or transactions between two subsidiaries of such subsidiary.

Article 13: Each Subsidiary of the Company shall enact its "Procedures of Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission ("FSC") and these Procedures.

The acquisition or disposal of assets by each Subsidiary shall comply with the "Procedures of Acquisition or Disposal of Assets" of each such Subsidiary. And, the Internal Audit of the Company will examine the relevant matters relating to the self-assessment report of its Subsidiary.

## **Chapter II Procedures**

Article 14: The procedures of acquisition or disposal of securities

1. In connection with the acquisition or disposal of securities, the Finance Center shall attach evaluation explanation and such evaluation explanation should analyze the future development and the risk factors of such invested object, and

advantages and disadvantages. In addition, the transaction price should be determined through subjective and objective judgment. If the transaction amount is above NT\$500 million (inclusive of NT\$500 million), it should be submitted to the audit committee and the board of directors meeting for approval. If the transaction amount is below NT\$500 million (exclusive of NT\$500 million), the Chairman may approve and authorize the Finance Center to engage in the transaction. If the acquisition or disposal of securities is for the same purpose, it is not allowed to file different applications for engaging in the different transactions for the acquisition or disposal of securities, and it should proceed in accordance with Paragraph 2 of this Article.

2. In connection with the acquisition or disposal of securities, the most updated audited or reviewed financial statements prepared by a certified public accountant of the target company should be obtained for reference to evaluate the transaction price prior to the Date of Occurrence of the transaction. In addition, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the Company should engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the Date of Occurrence of the transaction. The above restriction shall not apply if such securities have public prices quoted on an active market or the regulations of the FSC otherwise provide.
3. In connection with Mainland Area Investment, approval from competent authorities should be obtained before proceeding with the transaction. Upon engaging in the investment, the transaction should be handled in accordance with this Article.
4. If the Company acquires or disposes of securities from or to a Related Party, and the transaction amount reaches 20% or more of the Company's paid-in capital, 10 % or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 through 3 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures. Trading of domestic government bonds, bonds under repurchase and resale agreements, and purchase or repurchase of money market funds issued by domestic securities investment trust enterprises shall be exempted from the procedures provided in Paragraphs 3 and 4 of Article 15 of these Procedures.

Article 15: The procedures of acquisition or disposal of real property or its right-of-use assets

1. The Responsible Unit should put forward the purpose or use, the basis of determination of transaction price and transaction method for the acquisition or disposal and handle the acquisition or disposal in accordance with the Company's Rules for Managing Fixed Assets or the Company's Lease Operating Procedures. Such transactions should be submitted to the Audit Committee and the board of directors for approval after being approved by the Chairman, except for transactions of the right-of-use assets of the real property in the amount less than NT\$500 million that the Chairman is authorized to directly approve and decide without submitting to the Audit Committee and the board of directors for approval. In addition, the Chairman is authorized to approve and conduct the acquisition or disposal of the

right-of-use assets of the real property for operational use in the amount less than NT\$500 million by and among the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital, and to submit the same to the most recent Audit Committee meeting and the board of directors meeting for recognition thereafter, where Paragraph 4 of this Article (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.

2. In acquiring or disposing of real property or its right-of-use assets where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or above, unless transacting with a domestic government agency, commissioning others to build on its own land, or commissioning others to build on rented land, an appraisal report should be obtained prior to the Date of Occurrence of the transaction from a Professional Appraiser and the transaction should comply with Article 18 of these Procedures.
3. The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items for which an appraisal report from a Professional Appraiser or a certified public accountant's opinion has been obtained need not be counted again when calculating the transaction amount.
4. In acquiring or disposing of the assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until the following information has been submitted for approval from the Audit Committee and the board of directors: provided that, if the amount of a related transaction between the Company and its Related Party reaches 10 percent or more of the Company's total assets, the Company may not proceed with execution of a transaction contract or making any payment unless and until the information set forth in Subparagraphs 1 through 7 of this paragraph has been submitted to the shareholders' meeting and the approval of the shareholders' meeting has been obtained. The above restriction shall not apply to the transactions between the Company and its subsidiaries or between two of the Company's subsidiaries.
  - (1) The purpose, necessity and anticipated benefit of the assets acquisition or disposal.
  - (2) The reason for choosing the Related Party as a trading counterparty.
  - (3) With respect to the acquisition from a Related Party of real property or its right-of-use assets, the relevant information regarding appraisal of the reasonableness of the proposed transaction terms in accordance with the provisions of Paragraphs 5 and 6 of this Article.
  - (4) The date and price at which the Related Party originally acquired the real

property, the original trading counterparty and that trading counterparty's relationship with the Company and the Related Party.

- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and evaluation of the necessity of the transaction and reasonableness of the use of funds.
  - (6) When the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the Company shall obtain an appraisal report from a Professional Appraiser or a certified public accountant's opinion in accordance with Paragraph 3 of this Article, and shall further comply with Article 18 of these Procedures.
  - (7) Restrictive terms and other important stipulations associated with the transaction.
  - (8) The calculation of the transaction amount shall be conducted in accordance with Paragraph 2 of Article 25, and "within the preceding year" as used herein refers to the year preceding the Date of Occurrence of the transaction. Items that have been approved by the shareholders' meeting or the board of directors and recognized need not be counted again when calculating the transaction amount.
  - (9) When an acquisition or disposal of assets transaction is reported to the board of directors for deliberation, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be recorded in the meeting minutes.
  - (10) Where an acquisition or disposal of assets transaction shall be approved by the board of directors, it shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for resolution, and Paragraphs 4 and 5 of Article 31 shall apply mutatis mutandis.
5. In acquiring from a Related Party real property or its right-of-use assets, the reasonableness of the transaction costs shall be evaluated by the following means:
- (1) Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with law. "Necessary interest on funding" is computed as the weighted averaged interest rate on the Company's borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - (2) Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a



loan; provided, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.

- (3) Where land and structure thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and structures may be separately appraised in accordance with any of the methods stated in the provisions of the two subparagraphs above.
- (4) If the Company acquires real property or its right-of-use assets from a Related Party and appraises the cost of the real property or its right-of-use assets in accordance with the preceding three subparagraphs of this Paragraph, a certified public accountant shall also be engaged to check the appraisal and render a specific opinion.
- (5) Where the Company acquires real property or its right-of-use assets from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 4 of this Article and the provisions of the preceding four subparagraphs shall not apply:
  - (i) The Related Party acquired the real property or its right-of-use assets through inheritance or as a gift.
  - (ii) More than five years have elapsed from the time the Related Party signed the contract to obtain the real property or its right-of-use assets to the signing date for the current transaction.
  - (iii) The real property is acquired through signing of a joint development contract with the Related Party or by engaging the Company's Related Party to construct the real property on the Company's owned land or leased land.
  - (ix) The right-of-use assets of the real property for operational use are acquired by and between the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital.
- 6. When the results of the Company's appraisal conducted in accordance with the provisions of Subparagraphs (1), (2) and (3) of the preceding paragraph are uniformly lower than the transaction price, the matter shall be handled in accordance with Article 16. However, where the following circumstances exist, and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public accountant have been obtained, this restriction shall not apply:

- (1) Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (i) Where undeveloped land is appraised in accordance with the means in the preceding article and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. "Reasonable Construction Profit" shall be deemed to be the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices or leasing practices.
- (2) The Company, when acquiring real property or obtaining the right-of-use assets of the real property through leasing, from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions involving neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels of similar land area in principle refers to transactions conducted by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; "within one year" mentioned in the foregoing refers to the year preceding the actual date of acquisition of the real property or its right-of-use assets.

Article 16: Where the Company acquires real property or its right-of-use assets from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraphs 5 and 6 of Article 15 are uniformly lower than the transaction price, the following steps shall be taken:

1. The difference between the transaction price and the appraised costs of real property or its right-of-use assets shall be set aside as a special reserve in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act and may not be distributed or used for capital increase and issuance of bonus shares. If an investor that has investment in the Company and uses the equity method to

account for such investment is a public company, it shall also set aside as a special reserve under Paragraph 1, Article 41 of the Securities and Exchange Act pro rata to the special reserve set aside by the Company in proportion to its shareholding.

2. Audit Committee members who act as independent directors concurrently shall comply with the provisions of Article 218 of the Company Law.
3. The circumstances of handling under Paragraphs 1 and 2 of this Article shall be reported to the shareholders meeting and the detailed contents of the transaction disclosed in the annual report and prospectus.
4. If the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize such special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or the assets have been disposed of, or the lease contract has been terminated, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
5. The Company shall also comply with the provisions of the preceding four paragraphs when obtaining real property or its right-of-use assets from a Related Party if there is other evidence indicating that the transaction was not an arm's length transaction.

Article 17: The procedures of acquisition or disposal of equipment or its right-of-use assets

1. Where the Responsible Unit is acquiring a fixed asset, it should comply with the procedures of negotiation and evaluation of transaction price and should submit to the Chairman for approval; when disposing of a fixed asset, it should comply with the asset depreciation procedure under the Rules for Managing Fixed Assets or the Lease Operating Procedures of the Company; however, if the transaction amount exceeds NT\$500 million (inclusive of NT\$500 million), it should be submitted to the Audit Committee and the board of directors meeting for approval.
2. If the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, unless transacting with a domestic government agency or acquisition or disposal of the equipment or its right-of-use assets for operational use, prior to the Date of Occurrence of the transaction, an appraisal should be obtained by a Professional Appraiser who should issue an appraisal report and the transaction should comply with Article 18 of these Procedures.
3. When the Company intends to acquire or dispose of equipment or its right-of-use assets from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.

4. With respect to the acquisition or disposal of equipment for business use or its right-of-use assets by and between the Company and its Subsidiaries, or by and among the Company's Subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or capital, the Chairman is authorized to decide the related matters when the transaction amount is within NT\$500 million and subsequently submit the same to the most recent Audit Committee meeting and the board of directors meeting for recognition, where Paragraph 4 of Article 15 (which requires that in relation to acquisition or disposal of assets from or to a Related Party, the Company may not proceed with execution of a transaction contract or making any payment unless and until such transaction being approved by the Audit Committee and the board of directors) shall not apply.

Article 18: The evaluation of real property, equipment or its right-of-use assets.

In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches 20 % of the Company's paid-in capital or NT\$300 million or above, the Company, unless transacting with a domestic government agency, commissioning others to build on its own land, commissioning others to build on rented land, or acquiring, or disposing of equipment or its right-of-use assets for operational use, shall obtain an appraisal report prior to the Date of Occurrence of the transaction from a Professional Appraiser and shall further comply with the following provisions:

1. Where, due to special circumstances, a limited price, specified price or special price must be given as a reference basis for the transaction price, the transaction shall be submitted to the board of directors for approval in advance, and the same shall apply to any subsequent changes, if any, to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or above, appraisals from two or more Professional Appraisers shall be obtained.
3. Where the Professional Appraiser's appraisal results in any of the following circumstances, unless all the appraised values of the assets to be acquired are higher than the transaction amount, or all the appraised values of the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and express a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:
  - (1) Where the discrepancy between the appraisal result and the transaction amount reaches 20% or more of the transaction amount.
  - (2) Where the discrepancy between the appraisal results of two or more Professional Appraisers reaches 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a Professional Appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and

not more than six months have elapsed, an opinion may still be issued by the original Professional Appraiser.

Article 19: The procedures of acquisition or disposal of memberships

1. Where the Responsible Unit acquires or disposes of memberships, if the transaction amount is below NT\$1 million (inclusive of NT\$1 million), the head-in-charge is authorized to approve the transaction; if the transaction amount is between NT\$1 million and NT\$500 million, the Chairman is authorized to approve the transaction. If the transaction amount exceeds NT\$500 million (inclusive of NT\$500 million), it should be submitted to the Audit Committee and the board of directors meeting for approval.
2. Except for transactions with domestic government agencies, if the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million or above, the usage after acquisition or the purpose of disposal is required prior to the Date of Occurrence of the transaction, and the Company shall engage a certified public accountant to provide an opinion on the reasonableness of the transaction price.
3. When the Company intends to acquire or dispose of memberships from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.

Article 20: The procedures of acquisition or disposal of intangible assets or its right-of-use assets

1. Where a legal basis exists for the development of products, whether jointly by the Company and other entities, or by the Company on behalf of another entity, or by another entity on behalf of the Company, or for the Company to obtain certain techniques or processes developed by other entities, and the parties agree to have any intangible asset or its right-of-use assets resulting from such development to be owned by the Company, the authority to approve the acquisition or disposal of such intangible asset or its right-of-use assets should rest with the head of the relevant center. Any agreement proposing to have any intangible assets or their right-of-use assets resulting from such development, joint or otherwise, to be owned either jointly by the Company and another entity or by such other entity must in principle be approved by the head of the relevant business group; any agreement proposing to have another entity to acquire any existing intangible assets or their right-of-use assets which the Company intends to dispose must in principle be approved by the head of the relevant business group, unless it is otherwise required to be approved by a higher ranking officer in accordance with relevant laws or regulations, board of directors or other rules of the Company at the time of the acquisition or disposal.
2. If the transaction amount for acquisition or disposal of intangible assets or their right-of-use assets reaches 20% or more of the Company's paid-in capital or NT\$3 million or above, it should comply with Paragraphs 2 of Article 19 of these

Procedures.

3. When the Company intends to acquire or dispose of intangible assets or their right-of-use assets from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for transactions with domestic government agencies, the transaction should be conducted in accordance with Paragraphs 1 and 2 of this Article and Paragraphs 3 and 4 of Article 15 of these Procedures.
4. If the transaction amount for an acquisition or disposal of intangible assets or their right-of-use assets reaches NT\$500 million or above, such acquisition or disposal shall be submitted to the Audit Committee meeting and the board of directors meeting for approval.

Article 21: The procedures of acquisition or disposal of engaging in Derivatives trading

When the division in charge engages in Derivatives trading, the Derivatives are limited to the financial Derivatives only and such trading shall be handled in accordance with the "Procedures of Governing Engagement in Derivatives Transactions" of the Company.

The Company shall supervise its Subsidiaries to draw up the relevant rules to manage the engagement in Derivatives trading and shall supervise its Subsidiaries to comply with the Derivatives trading rules. The Internal Audit will examine the relevant matters relating to the self-assessment report of its Subsidiaries. If any of its Subsidiaries does not intend to engage in derivatives trading, it may, after obtaining the approval of its board of directors, be exempted from establishing the procedures governing derivatives trading. If it subsequently wishes to engage in derivatives trading, it shall still comply with Article 31 and the preceding paragraph before doing so.

Article 22: The procedures of acquisition or disposal of assets through mergers, spin-offs, acquisitions or assignment of shares

1. Where the Company conducts a merger, spin-off, acquisition, or assignment of shares, the Responsible Unit shall attach evaluation explanation which shall be approved by the Chairman and, prior to convening the Audit Committee and the board meeting for resolution, retain a certified public accountant, attorney-at-law or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the Audit Committee and the board meeting for discussion and resolution. No such fairness opinion of experts is required for a merger between the Company and a subsidiary whose issued shares or capital is directly or indirectly wholly-owned by the Company or a merger between two subsidiaries both of whose issued shares or capital is directly or indirectly wholly-owned by the Company.
2. Where the Company participates in a merger, spin-off or acquisition, a public report to shareholders shall be prepared detailing important contractual

content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and such report should be included along with the expert opinion referred to in Paragraph 1 of this Article when sending convention notice of the shareholders meeting for reference in deciding whether to approve such merger, spin-off, or acquisition; provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by a shareholders meeting, the Company shall immediately publicly explain the reason, the follow-up measures, and the proposed date of the next shareholders meeting.

3. The Company participating in a merger, spin-off, or acquisition shall convene the board meeting and the shareholders meeting on the same day as other parties to the transaction to resolve relevant matters of the merger, spin-off, or acquisition, unless otherwise provided by other laws or regulations or reported to and approved by the FSC in advance due to extraordinary circumstances.

The Company participating in an assignment of shares shall convene the board meeting on the same day as other parties to the transaction, unless otherwise provided by other laws or regulations or reported to and approved by the FSC in advance due to extraordinary circumstances.

4. Where the Company participates in a merger, spin-off, acquisition, or assignment of shares, the Company shall prepare a complete written record of the following information and preserve it for five years for check:
  - (1) Personnel's basic information: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the plan or execution of any merger, spin-off, acquisition, or assignment of shares prior to the disclosure of the information.
  - (2) Dates of material events: including the dates of signing of any letter of intent or memorandum of understanding, engagement of financial or legal advisor(s), execution of contract(s) and convention of a board of directors meeting.
  - (3) Important documents and minutes: including plan of any merger, spin-off, acquisition, and assignment of shares, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
5. Where the Company participates in a merger, spin-off, acquisition, or assignment of shares, the Company shall, within two days commencing immediately from the date of the resolution of the board of directors

approving such transaction, report the information set out in Subparagraphs (1) and (2) of the preceding paragraph in the prescribed format via the Internet-based information system to the FSC for filing.

6. Every person participating in or privy to the plan for any merger, spin-off, acquisition, or assignment of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for any merger, spin-off, acquisition, or assignment of shares.
7. The Company participating in a merger, spin-off, acquisition, or assignment of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or assignment of shares:
  - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - (2) An action, such as a disposal of major assets, which affects the Company's financial conditions and operations.
  - (3) An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, spin-off, acquisition, or assignment of shares from another company, buys back treasury stock.
  - (5) An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or assignment of shares.
  - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
8. The contract for participation by the Company in a merger, spin-off, acquisition, or assignment of shares shall record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or assignment of shares, and shall also record the following:
  - (1) Handling of breach of contract.
  - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any Company that is extinguished in a merger or that is spun off.
  - (3) The amount of treasury stock participating companies are permitted



under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

- (4) The manner of handling changes in the number of participating entities or companies.
  - (5) Anticipated progress schedule for plan execution, and anticipated completion date.
  - (6) Scheduled date for convening the shareholders meeting in accordance with laws and regulations if the plan exceeds the deadline without completion, and relevant procedures.
9. After public disclosure of the information, if the Company participating in a merger, spin-off, acquisition, or assignment of shares intends further to carry out a merger, spin-off, acquisition, or assignment of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or assignment of shares; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
10. Where a company participating in a merger, spin-off, acquisition, or assignment of shares is not a company whose stock are listed on the stock exchanges or over-the-counter markets, the Company shall sign an agreement with the non-public company, and comply with the provisions of Paragraphs 3, 4, 5, 6 and 9 of this Article.

**Article 23: Other major assets**

The procedures for the acquisition or disposal of other major assets should be handled in accordance with Article 19 of these Procedures.

**Article 24: Where the Company's acquisition or disposal of assets is subject to the approval of the board of directors under these Procedures or other acts or regulations, it shall be first approved by more than half of all Audit Committee members and then submitted to the board of directors for resolution, and Paragraphs 4 and 5 of Article 31 shall apply mutatis mutandis.**

When an acquisition or disposal of assets transaction is reported to the board of directors for deliberation under the preceding paragraph, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be entered into the meeting minutes.

### **Chapter III Public Disclosure of Information**

**Article 25: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by**

the FSC in the prescribed format within two days commencing immediately from the Date of Occurrence of such fact:

1. Acquisition or disposal of real property or its right-of-use assets from or to a Related Party, or acquisition or disposal of assets other than real property or its right-of-use assets from or to a Related Party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for the trading of domestic government bonds, bonds under repurchase and resale agreements, and subscription/ purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.
2. Mergers, spin-offs, acquisitions, or assignment of shares.
3. Where losses from Derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the equipment or its right-of-use assets for operational use is acquired or disposed of, and the counterparty is not a Related Party and the transaction amount reaches any of the following:
  - (1) Where the Company's paid-in capital is less than NT\$10 million, the transaction amount reaches NT\$500 million; or
  - (2) Where the Company's paid-in capital is NT\$10 million or more, the transaction amount reaches NT\$1 billion.
5. Where real property is acquired under an arrangement for commissioned construction on self-owned land or on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterpart is not a Related Party, and the amount the Company expects to invest in the transaction reaches NT\$500 million or more.
6. Where an asset transaction other than those referred to in the preceding five subparagraphs, or Mainland China Investment, reaches 20% or more of the Company's paid-in capital or NT\$300 million; provided, that this shall not apply in the following circumstances:
  - (1) Trading of domestic government bonds or foreign government bonds having credit ratings not lower than the ROC's sovereign credit rating.
  - (2) Trading of bonds under repurchase/resale agreements or subscription/purchase or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
3. The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

"Within one year" as used in the preceding paragraph refers to the year preceding the Date of Occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be entered.

The Finance Center shall enter monthly the status of Derivatives transactions undertaken by the Company and its subsidiaries that are not domestic public companies up to the end of the preceding month in the prescribed format into the information reporting website designated by the FSC by the tenth day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct such error, all the items shall be publicly announced again within two days from the day of acknowledgement of the error and reported in their entirety.

Where the Company acquires or disposes of assets, the division in charge shall keep all relevant contracts, meeting minutes, memorandum books, appraisal reports and opinions of certified public accountants, attorneys, and securities underwriters at the Company, where they shall be stored for five years, unless otherwise provided by laws.

Article 26: Under any of the following circumstances, the Company, after publicly announcing and reporting the transaction in accordance with the preceding article, shall publicly announce and report the relevant information on the website designated by the FSC within two days commencing immediately from the Date of Occurrence of such fact:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger , spin-off, acquisition, or assignment of shares is not completed by the scheduled date set forth in the contract.
3. Change to any publicly announced and reported information.

Article 27: Information required to be reported in accordance with the provisions of Chapter II on acquisitions and disposals of assets by any Subsidiary of the Company that is not a domestic public company shall be reported by the relevant division in charge of the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a Subsidiary referred to in the preceding paragraph is subject to Paragraph 1 of Article 25 requiring a public announcement and regulatory filing in relation to transactions reaching the paid-in capital or the total assets specified therein.

Article 28: Provisions under these Procedures regarding the 10% of the total assets shall be calculated based on the total amount of assets in the most recent stand-alone or individual financial report issued in accordance with the financial reporting standards of the securities issuer.

In case of the shares in the Company with no par value or with a par value other than NT\$10, for the calculation of transaction amount of 20% of paid-in capital under these Procedures, 10% of equity attributable to stockholders of the parent shall be substituted; for calculations under the provisions of these Procedures of the transaction amount regarding the paid-in capital reaching NT\$10 billion, NT\$20 billion of equity attributable to stockholders of the parent shall be substituted.

## **Chapter IV Penalty**

Article 29: When officers or persons in charge violate these Procedures or the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the FSC,

1. The Human Resources Division will make a proposal of penalty according to the seriousness of the violation by each person based on the facts and evidence provided by the Responsible Unit or the audit unit and submits the same to the head-in-charge for approval. Penalty on officers will be submitted to and resolved by the Compensation Committee meeting and the board meeting.
2. In the event that any irrecoverable losses are caused to the Company due to any willful or negligent acts or omissions by an individual, such individual may be suspended from duties, subject to the approval of the head-in-charge.
3. The manager as described in this Article shall mean the manager as established in accordance with the ruling issued by the Securities and Futures Commission dated 27 March 2003 per its letter (Ref. No.: Tai-Tsai-Tseng-(3)-092001301); the person in charge shall mean the relevant chief who reviews and approves the execution of any such transactions.

## **Chapter V Effectiveness and Amendment**

Article 30: For matters not covered herein, provisions in the relevant laws and regulations and the relevant rules of the Company shall govern.

Article 31: These Procedures are effective subject to the approval of the Audit Committee and the board of directors and then submitted to the shareholders meeting for approval. The preceding procedures shall apply if there is any amendment to these Procedures.

When these Procedures are reported to the board of directors for deliberation under the preceding paragraph, the opinions of each independent director shall be given full consideration and their dissenting or qualified opinion shall be entered into the meeting minutes.

When these Procedures are adopted or amended, they shall be subject to approval by more than half of all Audit Committee members and submitted to the board of directors for resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if

approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the board of directors .

The terms "all Audit Committee members" in Paragraph 3 and "all directors" in the preceding paragraph shall mean the actual number of persons currently holding those positions.

**Winbond electronics corporation (the "company")**  
**Comparison table of the rules governing the conduct of shareholders meeting**

Amended Article	Current Article	Note
<p>Article 2:  The shareholders meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations. <u>The method as to how a shareholders meeting will be convened and any changes to how the Company convenes its shareholders meeting shall be resolved by the Board of Directors, and shall be made no later than mailing the convention notice of the shareholders meeting.</u></p> <p>Paragraphs 2. Omitted  Convention notices and announcements shall state the reasons for the meeting and the time and location for shareholders, solicitors and proxies <u>(collectively "shareholders") to register for attendance, and other matters that should be noted.</u> The convention notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the shareholders.</p> <p>Paragraphs 4. ~ 5. Omitted  The Company shall prepare the shareholders' meeting agenda handbook <u>or make it available for shareholders' review in accordance with the deadline and method stipulated in Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Agenda Handbooks of Public Companies".</u>  <u>When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures to shareholders who have difficulties in attending the virtual shareholders' meeting online.</u></p>	<p>Article 2:  The shareholders meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.</p> <p>Paragraphs 2. Omitted  Convention notices and announcements shall state the reasons for the meeting. The convention notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the shareholders.</p> <p>Paragraphs 4. ~ 5. Omitted  The Company shall prepare the shareholders meeting agenda handbook in accordance with Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Agenda Handbooks of Public Companies".</p> <p><u>(Paragraph 7 was newly added)</u></p>	<p>Amended with reference to the sample template of the "Rules of Procedures for Shareholders Meetings of 00 Co., Ltd." published by the Taiwan Stock Exchange.</p>

Amended Article	Current Article	Note
<p>Article 4:  Paragraphs 1. ~ 3. Omitted  <u>If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>Article 4:  Paragraphs 1. ~ 3. Omitted  <u>(Paragraph 4 was newly added)</u></p>	Ditto
<p>Article 6:  <u>The time for accepting shareholder attendance registrations shall be at least 30 minutes prior to the commencement of the meeting. The place for accepting shareholder attendance registrations shall be clearly marked and sufficient and competent personnel shall be assigned to handle the registrations. The Company shall prepare an attendance book for attending shareholders to sign in, or shareholder present may hand in an attendance card in lieu of signing on the attendance book. For virtual shareholders' meetings, accepting shareholder attendance registration shall begin at least 30 minutes before the meeting starts and shareholders shall register their attendance on the virtual meeting platform for the shareholders' meeting. Shareholders completing attendance registration will be deemed attending the shareholders' meeting in person.</u>  The number of shares representing shareholders present at the meeting shall be calculated in accordance with those indicated in the attendance book or the attendance card <u>and those checked in on the virtual meeting platform</u>, plus the number of shares whose voting right exercised in writing or by way of electronic transmission. Each shareholder attending the shareholders meeting in person (or proxy) shall wear an attendance pass and submit the attendance card in lieu of sign-in.  <u>In the event of a virtual shareholders' meeting, the Company shall upload the</u></p>	<p>Article 6:  <u>The Company shall prepare an attendance book for attending shareholders to sign in, or shareholder present may hand in an attendance card in lieu of signing on the attendance book.</u>    The number of shares representing shareholders present at the meeting shall be calculated in accordance with those indicated in the attendance book or the attendance cards, plus the number of shares whose voting right exercised in writing or by way of electronic transmission. Each shareholder attending the shareholders meeting in person (or proxy) shall wear an attendance pass and submit the attendance card in lieu of sign-in.    <u>(Paragraph 3 was newly added)</u></p>	<p>1. Ditto    2. <u>Original Paragraph 1 was splitted into Paragraphs 1 and 2 and was amended.</u></p>

Amended Article	Current Article	Note
<u>meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and such information shall continue to be disclosed until the end of the meeting.</u>		
<u>Article 6-1:</u> <u>To convene a virtual shareholders' meeting, the Company shall include the following particulars in the convention notice of the shareholders' meeting:</u> <u>1. How shareholders attend the virtual meeting and exercise their rights.</u> <u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <u>A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>B. Shareholders not having registered to attend the affected virtual shareholders' meeting previously shall not attend the postponed or resumed session.</u> <u>C. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, satisfies the quorum for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards</u>	<u>(Article was newly added)</u>	Amended with reference to the sample template of the "Rules of Procedures for Shareholders Meetings of 00 Co., Ltd." published by the Taiwan Stock Exchange.



Amended Article	Current Article	Note
<p><u>the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extemporary motion has not been carried out.</u></p> <p><u>3.To convene a virtual shareholders' meeting, appropriate alternative measures available to shareholders who have difficulties in attending a virtual shareholders' meeting online shall be specified.</u></p>		
<p>Article 8: Paragraphs 1. ~ 3. Omitted <u>In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p>In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders meeting in person <u>or online</u>, the shareholder shall, two days prior to the shareholders meeting and in the same manner previously used in exercising his/her/its voting right, deliver a separate declaration of intention to revoke his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely revocation of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission and has also authorized a proxy to attend the shareholders meeting on his/her/its behalf, then the</p>	<p>Article 8: Paragraphs 1. ~ 3. Omitted <u>(Paragraph 4 was newly added)</u></p> <p>In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders meeting in person, the shareholder shall, two days prior to the shareholders meeting and in the same manner previously used in exercising his/her/its voting right, deliver a separate declaration of intention to revoke his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely revocation of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission and has also authorized a proxy to attend the shareholders meeting on his/her/its</p>	<p>1. Ditto</p> <p>2. Original Paragraph 4 was moved to Paragraph 5 and original Paragraphs 5 and 6 were moved to Paragraphs 8 and 9.</p>





Amended Article	Current Article	Note
<p>Article 16</p> <p>The chairman shall announce the commencement of the shareholders meeting and relevant information such as the number of non-voting rights and the number of shares present at the time scheduled for the meeting; <u>During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by shareholders present at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented by shareholders present at the meeting and a new tally of votes is released during the meeting.</u> But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed twice and the time of the postponement shall not be more than one hour in aggregate. After the second postponement, if there are not enough shareholders representing one-third or more of the total issued shares, the chairman shall declare the meeting aborted. <u>In the event of a virtual shareholders' meeting, the Company shall also declare the meeting aborted on the virtual meeting platform.</u></p> <p>If after two postponements as set forth in the preceding paragraph, the number of shares represented by the shareholders present at the meeting is still less than one-half of all issued shares of the Company but the shareholders present at the meeting represent more than one-third of all issued shares, provisional resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Act, and be notified to each shareholder to convene another shareholders meeting within one month.</p>	<p>Article 16</p> <p>The chairman shall announce the commencement of the shareholders meeting and relevant information such as the number of non-voting rights and the number of shares present at the time scheduled for the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed twice and the time of the postponement shall not be more than one hour in aggregate. After the second postponement, if there are not enough shareholders representing one-third or more of the total issued shares, the chairman shall declare the meeting aborted.</p> <p>If after two postponements as set forth in the preceding paragraph, the number of shares represented by the shareholders present at the meeting is still less than one-half of all issued shares of the Company but the shareholders present at the meeting represent more than one-third of all issued shares, provisional resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Act, and be notified to each shareholder to convene another shareholders meeting within one month.</p>	Ditto

Amended Article	Current Article	Note
<u>In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 8.</u> Hereafter Omitted	Hereafter Omitted	
<u>Article 21-1</u> <u>Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on the virtual meeting platform during the period from the chairman calling the meeting to order until the chairman declaring the meeting adjourned. No more than two questions on the same proposal may be raised. Each question shall contain no more than 200 words. The provisions in Articles 18 to 20 do not apply.</u> <u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, the company may disclose the questions to the public on the virtual meeting platform.</u>	(Article was newly added)	Ditto
Article23: Paragraphs 1. ~ 2. Omitted <u>When the Company convenes a virtual shareholders' meeting, after the chairman calls the meeting to order, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairman announces the voting session ends or will be deemed abstained from voting if they fail to cast votes during the voting session.</u>	Article23: Paragraphs 1. ~ 2. Omitted <u>(Paragraph 3 was newly added)</u>	Ditto
Article24: Paragraphs 1. ~ 3. Omitted <u>In the event of a virtual shareholders' meeting, votes shall be counted at once after the chairman announces the voting session ends, and results of votes and elections shall be announced immediately. In the event of a virtual shareholders' meeting, the Company</u>	Article24: Paragraphs 1. ~ 3. Omitted <u>(Paragraph 4 was newly added)</u>	Ditto

Amended Article	Current Article	Note
shall disclose results of votes and election on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairman has announced the meeting adjourned.		
<p><u>Article 26-1</u></p> <p><u>In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to assist with communication technical issues.</u></p> <p><u>In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall separately declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, that if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairman has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph above, the number of shares represented by, and voting rights and election rights exercised at the affected shareholders' meeting by, the shareholders who have</u></p>	<u>(Article was newly added)</u>	Ditto

Amended Article	Current Article	Note
<p><u>registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, shall be counted towards the total number of shares, number of voting rights and number of election rights presented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders' meeting held in accordance with the second paragraph above, no further discussion or resolution is required for proposals on which votes have been cast and counted and results have been announced, or a list of elected directors has been announced.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the second paragraph above, if the total number of shares represented by shareholders present at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still satisfies the quorum for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as set forth in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Paragraph 7 of Article 44-20 of</u></p>		

Amended Article	Current Article	Note
<p><u>the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under the second half of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Paragraph 2 of Article 44-5, Article 44-15, and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph above.</u></p>		
<p>Article 27: Paragraphs 1. ~ 3. Omitted <u>Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the names of the chairman and the minutes taker, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convene a virtual-only shareholders' meeting, in addition to compliance with the requirements set forth in the preceding paragraph, the Company shall also specify alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online in the meeting minutes.</u></p>	<p>Article 27: Paragraphs 1. ~ 3. Omitted <u>(Paragraph 4 was newly added)</u></p> <p><u>(Paragraph 5 was newly added)</u></p>	Ditto



## Explanations of involvement of directors in acts for themselves or others which fall into the field of the Company's business

### (1) Independent Director : Allen Hsu

Names of other companies Where he served	Title	Business items same or similar to the Company's
Unus Tech Co.,Ltd.	Chairman	F401010 International Trade I301010 Software Design Services I501010 Product Designing
3R LIFE SCIENCES LTD.	Chairman	F401010 International Trade

### (2) Independent Director : Jerry Hsu

Names of other companies Where he served	Title	Business items same or similar to the Company's
Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd.	Chairman	Production and sales of hardware parts of electronic products
Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd.	Executive Director	Production and sales of hardware parts of electronic products
Chongqing Kanghua Metal Product Co.,Ltd.	Executive Director	Production and sales of hardware parts of electronic products
CSA Holdings Inc.	Director	Investment activities
QBit Semiconductor Holding,LTD.	Director	Holding Company
Target Gain Corporation	Director	Electronic parts trading
MELVITA TAIWAN LTD	Director	F401010 International Trade
ARCE THERAPEUTICS, INC.	Director	F401010 International Trade
Cal-Comp Precision Holding Co Ltd.	Director	Holding Company
AcTel Power Co., Ltd.	Director	F401010 International Trade
QBit Semiconductor Ltd.	Director	CC01080 Electronic Parts and Components Manufacture F401010 International Trade I301010 Software Design Services I301020 Data Processing Services I501010 Product Designing
NEW ERA AI ROBOTIC INC.	Director	F401010 International Trade I301010 Software Design Services I301020 Data Processing Services CC01120 Data Storage Media Manufacturing and Duplicating I501010 Product Designing
NKG Advanced Intelligence & Technology Development (Yueyang) Co., Ltd.	Director	Production and sale of various intelligent electronic equipment and its consumables and parts

Cal-Comp Precision (Malaysia)SDN.BHD.	Director	Plastic Molding
Cal-Comp Precision (Thailand) Limited	Director	Plastic Molding
Cal Comp Electronics (USA) Co., Ltd.	Director	Manufacturing
Cal Comp USA (San Diego), Inc.	Director	Manufacturing
Cal Comp Holding (Brasil) S.A.	Director	Holding company
Cal Comp Industria de Semicondutores S.A.	Director	Manufacturing
VesCir Ltd.	Director	F401010 International Trade I501010 Product Designing
Kinpo&Compal Group Assets Development Corporation	Director /President	F401010 International Trade I301010 Software Design Services I301020 Data Processing Services
Cal-Comp Electronics & Communications Company Limited	Chief Strategy Officer	I301010 Software Design Services F401010 International Trade

(3) Institutional director (Representative : Yuan-Mou Su)

Names of other companies Where he served	Title	Business items same or similar to the Company's
Nuvoton Technology Corporation America	Chairman	Design, sales and service of semiconductor
Nuvoton Technology Israel Ltd.	Director	Design and service of semiconductor

(4) Director : Wei-Hsin Ma

Names of other companies Where he served	Title	Business items same or similar to the Company's
UNITED INTEGRATED SERVICES CO., LTD.	Director	CC01080 Electronics Components Manufacturing CC01110 Computer and Peripheral Equipment Manufacturing I301010 Information Software Services
YINWANG INVESTMENT CO.,LTD	Chairman	H201010 Investment ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

# Appendix

## Appendix 1

### **Winbond Electronics Corporation (hereinafter the "Company") "Rules Governing the Conduct of Shareholders Meeting"**

The Tenth amendment will be submitted to the annual general shareholders meeting of June 22, 2021 for approval

#### Article 1

Unless otherwise provided by laws and regulations, all shareholders meetings of the Company shall be conducted in accordance with these Rules.

#### Article 2

The shareholders meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations. The method as to how a shareholders meeting will be convened and any changes to how the Company convenes its shareholders meeting shall be resolved by the Board of Directors, and shall be made no later than mailing the convention notice of the shareholders meeting.

All shareholders shall be served with the convention notice of an annual shareholders meeting at least 30 days prior to the meeting, except for those shareholders each holding less than 1,000 registered shares that may be notified by means of an announcement on the Market Observation Post System at least 30 days prior to the meeting. All shareholders shall be served with the convention notice of a special shareholders meeting at least 15 days prior to the meeting, except for those shareholders each holding less than 1,000 registered shares that may be notified by means of an announcement on the Market Observation Post System at least 15 days prior to the meeting.

Convention notices and announcements shall state the reasons for the meeting and the time and location for shareholders, solicitors and proxies (collectively "shareholders") to register for attendance, and other matters that should be noted. The convention notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the shareholders.

The matters specified in Paragraph 5 of Article 172 of the Company Act, or Article 26-1 or Article 43-6 of the Securities and Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed among the reasons and explained in the notice for the meeting, and may not be proposed as extemporary motions. The essential contents of the matters specified in Paragraph 5 of Article 172 of the Company Act may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

The reasons for convening the shareholders meeting have been stated for re-election of all directors as well as their inauguration date. After the completion of re-election in said shareholders meeting, such inauguration date may not be altered by ad hoc motion or other means in the same meeting.

The Company shall prepare the shareholders' meeting agenda handbook or make it available for shareholders' review in accordance with the deadline and method stipulated in Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders Meeting Agenda Handbooks of Public Companies".

When convening a virtual shareholders' meeting, the Company shall provide appropriate alternative measures to shareholders who have difficulties in attending the virtual shareholders' meeting online.

#### Article 3

The shareholders holding one percent or more of the total number of issued shares of the Company may propose in writing to the Company a proposal for discussion at an annual shareholders meeting; provided that only one matter shall be allowed in each single proposal. In case a proposal submitted by shareholder(s) contains more than one matter, such proposal shall not be included in the agenda of the shareholders meeting. The number of words of a proposal submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders meeting. The "300 words" includes the reasons and punctuation marks. If any of the circumstances listed in Paragraph 4 of Article 172-1 of the Company Act occurs to the proposal submitted by any shareholder, the Board of Directors of the Company may ignore that proposal. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. Such proposals are each limited to one item in accordance with Article 172-1 of the Company Act. No proposal containing more than one item will be included in the meeting agenda.

The Company shall announce the acceptance of shareholders' proposal, the place and the period for shareholders to submit proposals to be discussed at the shareholders meeting prior to the commencement of the close period for share transfer. The period for accepting such proposals shall not be less than 10 days.

Shareholders submit proposals to be discussed at the shareholders meeting shall attend the shareholders meeting in person or by proxy, and participate in discussion of those proposals.

The Company shall, prior to the delivery of the convention notice, notify all the shareholders who had submitted the proposals of the proposal screening results, and shall incorporate in the convention notice the proposals conforming to the requirements set out in this article. With regard to the proposals submitted by shareholders but not included in the agenda of the shareholders meeting, the Board of Directors shall explain reasons why such proposals are not included in the agenda of the shareholders meeting.

#### Article 4

Prior to any shareholders meeting, a shareholder may appoint a proxy to attend the meeting by issuing a power of attorney in the form provided by the Company stating the scope of authorization.

Each shareholder may issue one power of attorney only, and may appoint one person only to serve as a proxy. The written proxy must be delivered to the Company at least five days prior to each shareholders meeting. If two or more written proxies forms are received from a shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the Company receives the written proxy, in case the shareholder issuing the said proxy intends to attend the shareholders meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice in writing shall be delivered to the Company two days prior to the date of the shareholders meeting; otherwise, the voting right exercised by the authorized proxy at the meeting shall prevail.

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

#### Article 5

Except that the "shareholder" referred to in Articles 2, 3 and 4 of these Rules means the shareholders in person, the "shareholder" referred to in these Rules means the shareholder himself/herself/itself and the proxy appointed by the shareholder in accordance with the laws

and regulations.

#### Article 6

The time for accepting shareholder attendance registrations shall be at least 30 minutes prior to the commencement of the meeting. The place for accepting shareholder attendance registrations shall be clearly marked and sufficient and competent personnel shall be assigned to handle the registrations. The Company shall prepare an attendance book for attending shareholders to sign in, or shareholder present may hand in an attendance card in lieu of signing on the attendance book. For virtual shareholders' meetings, accepting shareholder attendance registration shall begin at least 30 minutes before the meeting starts and shareholders shall register their attendance on the virtual meeting platform for the shareholders' meeting. Shareholders completing attendance registration will be deemed attending the shareholders' meeting in person.

The number of shares representing shareholders present at the meeting shall be calculated in accordance with those indicated in the attendance book or the attendance card and those checked in on the virtual meeting platform, plus the number of shares whose voting right exercised in writing or by way of electronic transmission. Each shareholder attending the shareholders meeting in person (or proxy) shall wear an attendance pass and submit the attendance card in lieu of sign-in.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and such information shall continue to be disclosed until the end of the meeting.

#### Article 6-1

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

1. How shareholders attend the virtual meeting and exercise their rights.  
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.

B. Shareholders not having registered to attend the affected virtual shareholders' meeting previously shall not attend the postponed or resumed session.

C. In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, satisfies the quorum for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

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

3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders who have difficulties in attending a virtual shareholders' meeting online shall be specified.

## Article 7

Attendance and voting at the shareholders meeting shall be determined based on the number of shares.

## Article 8

Unless otherwise restricted by, or subject to evasion in accordance with, the laws and regulations, and shares having no voting right in accordance with Paragraph 2 of Article 179 of the Company Law, a shareholder shall have one voting right in respect of each share.

The method for exercising the voting right shall be described in the convention notice of the shareholders meeting if the voting right will be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her/its voting right at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders meeting in person, but shall be deemed to have waived his/her/its voting right with respect to any extemporaneous motions and any amendments or replacements to the original proposals at the said shareholders meeting.

In case a shareholder elects to exercise his/her/its voting right in writing or by way of electronic transmission, his/her/its declaration of intention shall be delivered to the Company no later than two days prior to the scheduled shareholders meeting. If two or more declarations of intention are delivered to the Company, the first declaration of intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In case a shareholder who has exercised his/her/its voting right in writing or by way of electronic transmission intends to attend the shareholders meeting in person or online, the shareholder shall, two days prior to the shareholders meeting and in the same manner previously used in exercising his/her/its voting right, deliver a separate declaration of intention to revoke his/her/its previous declaration of intention made in exercising the voting right under the preceding paragraph. In the absence of a timely revocation of the previous declaration of intention, the voting right exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting right in writing or by way of electronic transmission and has also authorized a proxy to attend the shareholders meeting on his/her/its behalf, then the voting right exercised by the authorized proxy for the said shareholder shall prevail.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with this Article decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn their votes and attended the shareholders' meeting online, they shall not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal, except for extraordinary motions.

If the Company allows its shareholders to exercise their voting rights in writing or by way of electronic transmission, the Company shall finish the counting and verification of the votes cast in writing or by way of electronic transmission before the shareholders meeting.

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 disclose the

same in accordance with the time limit specified in Article 44-5 of the Guidelines for the Handling of Share Affairs of Companies Publicly Issuing Shares. In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and such information shall continue to be disclosed until the end of the meeting.

#### Article 9

Shareholders meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such meetings. Shareholders meetings shall not start earlier than 9:00 AM or later than 3:00 PM.

The restrictions on the place of the meeting set forth in the preceding paragraph shall not apply when the Company convenes a virtual shareholders' meeting.

When the Company convenes a virtual-only shareholders' meeting, both the chairman and the minutes taker shall be at the same location in Taiwan, and the chairman shall announce the address of their location when the meeting is called to order.

#### Article 10

If a shareholders meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the Chairman's behalf. If the Company does not have a Vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman of the Board of Directors shall appoint a director to serve on his behalf. If the Chairman of the Board of Directors has not appointed any representative, the managing directors or directors shall nominate a person among themselves to preside at the shareholders meeting.

If a shareholders meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman; provided that if this meeting is convened by two or more persons, the chairman of the meeting shall be elected from among themselves.

#### Article 11

The Company may appoint lawyer(s) or certified public accountant(s) engaged by the Company, or relevant persons, to attend a shareholders meeting.

Persons handling affairs of the shareholders meeting shall wear identification cards or arm badges.

#### Article 12

The chairman of the shareholders meeting may order disciplinary officers (or security guards) to assist in keeping order at the meeting place. Such disciplinary officers (or security guards) shall wear arm badges marked "Disciplinary Personnel" when assisting in keeping order at the meeting place.

#### Article 13

Persons attending the shareholders meeting shall not bring anything that is harmful to the safety of others' life, body, freedom or property.

#### Article 14

During the shareholders meeting, the chairman may request the police present at the meeting place to keep order.



#### Article 15

The process of the shareholders meeting shall be audio recorded or video recorded in its entirety and these records shall be preserved for at least one year. If the Company allows shareholders to exercise their voting right in writing or by way of electronic transmission, the related written and media data shall also be preserved for at least one year. However, if a lawsuit has been instituted by any shareholder pursuant to Article 189 of the Company Act, the records and data involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

When the Company convenes a virtual shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of vote counting by the Company, and make continuous and uninterrupted audio and video recording of the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

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

#### Article 16

The chairman shall announce the commencement of the shareholders meeting and relevant information such as the number of non-voting rights and the number of shares present at the time scheduled for the meeting; During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by shareholders present at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented by shareholders present at the meeting and a new tally of votes is released during the meeting. But if the number of shares represented by the shareholders present at the meeting is less than one-half of all issued shares of the Company at the time scheduled for the meeting, the chairman may announce the postponement of the meeting. The shareholders meeting can only be postponed twice and the time of the postponement shall not be more than one hour in aggregate. After the second postponement, if there are not enough shareholders representing one-third or more of the total issued shares, the chairman shall declare the meeting aborted. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting aborted on the virtual meeting platform.

If after two postponements as set forth in the preceding paragraph, the number of shares represented by the shareholders present at the meeting is still less than one-half of all issued shares of the Company but the shareholders present at the meeting represent more than one-third of all issued shares, provisional resolutions may be made in accordance with Paragraph 1 of Article 175 of the Company Act, and be notified to each shareholder to convene another shareholders meeting within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 8.

If the number of the shares represented by the shareholders present at the shareholders meeting reaches one-half of all issued shares of the Company prior to the end of the meeting, the chairman may submit the foregoing provisional resolutions to the shareholders meeting for approval in accordance with Article 174 of the Company Act.

#### Article 17

The agenda of the meeting shall be set by the Board of Directors if the meeting is convened

by the Board of Directors. The shareholders meeting shall be conducted according to the agenda, and unless otherwise provided by these Rules or laws and regulations, the agenda shall not be changed without the resolution of the shareholders meeting.

The above provision also applies to the shareholders meeting convened by any person entitled to convene such meeting other than the Board of Directors.

Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including extemporaneous motions) listed in the agenda made according to the preceding two paragraphs are completed.

After the meeting is adjourned, shareholders cannot designate another person as chairman and continue the meeting at the same or other place.

#### Article 18

When a shareholder present at the meeting wishes to speak, he/she shall fill in a speech note specifying the summary of his/her speech, the shareholder's account number (or the number of attendance pass) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

If any shareholder present at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note submitted by such shareholder, the contents of the actual speech shall prevail. The proxy's speech shall be complied with the written proxy, documents of public solicitation and advertisement. Unless otherwise provided by laws and regulations, the shareholders appointing a proxy to attend the shareholders meeting shall agree with any speeches and voting made by the proxy in the shareholders meeting.

When a shareholder speaks at the meeting, unless otherwise permitted by the chairman and the speaking shareholder, no other shareholders shall interrupt the speech of the speaking shareholder; otherwise the chairman shall stop such interruption.

#### Article 19

The same shareholder may not speak more than twice for the same motion without the chairman's permission, and each speech time may not exceed 5 minutes.

The chairman may stop the speech of any shareholder who violates the above provision or when such speech is out of the scope of the motion.

#### Article 20

A legal entity serving as proxy to attend a shareholders meeting may designate only one representative to attend such meeting.

The number of representatives that a legal-entity shareholder appointed to attend the shareholders meeting should not exceed the number of directors to be elected at a shareholders meeting if there is an election of directors at that shareholders meeting, or the number of directors elected for a term of office if there is no election of directors at that shareholders meeting, and only one representative can speak for each motion.

#### Article 21

After the speech of the shareholder(s) present at the shareholders meeting, the chairman may respond in person or designate relevant person(s) to respond to the speech.

#### Article 21-1

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on the virtual meeting platform during the period from the chairman calling the meeting to order until the chairman declaring the meeting adjourned.

No more than two questions on the same proposal may be raised. Each question shall contain no more than 200 words. The provisions in Articles 18 to 20 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, the company may disclose the questions to the public on the virtual meeting platform.

#### Article 22

When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

#### Article 23

Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting. The voting right of shareholders shall be calculated according to the voting right that shareholders may exercise in accordance with the Company Act or the Company's Articles of Incorporation.

A motion is adopted by vote.

When the Company convenes a virtual shareholders' meeting, after the chairman calls the meeting to order, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairman announces the voting session ends or will be deemed abstained from voting if they fail to cast votes during the voting session.

#### Article 24

The chairman shall appoint persons responsible for checking and counting ballots during votes on motions. The results of resolution shall be announced at the place and recorded in the minutes of the meeting. The persons responsible for checking ballots must be shareholders and shall monitor the voting procedure, prevent from inappropriate voting behaviors, examine ballots and monitor the records of the persons responsible for counting ballots. A ballot shall be invalid and shall not be calculated under any of the following conditions:

a ballot is not in the form provided by the Company;

a ballot is not thrown in the ballot box;

a blank ballot without writing words or expressing opinion regarding the motions;

a ballot with other words thereon other than those required to be filled in;

the handwriting on a ballot is too blurred or indistinct to be readable or is altered;

a ballot is used by the proxy who violates the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies"; or

any violation of laws or regulations or voting guidelines made by the Company.

The standard for recognition of invalid ballots in case the exercise of voting right in writing by shareholders is carried out in conformity mutatis mutandis with the Subparagraphs 1, 3, 4, 5 and 7 of the proceeding paragraph. If there is any doubt or disputes, the shareholders agree to authorize the Company's verification section to decide.

In addition, the standard for recognition of invalid ballots in case the exercise of voting right by electronic transmission by shareholders is carried out in conformity mutatis mutandis with Subparagraph 7 of the proceeding paragraph, as well as in compliance with the relevant regulations of the authority.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chairman announces the voting session ends, and results of votes and elections shall be announced immediately. In the event of a virtual shareholders' meeting, the Company shall disclose results of votes and election on the virtual meeting platform according to the

regulations, and this disclosure shall continue at least 15 minutes after the chairman has announced the meeting adjourned.

#### Article 25

During the meeting, the chairman may, at his discretion, set time for intermission.

#### Article 26

In case of an air-raid alarm, an earthquake or other force majeure event, the chairman shall immediately announce to suspend the meeting and evacuate respectively. Once the reason of suspending the meeting is eliminated, the chairman shall decide if the meeting will resume.

#### Article 26-1

In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to assist with communication technical issues.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall separately declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, that if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairman has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph above, the number of shares represented by, and voting rights and election rights exercised at the affected shareholders' meeting by, the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, shall be counted towards the total number of shares, number of voting rights and number of election rights presented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held in accordance with the second paragraph above, no further discussion or resolution is required for proposals on which votes have been cast and counted and results have been announced, or a list of elected directors has been announced.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the second paragraph above, if the total number of shares represented by shareholders present at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still satisfies the quorum for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as set forth in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in

accordance with the requirements listed under Paragraph 7 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under the second half of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Paragraph 2 of Article 44-5, Article 44-15, and Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph above.

#### Article 27

Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The minutes of the meeting may be made and distributed by electronic way.

With regard to the distribution of the minutes in the foregoing paragraph, the minutes may be distributed by way of an announcement on the Market Observation Post System, instead of actual distribution of the minutes.

The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of resolutions. The minutes of shareholders' meeting shall be preserved for as long as the Company exists.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the names of the chairman and the minutes taker, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convene a virtual-only shareholders' meeting, in addition to compliance with the requirements set forth in the preceding paragraph, the Company shall also specify alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online in the meeting minutes.

#### Article 28

Any matter concerned that is not provided in these Rules shall be handled in accordance with the Company Law and the related laws and regulations, and the relevant provisions of the Articles of Incorporation of the Company.

#### Article 29

These Rules shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.

**ARTICLES OF INCORPORATION  
WINBOND ELECTRONICS CORPORATION**

The thirty first amendment will be submitted to the annual general shareholders meeting of May 31, 2022 for approval

**Section 1: General Principles**

Article 1: The Company is incorporated as a company limited by shares in accordance with the Company Act (the "Company Act") and its name shall be 華邦電子股份有限公司 in Chinese language and Winbond Electronics Corporation in English language (the "Company").

Article 2: The business scope of the Company is as follows:  
Research and development, ODM, production and manufacture, repair, and sale of the following products:

- (i) Integrated circuits.
- (ii) Semiconductor memory parts and components and their systems products.
- (iii) Semiconductor components and system products for use in computer systems.
- (iv) Semiconductor components and system products for use in digital communications.
- (v) Semiconductor components and system products for use in peripherals.
- (vi) Other semiconductor components.
- (vii) Design of computer software programs and data processing.
- (viii) Import and export trade related to the business of the Company.

Business categories and codes of the aforementioned products are as follows:

- (i) CC01080 Electronic Parts and Components Manufacture
- (ii) CC01110 Computers and Computing Peripherals Manufacture
- (iii) CC01120 Data Storage Media Manufacture and Duplication
- (iv) F401010 International Trade
- (v) I301010 Software Design Services
- (vi) I301020 Data Processing Services
- (vii) I501010 Product Designing

Article 2-1: The Company may act as a guarantor as required by its business operation.

Article 2-2: Total investment by the Company shall not be subject to the ceiling of an amount equivalent to 40 percent of its paid-in capital.

Article 3: The Company has its head-office in Central Taiwan Science Park. Subject to the approval of the Board of Directors and government authority, the Company may, if necessary, set up branches or business offices within and outside of the Republic of China.

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

**Section 2: Shares**

Article 5: The total capital of the Company is sixty-seven billion New Taiwan Dollars

(NT\$67,000,000,000) divided into six billion seven hundred million (6,700,000,000) shares, at ten New Taiwan Dollars per share and may be issued in a series of issuance. The un-issued shares may be issued by a resolution of the Board of Directors if the Board deems necessary.

A maximum of five billion New Taiwan Dollars may be used to be divided into five hundred million shares at ten New Taiwan Dollars per share may be used for issuance, in installments, of stock/subsorption warrants, preferred shares with subscription rights, or corporate bonds with subscription rights. The quota each for the issuance of stock/subsorption warrants, preferred shares with subscription rights or corporate bonds with subscription rights may be adjusted by the Board of Directors in consideration of factors concerning capital market and operation needs.

Article 6: (Deleted)

Article 7: Where the shares issued by the Company are in scripless form and without physical certificates, the Company shall register the shares with the central securities depository institution.

Article 8: The transfer, registration, loss or destruction of share certificates shall be handled in accordance with the Company Act and relevant regulations.

### **Section 3: Shareholders Meetings**

Article 9: Shareholders meetings shall be of two types, general meetings and special meetings. General meetings shall be convened by the Board of Directors once a year, within six months from the end of each fiscal year in accordance with law. Special meetings shall be convened in accordance with the law, whenever necessary.

Article 9-1: The shareholders meeting of the Company may be convened by video conferencing or other methods announced by the central competent authority.

In the event that the shareholders meeting is to be held by video conferencing according to the preceding paragraph, a board resolution is required in advance.

Article 10: Shareholders may designate a proxy to attend a shareholders meeting with a power of attorney stating the scope of authority in accordance with the Company Act and the "Regulations for the Use of Proxies for the Attendance at Stockholders Meetings of Public Companies," promulgated by the competent governmental authority.

Article 11: Unless otherwise provided by the laws and regulations, each share has one voting right.

Article 12: Except otherwise provided by the laws and regulations, a resolution of the shareholders meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

### **Section 4: Directors and Audit Committee**

Article 13: The Company shall have nine to eleven directors, among whom there should be not less than three independent directors making up not less than one-fifth of the total number of directors whose term of office is three years. Election of directors shall adopt the candidate nomination system prescribed in Article 192-1 of the Company Act. All of the directors are elected by the shareholders' meeting from the candidate list of directors, and are eligible for

re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately.

The method of candidate nomination and election of directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations. The professional qualifications for, requirements relating to shareholdings of, restrictions on concurrent positions held by, and other compliance matters with respect to independent directors shall conform to relevant rules and regulations.

The aggregate number of shares of nominal stock held by all the directors shall not be less than the percentage stipulated by the competent authority in accordance with law.

The Company shall establish an audit committee and the audit committee or its members shall be responsible for performing the functions and duties of supervisors provided under the Company Act, Securities and Exchange Act and other laws and regulations. The composition, convention, duties and meeting rules of the audit committee shall comply with relevant laws and regulations and the Company's rules.

The Board of Directors may additionally establish a compensation committee. The professional qualifications of the members, exercise of their duties, organizational rules and relevant matters of the compensation committee shall comply with relevant laws and regulations and the Company's rules. The Board of Directors may also establish other committees with different functions. The organizational rules of those committees shall be stipulated by the Board of Directors.

Article 13-1: The Company may, after the approval of the Board of Directors, in view of the international and local industry standards, purchase liability insurance for directors with respect to the indemnification liabilities that the directors shall be liable resulting from exercising their duties during their terms of office according to law.

Article 14: The Board of Directors shall be formed by directors. The directors shall elect a Chairman of the Board of Directors from among themselves by a majority vote at a meeting attended by two-thirds or more of the directors. The Chairman of the Board of Directors represents the Company. A Vice Chairman may also be elected to assist the Chairman.

Article 14-1: Unless otherwise provided for by law, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each director within the period prescribed by the competent authority in charge of securities law; provided that a meeting may be convened at any time in case of emergency.

The meeting notice set forth in the preceding paragraph may be in writing or by electronic means.

Unless otherwise provided by law, resolutions adopted at a meeting of the Board of Directors must be approved by a majority vote of the directors being present, who shall represent no less than half of the total number of directors.

Directors may designate other directors as their proxies to attend the meetings of the Boards of Directors; provided that each director may act as proxy for one other director only. The Board of Directors shall meet at least once every three months.

Article 15: In the case where the Chairman of the Board is on leave or otherwise unable to perform his/her duties, matters conducted on behalf of the Chairman shall be handled in accordance with Article 208 of the Company Act.



Article 16: Remuneration of directors shall be decided by the Board of Directors based on their contribution and involvement in the operations of the Company and by reference to remuneration for similar roles at comparable companies domestically and internationally.

Article 17: The functions and responsibilities of the Board of Directors shall be as follows:

1. Review operating policies and short- and long- term development plans;
2. Review annual business plans and supervise its implementation;
3. Approve budget and review the results at year-end;
4. Propose capital increase or decrease;
5. Propose profit distribution or loss make-up plans;
6. Review, approve, amend and terminate material contracts and contracts relating to procurement, transfer, licensing of important technology and patents and of important technical cooperation;
7. Propose and review plans in connection with using transfer as security, sale, lease, pledge, mortgage, or other disposal of all or a substantial portion of assets of the Company;
8. Propose and review amendments to the Articles of Incorporation;
9. Approve organizational by-laws and important operation rules;
10. Decide the establishment, reorganization, or removal of branches or business offices;
11. Approve major capital expenditures of NT\$500 Million or more (capital expenditures not exceeding the above amount shall be approved by the Chairman of the Board of Directors);
12. Appoint or remove corporate officials at the level of vice presidents and higher;
13. Convene shareholders meetings (include without limitation to the date, place, and method of convening the meeting) and make business reports;
14. Examine and approve investment in other enterprises and purchase/sale of stocks of NT\$ 500 Million or more (The Chairman is authorized to approve the investment or purchase/sale if the transaction amount is less than NT\$500 Million);
15. Appoint or dismiss auditing certified public accountant of the Company;
16. Examine and approve the application to financial institutions or third parties for financing, guarantees, providing acceptance of commercial paper, any other extension of credit, and credit lines for derivatives products in an amount of NT\$500 Million or more. The Chairman of the Board of Directors is authorized to approve any of the above applications that is in an amount no more than NT\$500 Million.
17. Examine and approve the amount of endorsements, guarantees, and acceptance of commercial paper to be made in the name of the Company;
18. Acquire or dispose of real property.
19. Examine and approve major business transactions between related parties (including affiliated enterprises);
20. Perform such other duties and responsibilities prescribed by law or authorized by shareholders meetings.

Where it is necessary and legally permissible, actions listed above may first be approved or conducted by the Chairman of the Board of Directors and later reported to the Board of Directors for recognition. Actions covered by items 11, 14 and 16 above intending for the same purpose shall not be separately contracted, applied for or spent without prior approval.

Article 18: (Deleted)

## **Section 5: Management**

Article 19: The Company may have chief executive officer, vice executive officer, president and several vice presidents according to the resolution of the Board of Directors. Appointment, removal, and remuneration of the chief executive officer, vice executive officer, president and vice presidents shall be handled in accordance with Article 29 of the Company Act. The Board of Directors is authorized to determine the duties and function of the said managers or the Board of Directors may authorize the Chairman of the Board of Directors to determine the duties and functions of the said managers.

## **Section 6: Accounting**

Article 20: The Company's fiscal year shall be from January 1 to December 31 of each calendar year. Final accounting shall be prepared after the end of each fiscal year.

Article 21: After the end of each fiscal year, the Board of Directors shall have the following documents prepared: (1) the business report; (2) the financial statements; and (3) the proposal for distribution of earnings or making up loss, and submit the same for recognition at the annual general shareholders' meeting in accordance with statutory procedures.

Article 22: From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors. The distribution of employee and director remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph. The Company purchases its stock for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the Board of Directors.

Article 23: If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the Board of Directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonus and dividends to shareholders. The Board of Directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and

shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends, which may be distributed in stock dividend or cash dividend (provided, however, that the Company may choose not to pay dividend when the dividend per share does not reach NT\$0.1), and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

Article 24: The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The statements and proposals set forth in Article 21 hereof shall be prepared by and then resolved by the Board of Directors.

The Company, in distributing its profit according to the preceding paragraph, shall estimate and reserve employee and director remuneration and any taxes payable as well as cover any losses and set aside the legal reserve in accordance with to law; provided, however, that where the legal reserve amounts to the total paid-in capital, the legal reserve needs not setting aside. Where the Company distributes the profit in cash, such distribution shall be resolved by the Board of Directors, but where the profit is distributed in the form of newly issued share, such distribution shall be resolved by the shareholders' meeting.

## **Section 7: Supplementary Regulations**

Article 25: In case of any matters not covered herein, the Company Act shall govern.

Article 26: The organizational rules of the Company shall be separately stipulated.

Article 27: These Articles of Incorporation were enacted on September 1, 1987, and were first amended on November 20, 1987. The second amendment was made on May 23, 1988; the third amendment was made on August 23, 1988; the fourth amendment was made on May 5, 1989; the fifth amendment was made on October 21, 1989; the sixth amendment was made on March 30, 1990; the seventh amendment was made on April 30, 1991; the eighth amendment was made on March 26, 1992; the ninth amendment was made on March 25, 1993; the tenth amendment was made on March 30, 1994; the eleventh amendment was made on March 17, 1995; the twelfth amendment was made on April 9; the thirteenth amendment was made on April 22, 1997; the fourteenth amendment was made on 17 April, 1998; the fifteenth amendment was made on April 23, 1999; the sixteenth amendment was made on April 27, 2000; the seventeenth amendment was made on April 16, 2001; the eighteenth amendment was made on May 17, 2002; the nineteenth amendment was made on May 6, 2003; the twentieth amendment was made on June 10, 2005; the twenty-first amendment on June 9, 2006; the twenty-second amendment was made on April 30, 2008; the twenty-third amendment was made on June 18, 2010. The twenty-fourth amendment was made on June 22, 2011; and the twenty-fifth amendment was made on June 19, 2013; and the twenty-sixth amendment was made on June 16, 2016; the twenty-seventh amendment was made on June 13 2017 ; the twenty-eighth amendment was made on June 11, 2018; the twenty-ninth amendment was made on June 14, 2019 ; the thirtieth

amendment was made on Aug. 12, 2021 and the thirty first amendment was made on May 31, 2022 and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.