Hung Ching Development & Construction Co., Ltd.
2024 Special Sharehold's Metting
Minutes
(Translation)

1. Time and Date: 10:00 a.m., Thursday , September 26, 2024

2. Place: No. 13, Lane 751, Kangning Street, Xizhi District, New Taipei City (A.S.E. Design Center)

3. Type of Meeting: Physical shareholder's meeting.

4. Attendees:(1)The total number of shares of shareholders present and entrusted to attend was 192,437,566 shares (including electronic voting 122,854,295 shares with voting rights exercised), accounting for the total number of issued shares of the company 73.51% of 261,758,305 shares (excluding 8,547,695 non-voting shares), has the legal number of shares present is reached.

(2) Directors: Wen-Hsiang Chien、Du-Tsuen Uang、Ching-Hua Chen、Fang-Yin Chen 、Chien-Hua Yao 、Yen-Yi Tseng, Representative of Advanced Semiconductor Engineering, Inc. 、Ching-Chou Su, Representative of Advanced Semiconductor Engineering, Inc.

Indpendent Directors : Hong-Long Hong (Convener of the Audit Committee) 、Wei-Li Tsuo、Chun-Chin Tu

(3) CPA Jun-Hong Shi of Deloitte & Touche

5.Chairman: Wen-Hsiang Chien **Recorder:** Fang-Yin Chen

6. Call the Meeting to Order: The number of shares present has reached the statutory amount, and the chairman declares the meeting to be convened in accordance with the law

7.Chair's Remarks: (To be omitted)

8. Discussion Items

Item 1 (Proposed by the Board of Directors)

Proposal: Sold Kaohsiung K13 factory building to Advanced Semiconductor Engineering, Inc.

Explanation: 1. The K13 factory building was originally leased jointly by the Company and Advanced Semiconductor Engineering, Inc. (hereinafter referred to as ASE) from the Ministry of Economic Affairs, Export Processing Zone Administration (now renamed as the Ministry of Economic Affairs, Organization Act of the Bureau of Industrial Parks, hereinafter referred to as the Bureau of Industrial Parks). The lease was for land located at No. 685, Heping 2nd Subsection, Nanzi District. In accordance with the Bureau of Industrial Parks' regulations, the two parties jointly applied for construction of the factory building on this land. In June 2020, the two parties signed a cooperation development agreement. This agreement stipulated that, to shorten the construction period, ASE would transfer its original leased land (53% of No. 685) to the Company (the Company originally leased 47% of No. 685, increasing to 100% after the transfer). The Company would then apply for construction independently. The agreement also stipulated that upon completion of the building, if ASE or its related companies wished to exercise their right of first purchase, the two parties would deduct 3.33% from the total sales price as the transaction price. The building has now been completed and obtained a usage permit on June 19, 2024, and a building ownership certificate on July 23, 2024.

2. ASE proposed to purchase the K13 building from the Company to meet its business needs. Following the purchase, the building will be renamed as the K18 factory building. After consulting with Savills Taiwan and Cushman & Wakefield the appraised values were NT$5,510,500,000 (excluding tax) and NT$5,377,686,626 (excluding tax), respectively. Following negotiations between the finance departments of both parties, it was recommended to use the average of the two appraised values as the basis for the transaction price. In accordance with Article 4, Clause 4 of the Cooperation Development Agreement signed by both parties in June 2020, ASE along with its affiliated company has the priority to purchase the building after its completion. Considering ASE's investment in the leased land since 2003, including original investment, compensation for land development costs, payment of consideration for land exchange with third parties, and transfer of the value of the leased land rights, Hung Ching is entitled to a discount of 3.33% of the total sales price of the building, reflecting ASE's investment costs. Therefore, after deducting the discount of NT$181,288,307, the transaction price is set at NT$5,263,000,000, rounded to the nearest million.

Currency Unit: NT$

Subject	Area (Ping)	Valuation			Discount Amount (3.33%)	Amount after Discount (Round to the nearest million) (Excluding Taxes)
		Savills Taiwan (Hung Ching Commissioned)	Cushman & Wakefield (ASE Commissioned)	Average (Excluding Taxes)		
K13 factory	32,999.53 (Note)	5,510,500,000 NT$166,987 per Ping	5,377,686,626NT$162,963 per Ping	5,444,093,313 NT$164,975 per Ping	181,288,307	5,263,000,000 NT$159,487 per Ping

Note: K13 factory is located at ① No. 25, Central 2nd St., Nanzi Dist., Kaohsiung City, with an area of 7.61 Ping.
② No. 35, Central 2nd St., Nanzi Dist., Kaohsiung City (entire building), encompassing 12 floors above ground and 2 floors below ground, with an area of 32,991.92 Pings.

3. If the above price represents the transaction price, the profit for this case is NT$701,886,000.
4. This share transaction is categorized as a related-party transaction, due to which it shall be subject to the evaluation pursuant to the provisions of "Procedures for Acquisition or Disposal of Assets". The evaluation should include the purpose of the disposal, its necessity, anticipated benefits, the rationale for selecting the related party as the transaction counterparty, and a projected cash flow statement for the next twelve months, beginning with the anticipated month of contract signing. The evaluation data can be found on pages 6-12 of this manual.
5. The disposal of this subject represents more than 10% of Hung Ching’s total assets. Consequently, both parties must execute a sales contract following approval by the shareholders' meeting. However, due to business requirements, ASE desires to take possession of the K13 factory on September 1, 2024. Therefore, both parties have signed a separate handover agreement. This agreement stipulates that if the disposal of this target is not approved at the extraordinary shareholders' meeting convened by the Company, both parties agree to transition the transaction to a lease, with the commencement date of September 1, 2024. The lease amount, lease period, and other conditions will be negotiated separately by both parties.

6. As ASE serves as the director of the Company, pursuant to Article 223 of the Company Act, the building purchase and sale contract with ASE should be represented by the Supervisor. However, as the Company has established an Audit Committee to replace the Supervisor, we propose that an Independent director be elected to represent the Company in the negotiation and signing of the building purchase and sale contract.

Attachment: Evaluation of Related-Party Transaction (please refer to Attachment 1).

Resolution:Voting Results:

After deducting the interest avoidance weight during voting, the total voting weight of shareholders present:123,807,784

Voting Results	% of the total voting weight of shareholders present
Votes in favor:121,223,538 (including electronic voting:120,354,049)	97.91%
Votes against: 554,115 (including electronic voting :554,115)	0.44%
Votes invalid:0	0.00%
Votes abstained:2,030,131 (including electronic voting:1,946,131)	1.63%

This case was voted on and passed as originally proposed.

Shareholder questions and company responses

Shareholder ID No.: 81982

Key points of speech: During the previous shareholders' meeting, a shareholder mentioned that when selling the land parcel No. 530 in Yuanhe Section, they discovered that it might be possible to apply for a tax refund from the tax authorities. Has the company taken any action on this? Are there any concrete measures in place? Since this issue concerns the interests of the company and shareholders, we would like to understand the current situation. Thank you.

The Chairman designated Vice President Chen from the Finance Department to respond: I recall that this issue was brought up by Mr. Cao, a shareholder, at this year's annual shareholders' meeting. We have had contact with Mr. Cao for many years. Back when we were in Xizhi, he often approached us requesting copies of VAT receipts. At the time, I asked a colleague Ms. Xiao to make 2-3 copies for him. However, his feedback was that the documents we provided only covered the relevant year, and he couldn't identify any issues. He wanted us to find records from further back. Since he kept calling to ask for more copies, we informed him that it was beyond our capacity, as there were too many documents to go through, and records from past years had already been archived.

When we moved to Taipei, he attended another shareholders' meeting and claimed that President Chou had agreed to provide him with more copies. So, while in Taipei, we made another 2-3 copies for him, but again, no issues were found. Mr. Cao kept saying he could help us get a tax refund. However, since we couldn't identify any issues from the copies we provided, we found this situation a bit perplexing. This concludes my report. Thank you."

Shareholder ID No.: 69435

Key points of speech: Regarding the information provided for this Special shareholders' meeting, there is an item under "Other Income" in the Statements of Cash Flows amounting to over 1.6 billion NTD. Did this amount contribute to the company's profit for the current year? Approximately what percentage?

The Chairman designated Vice President Chen from the Finance Department to respond: This 1.6 billion NTD in the Statements of Cash Flows is actually the repayment of a loan we provided to Ding Gu, so it represents the recovery of a debt. It did not have any impact on Income. This concludes my explanation. Thank you."

11. Extempore Motions:None

12. Adjournment:10:16 a.m. , Thursday , September 26, 2024

(This minutes only states the gist of the meeting, and the audio and video records of the meeting shall prevail for detailed content.)

Attachment 1

Hung Ching Development & Construction Co., Ltd.
Evaluation of Related-Party Transaction

Pursuant to Article 15 of the Financial Supervisory Commission's "Procedures for Acquisition or Disposal of Assets", this document presents an evaluation of the relevant information pertaining to related-party transactions.

I. The Purpose, Necessity and Anticipated Benefit of the Acquisition:

1. Disposal purpose: The K13 factory building was originally leased jointly by the Company and Advanced Semiconductor Engineering, Inc. (hereinafter referred to as ASE) from the Ministry of Economic Affairs, Export Processing Zone Administration (now renamed as the Ministry of Economic Affairs, Organization Act of the Bureau of Industrial Parks, hereinafter referred to as the Bureau of Industrial Parks). The lease was for land located at No. 685, Heping 2nd Subsection, Nanzi District. In accordance with the Bureau of Industrial Parks' regulations, the two parties jointly applied for construction of the factory building on this land. In June 2020, the two parties signed a cooperation development agreement. This agreement stipulated that, to shorten the construction period, ASE would transfer its original leased land (53% of No. 685) to the Company (the Company originally leased 47% of No. 685, increasing to 100% after the transfer). The Company would then apply for construction independently. Upon the completion of the K13 factory building, ASE or its affiliated companies have the priority to purchase the property. Now that the K13 factory building has been completed, ASE has expressed its intention to purchase the property due to business needs. Therefore, we intend to sell the K13 factory building to increase operating revenue and create profit.
2. Disposal necessity: The development and lease of industrial factories constitute a significant business line and revenue source for the Company. In fiscal year 2023, our capital requirements increased substantially due to the acquisition of shares in Luchu Development Corporation and the successful bid for the Jasper Villa Tianmu project. As of June 30, 2024, the bank loan balance reached NT$14,635,158 thousand, representing an increase of approximately NT$4 billion compared to the same period in the previous year of NT$10,621,322 thousand (June 30, 2023). Furthermore, we secured a NT$1.5 billion loan from our affiliated company, ASE TEST, INC., in January 2024. Consequently, the sale of the Kaohsiung K13 factory building will not only generate operating profits but also enable us to repay construction financing, the NT$1.5 billion loan from our affiliated company, and other bank loans. This disposition will enhance our financial structure and reduce interest expenses. Therefore, this disposition is deemed necessary.
3. Anticipated Benefit:

   ① Determination of Selling Price and Reference Basis

   After consulting the valuation reports from professional institutions, namely Savills Taiwan (commissioned by Hung Ching) and Cushman & Wakefield (commissioned by ASE), the estimated values are NT$5,510,500,000 (excluding tax) and NT$5,377,686,626 (excluding tax), respectively. Following negotiations between the finance departments of both parties, it was recommended to use the average of the two appraised values as the basis for the transaction price. In accordance with Article 4, Clause 4 of the Cooperation Development Agreement signed by both parties in June 2020, ASE along with its affiliated company has the priority to purchase the building after its completion. Considering ASE's investment in the leased land since 2003, including original investment, compensation for land development costs, payment of consideration for land exchange with third parties, and transfer of the value of the leased land rights, Hung Ching is entitled to a discount of 3.33% of the total sales price of the building, reflecting ASE's investment costs. Therefore, after deducting the discount of NT$181,288,307, the transaction price is set at NT$5,263,000,000, rounded to the nearest million.

Currency Unit: NT$

Subject	Area (Ping)	Valuation			Discount Amount (3.33%)	Transaction Price after Discount (Round to the nearest million) (Excluding Taxes)
		Savills Taiwan (Hung Ching Commissioned)	Cushman & Wakefield (ASE Commissioned)	Average (Excluding Taxes)		
K13 factory	32,999.53 (Note)	5,510,500,000 NT$166,987 per Ping	5,377,686,626NT$162,963 per Ping	5,444,093,313 NT$164,975 per Ping	181,288,307	5,263,000,000 NT$159,487 per Ping

Note: K13 factory is located at a. No. 25, Central 2nd St., Nanzi Dist., Kaohsiung City, with an area of 7.61 Ping.
b. No. 35, Central 2nd St., Nanzi Dist., Kaohsiung City (entire building), encompassing 12 floors above ground and 2 floors below ground, with an area of 32,991.92 Pings.

② If the above price represents the transaction price, the profit for this case is as follows:

Currency Unit: NT$

Item	K13
Construction Revenue	5,263,000,000
Construction and planning cost	4,561,113,888
Gross Profit from Construction	701,886,112
Gross Profit Margin	13.34%
Price Per Ping	159,487

③ Comparison of Gross Profit from factory Sales to the Previous Year

Currency Unit: NT$

Item	2021 K25	2023 K27	2024 K13
Construction Revenue	2,362,000,000	1,666,600,000	5,263,000,000
Construction and planning cost	1,754,849,797	1,380,732,851	4,561,113,888
Gross Profit from Construction	607,150,203	285,867,149	701,886,112
Gross Profit Margin	25.70%	17.15%	13.34%
Ping	19,056.13	6,591.6	32,999.53
Price Per Ping	123,950 (Building)	252,837 (Land + Building)	159,487 (Building)

The gross profit margin for this sale was 13.34%, lower than that of K25 and K27. This difference is primarily attributed to the valuation provided by the two professional appraisal firms. They deemed K13 to be of significant scale, and no comparable cases existed in the Nanzih Park. Consequently, the building was valued solely using the cost approach, without employing any comparative valuation methods. However, as this sale involved a related-party transaction, the valuation provided by the professional appraisal firms could only serve as a reference for price negotiation. This resulted in a lower gross profit margin compared to K25 and K27.

II. Reasons for choosing the related party as a trading counterparty:

1. The Company's factory is being constructed for sale. The primary considerations for the sale are the selling price and profit. The buyer's relationship to the company is not a primary consideration. However, if the buyer is a related party, the transaction will be conducted in accordance with the regulations for related party transactions outlined in the Financial Supervisory Commission's "Procedures for Acquisition or Disposal of Assets".
2. ASE, due to business needs, intends to purchase the newly constructed factory from the Company. Selling the factory immediately upon completion would reduce the Company's financial pressure, enabling immediate repayment of construction financing and other loans, thereby improving the financial structure and lowering interest expenses. If the factory is not sold to ASE, it will be necessary to find another buyer. During the sales period, the Company would incur monthly interest expenses of approximately NT$12,000 thousand (NT$5,526,150 (including tax) * 2.6% / 12 = NT$11,973). Additionally, the Company would need to raise funds to meet future operational needs. Therefore, after evaluating the average of the valuations provided by two professional institutions, the selling price is considered reasonable. The Company has chosen to engage in a related-party transaction.

III. The date and price at which the related party originally acquired the real property, the original trading counterparty, and its relationship with the Company and the related party:

The subject property in this case was acquired by the Company through self-construction on land leased from the Bureau of Industrial Parks. Consequently, the original acquisition date, price, and transaction counterparty information are not applicable.

IV. A cash flow forecast for the next year (Refer to Page 10 of the Handbook) commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

In addition to the ongoing joint construction project at the Chongli factory, the Company anticipates obtaining the construction permit for the Fubaitian community in Zhubei between the end of this year and the first quarter of next year. Construction of the Kaohsiung K28 factory is scheduled to commence in January 2025. These projects, along with the acquisition of shares in Luchu Development Corporation and the successful bid for the Jasper Villa Tianmu auction, have resulted in a significant increase in bank loans. The Company anticipates future operational funding requirements. The proceeds from the sale will be used to repay construction financing for these projects and other outstanding loans, significantly benefiting the Company's overall financial management. Therefore, the sale is necessary and the overall financial utilization is reasonable.

V. Professional appraisal report obtained in accordance with applicable regulations.

1. Savills Taiwan (Commissioned by Hung Ching) has determined a valuation amount of NT$5,510,500,000 (excluding tax).
2. Cushman & Wakefield (Commissioned by ASE): Valuation amount NT$5,377,686,626 (excluding tax).

VI. Restrictive covenants and other important stipulations associated with the transaction:

1. As per the K13 factory building architecture landscape pre-approval report submitted to the Bureau of Industrial Parks, the Company was originally scheduled to install solar panels on the roof after obtaining the occupancy permit. We planned to apply for a refund of the remaining performance bond of NT$49,448,444 upon completion of construction. However, after obtaining the occupancy permit, ASE expressed interest in purchasing the building. Due to ASE's urgent need for factory space, both parties negotiated that if ASE does not intend to install solar panels, it will compensate the Company for 50% of the loss incurred due to the inability to recover the performance bond paid to the Bureau of Industrial Parks as a result of not installing solar panels. Therefore, both parties intend to include the following clauses in the building purchase contract (the wording of the contract may be slightly modified, but the compensation ratio will remain unchanged).

   The Buyer acknowledges that the Seller submitted a preliminary architectural and landscape review report to the Bureau of Industrial Parks, Ministry of Economic Affairs (hereinafter referred to as the Bureau of Industrial Parks) for the K13 building (hereinafter referred to as K13). This report stipulated that solar panels must be installed on the roof of K13 before the Seller can retrieve the performance bond of NT$49,448,444 (hereinafter referred to as the performance bond) paid to the Bureau of Industrial Parks. The Seller originally planned to install the solar panels after obtaining the K13 usage permit. However, after the Seller obtained the K13 usage permit, the Buyer expressed its intention to purchase K13 first and agreed to cooperate with the Seller to complete the installation of solar panels on the roof of K13 within six months after the transfer of ownership of K13 is registered to the Buyer. However, if the Buyer, after evaluation, decides not to install solar panels on K13, resulting in the Seller being unable to retrieve all or part of the performance bond, the Buyer agrees to compensate the Seller for 50% of the actual loss.

2. After careful evaluation, the Company is prepared to accept the aforementioned conditions. This decision is based on the following reasons and will facilitate the swift completion of this transaction.

   ① The Company will continue to evaluate the feasibility of constructing additional solar panels. If construction proceeds as planned, the deposit may be refunded.

   ② If solar panels are not installed, the Company will continue to petition the Bureau of Industrial Parks to determine if a refund can be obtained based on the cost proportion. This could potentially mitigate our financial losses.

   ③ If this performance bond is forfeited, after deducting 50% borne by ASE, the Company's maximum loss would be approximately NT$25,000 thousand. This represents 0.48% of the project's revenue, a relatively small proportion. Additionally, the sales revenue for K13 has reached NT$5.526 billion (including tax). Expediting the sales process to repay bank loans is anticipated to result in a monthly reduction of approximately NT$12,000 thousand in interest expenses, significantly contributing to the Company's profitability and lowering the debt ratio. Furthermore, both parties are currently engaged in joint construction projects for the Chongli No. 2 factory and the Kaohsiung K28 factory. In the interest of fostering a positive and collaborative relationship, securing future opportunities, and utilizing surplus financing for land acquisition, the Company's goodwill gesture will be beneficial to future operational development.

Hung Ching Development & Construction Co., Ltd.
Statements of Cash Flows
2024.07~2025.09

Unit: NT$ thousand

No.	Item/Month	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	2025.01	2025.02	2025.03	2025.04	2025.05	2025.06	2025.07	2025.08	2025.09	Total
Balance of Cash at Beginning of the Period		155,714	313,632	81,923	85,030	5,028,557	76,706	91,972	110,694	96,690	72,197	79,309	83,519	76,973	79,535	67,272	
Add: Cash Inflows																	
1	Real Estate	279,169	191,600	140,000	5,526,150	68,000	69,600	0	40,000	40,000	0	40,000	40,000	40,000	40,000	40,000	6,554,519
2	Rental Income	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	45,000
3	Dividend Income	229,480															229,480
4	Interest Income and Others	3,541	3,541	3,541	1,622,341	2,361											1,635,325
	Total	515,190	198,141	146,541	7,151,491	73,361	72,600	3,000	43,000	43,000	3,000	43,000	43,000	43,000	43,000	43,000	8,464,324
Less: Cash Expenditure																	
1	Construction Funds and Expenses	210,500	360,000	503,306	261,184	260,000	260,000	190,000	220,000	260,000	270,000	290,000	410,000	360,000	364,000	364,000	4,582,990
2	General and Administrative Expenses	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
3	Selling and Marketing Expenses	18,354	13,538	10,700	3,000	6,740	6,828	3,000	5,200	5,200	3,000	5,200	5,200	5,200	5,200	5,200	101,560
4	Interest Expenses	36,453	36,347	37,004	36,815	31,508	23,540	24,313	24,840	25,328	25,923	26,625	27,381	28,274	29,098	29,907	443,447
5	Cash Dividends and Others		33,000	405,459													438,459
	Total	275,308	452,885	966,469	310,999	308,248	300,368	227,313	260,040	300,528	308,923	331,825	452,581	403,474	408,298	409,107	5,716,363
Cash Available before Financing		395,597	58,888	(738,005)	6,925,522	4,793,671	(151,063)	(132,341)	(106,345)	(160,838)	(233,726)	(209,516)	(326,062)	(283,500)	(285,763)	(298,835)	
Repay loan funds						(1,500,000)											(1,500,000)
Net Financing (Repayments) Amount		(81,965)	23,035	823,035	(1,896,965)	(3,216,965)	243,035	243,035	203,035	233,035	313,035	293,035	403,035	363,035	353,035	353,035	(1,349,475)
Closing Cash Balance		313,632	81,923	85,030	5,028,557	76,706	91,972	110,694	96,690	72,197	79,309	83,519	76,973	79,535	67,272	54,200	
Beginning Borrowings		14,635,158	14,553,193	14,576,228	15,399,263	13,502,298	10,285,333	10,528,368	10,771,403	10,974,438	11,207,473	11,520,508	11,813,543	12,216,578	12,579,613	12,932,648	
Closing Borrowings		14,553,193	14,576,228	15,399,263	13,502,298	10,285,333	10,528,368	10,771,403	10,974,438	11,207,473	11,520,508	11,813,543	12,216,578	12,579,613	12,932,648	13,285,683	
Interest Rate		2.725%	2.725%	2.725%	2.725%	2.725%	2.725%	2.750%	2.750%	2.750%	2.750%	2.750%	2.750%	2.750%	2.750%	2.750%	