

Stock Code: 3338

# **TaiSol Electronics Co., Ltd.**

## **2024 Annual Shareholders' Meeting Meeting Handbook (Translation)**

**Date: May 24, 2024**

**Venue: 2F, No. 335, Ruiguang Road, Neihu District, Taipei City  
(Hon Hui Rui Guang Plaza - t.Hub - Meeting room 212)**

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# **TaiSol Electronics Co., Ltd.**

## **Procedure for the 2024 Annual Shareholders' Meeting**

- I. Call the Meeting to Order**
- II. Chairperson Remarks**
- III. Report Items**
- IV. Ratification Items**
- V. Discussion Items**
- VI. Election Items**
- VII. Other Proposals**
- VIII. Questions and Motions**
- IX. Adjournment**

# **TaiSol Electronics Co., Ltd.**

## **Agenda of the 2024 Annual Shareholders' Meeting**

Time: 9:00 a.m., Friday, May 24, 2024

Venue: 2F, No.335, Ruiguang Road, Neihu District, Taipei City  
(Hon Hui Rui Guang Plaza - t.Hub - Meeting room 212)

Type of Meeting: Physical

I. Call the meeting to order

II. Chairperson remarks

III. Report Items

- (I) 2023 Business Report.
- (II) Audit Committee's Review Report on 2023 Final Statements.
- (III) Status of Endorsements and Guarantees.
- (IV) Report on 2023 Employees' and Directors' Remuneration.

IV. Ratification Items

- (I) Adoption of the 2023 Business Report and Financial Statements.
- (II) Adoption of the Proposal for Distribution of 2023 Profits.

V. Discussion Items

- (I) Proposal for amendments to the Procedure for Acquisition and Disposal of Assets.

VI. Election Items

- (I) Proposal for election of new directors (including independent directors).

VII. Other Proposals

- (I) Proposal for the release of non-competition restrictions on new directors.

VIII. Questions and Motions

IX. Adjournment

## Report Items

### Item 1

2023 Business Report.

#### Explanation:

See Attachment (I), pages 11-13 hereof for the Company's 2023 Business Report.

### Item 2

Audit Committee's Review Report on 2023 Final Statements.

#### Explanation:

See Attachment (II), page 14 hereof for the 2023 Annual Review Report of the Audit committee.

### Item 3

Status of Endorsements and Guarantees.

#### Explanation:

Below are the endorsements and guarantees provided by the Company in 2023:

Counterparty of guarantee	Relationship with the Company	Guarantee amount	Description
Suzhou TaiSol SiYang TaiSol	Subsidiary wholly-owned by the Company	US\$1 million	To acquire a shared financing limit from a bank for working capital, the Company provided endorsements/guarantees.

### Item 4

Report on 2023 Employees' and Directors' Remuneration Proposal.

#### Explanation:

- I. According to Article 20 of the Articles of Incorporation, it is proposed to appropriate NT\$10,768,065 as employees' remuneration and NT\$9,647,261 as directors' remuneration for 2023.
- II. As approved by the Board of Directors on March 1, 2024, it is proposed to allocate NT\$10,768,065 as employees' remuneration and NT\$8,897,261 as directors' remuneration, both in cash. The amount of directors' remuneration proposed to be distributed this time differ from the estimated amount in 2023 by NT\$750,000 mainly due to the difference in the calculation of directors' remuneration based on the actual value of performance indicators. The Company will adjust it in line with the change in accounting estimates and recognizes the difference profit or loss for 2024.

## Ratification Items

**Proposal 1:** (Proposed by the Board)  
Adoption of the 2023 Business Report and Financial Statements.

### Explanation:

- I. The 2023 Business Report, unconsolidated financial statements, and consolidated financial report were approved by the Board on March 1, 2024, and submitted to and reviewed by the Audit Committee, which has issued a written audit report.
- II. The Company's financial statements were audited by independent auditors, Derek Chen and Jason Yin, of KPMG Taiwan and were reviewed by the supervisor along with the business report with a written audit report issued.
- III. For the 2023 Business Report, the Audit Committee's audit report, independent auditor's audit report, parent company only financial statements and consolidated financial statements, see Attachment (I) - (III), pages 11-33 hereof.

### Resolution:

**Proposal 2:** (Proposed by the Board)  
Adoption of the Proposal for Distribution of 2023 Profits.

### Explanation

- I. The unappropriated retained earnings at the beginning of the period amounted to NT\$269,554,433, and the net profit after tax in 2023 was NT\$243,293,746, less NT\$24,329,375 set aside as legal reserve (10%) and NT\$24,479,725 set aside as equity deductions - special surplus reserve (exchange differences arising from the translation of financial statements of foreign operations) by law, so the distributable earnings for the year is NT\$464,039,079.
- II. It is proposed to appropriate NT\$174,916,282 from the distributable earnings 2023 as cash dividends to shareholders, at NT\$2 (accurate to NT\$1, with all fractional amounts rounded off and included in other revenue) for each share held, based on the number of shares held by shareholders set out in the register of shareholders on the base date.
- III. See below for the distribution of 2023 earnings.

TaiSol Electronics Co., Ltd.  
Distribution of 2023 Earnings.

Unit: NT\$

Item	Amount
Unappropriated retained earnings at the beginning of period	269,554,433
Add: net profit after tax of the period	243,293,746
Less: Legal Reserve (10%)	24,329,375
Less: Equity deductions - special surplus reserve	24,479,725
Retained Earnings available for distribution	464,039,079
Distribution Item:	
Less: Cash Dividends (NT\$2 per share) Note 1	174,916,282
Unappropriated retained earnings at the end of period	289,122,797

Notes: 1. Excluding 450,000 treasury shares

2. According to the requirements under Letter Tai-Cai-Shui-No. 871941343 of the Ministry of Finance dated April 30, 1998, the distribution of earnings shall be individually recognized. In principle, the Company distributes the 2023 distributable earnings first. If there is any shortage, the accumulated distributable earnings shall be distributed in the year in which the earnings are generated on a last-in, first-out basis in the order of distribution.

- IV. After the annual shareholders' meeting has approved the proposal for earning distribution as a resolution, the Chairman is authorized to otherwise set the base date for dividend distribution and make arrangements for the matters related to the distribution of cash dividends.
- V. Subsequently, if any amendment is required due to changes in the dividend yield resulting from the effects of the changes in the Company's share capital on the volume of the number of issued shares, the Company intends to require a shareholders' meeting to authorize the Chairman to handle it with full discretion.

**Resolution:**

## **Discussion Items**

### **Proposal 1**

(Proposed by the Board)

Proposal for amendments to the Procedure for Acquisition and Disposal of Assets, please proceed to discuss.

### **Explanation:**

Due to practical operation requirements, the Company's Procedure for Acquisition or Disposal of Assets have been revised in part. For the comparison table of the provisions before and after, see Attachment (IV) on pages 34-45 hereof.

### **Resolution:**

## Election Items

### Proposal 1

(Proposed by the Board)

Proposal for election of new directors (including independent directors), please proceed to election.

### Explanation:

- I. The term of office of the Company's directors will expire on July 4, 2024. It is intended to have a full re-election at the shareholders' meeting.
- II. In accordance with the Company's Articles of Incorporation, seven new directors (including three independent directors) shall be re-elected from nominated candidates for a term of three years from May 24, 2024 to May 23, 2027.
- III. Below is the list of candidates for directors (including independent directors):
- IV. Please proceed to election.

#### TaiSol Electronics Co., Ltd.

#### List of candidates for directors and independent directors (nominated by the Board of Directors)

Title	Name	Academic qualifications	Experience	Current position	Shareholding
Director	Singatron Enterprise Co., Ltd. Representative: Kan, Hsin-Nan	National Hsinchu Commercial Vocational High School	Chairperson of SINGATRON ENTERPRISE CO., LTD. Director of SINGATRON(BVI)ENTERPRISE CO., LTD. Director of Singatron (Hong Kong) International Holding Ltd. Director of SINGATRON Electronics (China) Co. Ltd. Director of Singatron Electronic (Zhongshan) Co., Ltd. Director of Suzhou Singatron Auto Co., Ltd. Director of Singatron Technology (Hong Kong) Co., Ltd.	1. Chairperson of SINGATRON ENTERPRISE CO., LTD. 2. Director of SINGATRON(BVI)ENTERPRISE CO., LTD. 3. Director of Singatron (Hong Kong) International Holding Ltd. 4. Director of SINGATRON Electronics (China) Co. Ltd. 5. Director of Singatron Electronic (Zhongshan) Co., Ltd. 6. Director of Suzhou Singatron Auto Co., Ltd. 7. Director of Singatron Technology (Hong Kong) Co., Ltd.	10,367,000 shares
Director	Singatron Enterprise Co., Ltd. Representative: Peng, Peng-Huang	Department of Electrical Engineering, National Taipei University of	Vice Chairperson and President of SINGATRON ENTERPRISE CO., LTD Director of SINGATRON Electronics (China) Co. Ltd.	1. Chairperson of TaiSol Electronics Co., Ltd. 2. Vice Chairperson and President of SINGATRON ENTERPRISE CO., LTD	10,367,000 shares

Title	Name	Academic qualifications	Experience	Current position	Shareholding
		Technology MBA, Soochow University	Director of Singatron Electronic (Zhongshan) Co., Ltd. Director of Suzhou Singatron Auto Co., Ltd. Director of Singatron Technology (Hong Kong) Co., Ltd. Director of Info-Tek Corporation Director of InfoTek Electronics (Suzhou) Co., Ltd. Director of Kingstate Electronics Corp. Independent director of GIGA-BYTE Technology Co., Ltd.	3. Director of SINGATRON Electronics (China) Co. Ltd. 4. Director of Singatron Electronic (Zhongshan) Co., Ltd. 5. Director of Suzhou Singatron Auto Co., Ltd. 6. Director of Singatron Technology (Hong Kong) Co., Ltd. 7. Director of Info-Tek Corporation 8. Director of InfoTek Electronics (Suzhou) Co., Ltd. 9. Director of Kingstate Electronics Corp. 10. Independent director of GIGA-BYTE Technology Co., Ltd.	
Director	Singatron Enterprise Co., Ltd. Representative: Yang, Cheng-Gang	Department of Mechanical Engineering, National Taiwan University of Science and Technology Graduate School of Business Administration, University of South Australia	Chairperson of Singatron Electronic (China) Co., Ltd. Chairperson of Singatron Electronic (Zhongshan) Co., Ltd. Chairperson of Suzhou Singatron Auto Co., Ltd. Director of Singatron Technology (Hong Kong) Co., Ltd. Chairperson of Suzhou Singatron Connector Co., Ltd. Chairperson of Zhongshan Singatron Connector Co., Ltd. Director of Singatron San Jose Connection Co., Ltd.	1. Chairperson of Singatron Electronic (China) Co., Ltd. 2. Chairperson of Singatron Electronic (Zhongshan) Co., Ltd. 3. Chairman of Suzhou Singatron Auto Co., Ltd. 4. Director of Singatron Technology (Hong Kong) Co., Ltd. 5. Chairperson of Suzhou Singatron Connector Co., Ltd. 6. Chairperson of Zhongshan Singatron Connector Co., Ltd. 7. Director of Singatron San Jose Connection Co., Ltd.	10,367,000 shares
Director	Hsieh, Chun-Shan	Department of Advanced Electronic Equipment Maintenance, National Tainan Industrial High School	Supervisor of TaiSol Electronics Co., Ltd. Founder of Coolpc Computer Co., Ltd.	1. Director of TaiSol Electronics Co., Ltd. 2. Supervisor of Coolpc Computer Co., Ltd. 3. Chairperson of Weisheng Investment Co., Ltd	888,276 shares

Title	Name	Academic qualifications	Experience	Current position	Shareholding
Independent Director	Wang, Sheng-Shun	Master of Law, National Taiwan University	Managing Partner of Chao, Wang & Lin Attorneys at Law	<ol style="list-style-type: none"> <li>1. Managing Partner of Chao, Wang &amp; Lin Attorneys at Law</li> <li>2. Independent director of Lifestyle Global Enterprise, Inc.</li> <li>3. Arbitrators of Chinese Arbitration Association, Taipei</li> </ol>	
Independent Director	Wang, Hwei-Min	Master of Industrial Management from Chung Hua University	Director of Moores Rowland CPAs	<ol style="list-style-type: none"> <li>1. Independent director of GIGA-BYTE Technology Co., Ltd.</li> <li>2. Independent director of Phison Electronics Corporation</li> <li>3. Certified Public Accountant (Henry Wang Accounting Firm)</li> </ol>	
Independent Director	Chen, Li-Mei	Advanced Master of Business Administration, National Sun Yat-sen University MBA, The Chinese University of Hong Kong	<p>CFO of Ritek Technology Co., Ltd. Vice President of Plastron Precision Co., Ltd. Chairperson of Sheng Shin Precision Co., Ltd.</p>	<ol style="list-style-type: none"> <li>1. Independent Director of Kingstate Electronics Corp.</li> <li>2. Chairperson of Sheng Shin Precision Co., Ltd.</li> </ol>	

The qualifications required for the nomination of directors (including independent directors) above were resolved by the 18th meeting of the 13th Board of Directors on January 12, 2024.

**Election results:**

## Other Proposals

### Proposal 1

(Proposed by the Board)

Proposal for the release of non-competition restrictions on new directors, please proceed to discuss.

### Explanation:

- I. According to paragraph 1, Article 209 of the Company Act, "A Director who does anything for itself or on behalf of others that is within the scope of the Company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval."
- II. Any of the Company's new directors investing or operating in the same business scope as the Company hereby files to the shareholders' meeting for approval by law without prejudice to the Company's interests. In such case, the meeting agrees to release the non-competition restrictions on such director.
- III. The Company proposes to release the non-competition restrictions on directors included in the list below:

Title	Name	Name of other companies and the concurrent duties
Independent Director	Wang, Sheng-Shun	Independent director of Lifestyle Global Enterprise, Inc.
Independent Director	Wang, Hwei-Min	Independent director of GIGA-BYTE Technology Co., Ltd. Independent director of Phison Electronics Corporation
Independent Director	Chen, Li-Mei	Independent Director of Kingstate Electronics Corp. Chairperson of Sheng Shin Precision Co., Ltd.

### Resolution:

## Questions and Motions

## Adjournment

## TaiSol Electronics Co., Ltd.

### 2023 Business Report

#### I. 2023 Performance

##### 1. Overview and results of the 2023 Business plan

The Company's consolidated net operating revenue in 2023 was NT\$3,811,775 thousand, a decrease of 16.56% from 2022; the consolidated net operating income in 2023 was NT\$266,531 thousand, a decrease of 3.32% from 2022; the net net income after tax was NT\$243,294 thousand, a decrease of 9.04% from the level in 2022; the earnings per share in 2023 was NT\$2.78.

In 2023, due to factors such as the US-China trade war, inflation, and global economic slowdown, end-user demand declined, and orders were reduced. However, by adjusting the product mix and policy-based order-taking strategy, we could flexibly allocate production capacity, increase production efficiency, reduce production costs, and strengthen the control of operating activities for a lean organization. The 2023 gross margin was 20.66%, representing a 1.55% increase from 2022; the 2023 net profit margin was 6.38%, representing an increase of 0.52% from 2022.

##### 2. Budget implementation

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to disclose the implementation status as it did not disclose its financial forecast for 2022.

##### 3. Analysis of financial income, expenses and profitability

Unit: NT\$000'

Item		Year	2023	2022
Financial income/expenses	Operating revenue		3,811,775	4,568,318
	Gross profit		787,451	872,984
	Net income after tax attributable to the parent company		243,294	267,477
Profitability	Return on assets (%)		6.62%	7.23%
	Return on equity (%)		12.98%	15.02%
	Ratio of net income before tax to paid-in capital (%)		36.28%	41.64%
	Profit margin (%)		6.38%	5.86%
	Basic earnings per share (NT\$)		2.78	3.05

##### 4. R&D status

###### (1) R&D expenditures for the most recent two years

Unit: NT\$000'

Year	2023	2022
R&D expenses	136,704	177,758
Ratio of R&D expenses to operating revenue (%)	3.59%	3.89%

###### (2) R&D achievement

###### - Thermal:

- A. Development of open and closed server liquid cooling systems
- B. Development of HPC & AI server thermal solutions
- C. Development of thermal solutions for auto systems
- D. Development of 3D vapor chamber thermal system applications
- E. Development of comprehensive ADAS system thermal solutions
- F. Dedication to further research on immersion liquid cooling technology

- Other electronic components:
  - A. Development of SD 8.0 product solutions
  - B. Development of Micro SD 8.0
- IoT applications:
  - A. Pet monitoring feeder
  - B. Development of NFC fingerprint cards and card holders
  - C. Development of NFC motorcycle unlocking modules

## II. Business plan in 2024

### 1. Business policy

Through continuous innovation and improved thermal technologies, especially water cooling, we can avoid price competition with differentiated technologies and products. We have been following the marketing strategy dominated by electric vehicles and high-end servers, to expand the product lines and global layout. We are optimistic about the demand and growth of the thermal industry, and will continue to maintain operational resilience, accumulate energy, adjust the pace, pay attention to changes in the global market, and respond quickly with acute vigilance, in order to enter the next wave of prosperity.

### 2. Material production and sales policy

#### (1) Marketing strategy

- A. In 2024, the Company will continue to implement the auto and high-end server markets and develop other similar customers, tackle core technologies, and establish a forward-looking sustainable layout to create longer-term competitive advantages.
- B. We will cooperate with strategic customers to deploy the high-end immersion cooling market and high-end graphics card thermal solutions.
- C. We will expand the connector product line and make use of the existing AVL advantages to increase revenue from EMS customers.
- D. The Company will adopt a SI-based marketing strategy to strengthen services to customers and expand the marketing base.

#### (2) Production strategy

- A. In line with the BU-centered management strategy, the Company will uniformly control production and sales, quickly respond to customer needs and deepen the cooperation with key customers.
- B. We propose various production indicators, and regularly track and review them; further control and reduce costs to improve market competitiveness.
- C. To accommodate the distribution of customers' manufacturing bases, we cooperate with them to expand the global manufacturing layout.
- D. We plan strategic partners to further expand product lines to meet the needs of our customers.

#### (3) R&D strategy

- A. In view of future product planning and customer needs, the Company will strengthen its core technologies, in the hope of developing products that are closer to the market and meet customer needs with the competitive advantage of its leading R&D.
- B. We will develop new technologies and new industry products to meet the diverse needs of customers and expand business capacity.

### 3. Future development strategy

In the past, the Company's development was limited to the Greater China market. In the future, TaiSol will integrate the Group's resources and advantages to gradually develop overseas markets. In 2024, the Company will move toward the goal of institutionalized, systematic, process-based, and simplified management. We will build a management team dealing with "leading technologies, excellent production, satisfied customers, proud shareholders, and happy employees".

2024 is the beginning of TaiSol's revolutionary transformation. The Company will usher in

the era of self-transcendence. We know that every step of progress is arduous but necessary. We bravely move forward and carry out all-round changes from the corporate organization, product strategy, global layout, talent cultivation, and process simplification. We expect that all shareholders can witness our transformation and growth and share more fruitful operating results.

TaiSol Electronics Co., Ltd.

Chairperson: Peng, Peng-Huang

President: Liang, Chun-Hsin

Chief accountant: Wu, Mei-Ling

**Audit Committee's Review Report**

We have reviewed the Company's financial statements and consolidated financial statements (including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows), business report, and distribution of earnings for 2023 duly prepared by the Board, in which the financial statements and consolidated financial statements have been duly audited and verified by CPAs Jason Yin and Derek Chen from KPMG, and they have issued the auditor's report, to which we have found no misstatement, and we hereby issue an audit report as presented above in accordance with the Securities and Exchange Act and the Company Act. Please proceed to verification.

The 2024 Annual Shareholders' Meeting of the Company

TaiSol Electronics Co., Ltd.

Chairperson of the Audit Committee: Fang, Yen-Ling

March 1, 2024



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## Independent Auditors' Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

### Opinion

We have audited the financial statements of TaiSol Electronics Co., Ltd. ("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of 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 of the current period. 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.

#### 1. Revenue recognition

Please refer to Notes 4(m), 5(a), 6(l) and 6(q) to the parent company only financial statements.

Description of key audit matter:

The Company provides discounts to its customers based on their contract agreements and records them as reduction on revenue. Therefore, revenue recognition has been regarded as one of our key audit matters.



How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Testing the manual controls relating to sales and collection, financial reporting, as well as checking and reconciling the sales system data with the general ledger entries to ensure the Company's revenue recognition policy is in compliance with the relevant standards and revenue information is properly disclosed.
- Reviewing the relevant customer sales contracts and terms, by taking into consideration the accounting treatment and disclosure of sales discounts, to ensure they are consistent with the Company's accounting policies.
- Performing a year-to-year analysis on the revenue based on product lines and revenue from top ten customers to determine to ensure there are no material misstatements.
- Selecting appropriate samples and compare them with the vouchers and relevant documents to ensure consistency.
- Selecting sales transactions from a period of time before and after the balance sheet date and verify them with the vouchers and relevant documents to assess the accuracy of the timing and amounts of revenue recognized.
- Obtaining the details of the discounts accrued by the management of the Company (refund liabilities) and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and the underlying assumptions; as well as reviewing the accuracy of the estimated discount accrued in prior years to assess whether there are material anomalies in the amounts of the accrued discounts (refund liabilities).

## 2. Commission estimate

Please refer to Notes 4(f) , 5(b), 6(l) to the parent company only financial statements.

Description of key audit matter:

Commission expense is one of our key audit matters. Part of the sales of the Company are made through agents, who collect commissions from the Company based on the agreements. These expenses estimated by the management, in respect of the foregoing transaction mentioned above, are accrued as operating expenses.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the terms of the sales contract of the relevant agent to ensure they are consistent with the accounting treatment.
- Performing a year-to-year analysis on the commission expense incurred from the main agents to evaluate if there are any material abnormalities.
- Obtaining the details on the commission accrued by the management and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and underlying assumptions; as well as reviewing the accuracy of the estimated commission expenses accrued in prior years to assess whether there are material anomalies in the amounts of the accrued commission.



### 3. Valuation of Inventory

Please refer to Notes 4(g), 5(c) and 6(e) to the parent company only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. Due to factors such as rapid changes in technology or the upgrading of production technology, which may lead the products to be obsolete or no longer meet market demand, and their sales prices to fluctuate or become sluggish, resulting in a risk on the costs of inventories to exceed their net realized values.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the inventory aging reports to analyze the changes for each period.
- Assessing the reasonableness of the accounting policies of the Company, such as policies for the valuation of inventories or the provision of obsolete goods.
- Evaluating whether the inventory valuation is in conformity with the accounting policies.
- Understanding the basis for valuation of net realized value used by the management of the Company and selecting appropriate samples to assess the reasonableness of the net realized value of inventories.
- Assessing whether the disclosure of inventory is appropriate.

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

Management is responsible for the preparation and fair presentation of the 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 the audit committee) are responsible for overseeing the Company's financial reporting process.

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

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



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

1. Identify and assess the risks of material misstatement of the 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 investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period 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 Chen, Fu-Jen and Yin, Yuan-Sheng.

KPMG

Taipei, Taiwan (Republic of China)  
March 1, 2024

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
TAISOL ELECTRONICS CO., LTD.

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022				Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%					Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 626,065	20	543,973	18	2170	Accounts payable	372,403	12	213,919	7		
1136	Current financial assets at amortized cost (note 6(b))	30,827	1	-	-	2180	Accounts payable to related parties (note 7)	477,411	15	446,680	15		
1150	Notes receivable, net (notes 6(c) and (q))	16	-	-	-	2200	Other payables (note 6(l))	190,596	6	206,920	7		
1170	Accounts receivable, net (notes 6(c) and (q))	817,228	25	810,833	27	2220	Other payables to related parties (note 7)	7,874	-	7,882	-		
1200	Other receivables, net (note 6(d))	5,004	-	2,055	-	2230	Current tax liabilities	34,536	1	86,563	3		
1210	Other receivables due from related parties, net (notes 6(d) and 7)	582	-	3,409	-	2280	Current lease liabilities (note 6(k))	1,888	-	2,974	-		
1220	Current tax assets	253	-	-	-	2300	Other current liabilities (notes 6(l) and (q))	72,277	2	85,300	3		
130X	Inventories (note 6(e))	169,660	5	172,250	6		<b>Total current liabilities</b>	<u>1,156,985</u>	<u>36</u>	<u>1,050,238</u>	<u>35</u>		
1410	Prepayments	2,844	-	3,246	-		<b>Non-Current liabilities:</b>						
1470	Other current assets (note 8)	809	-	592	-	2570	Deferred tax liabilities (note 6(n))	137,274	4	110,165	4		
	<b>Total current assets</b>	<u>1,653,288</u>	<u>51</u>	<u>1,536,358</u>	<u>51</u>	2580	Non-current lease liabilities (note 6(k))	1,227	-	1,785	-		
	<b>Non-current assets:</b>					2650	Credit balance of investments accounted for using equity method (note 6(f))	28,468	1	-	-		
1550	Investments accounted for using equity method, net (note 6(f))	1,337,473	42	1,250,680	41	2670	Other non-current liabilities	1,817	-	12,858	-		
1600	Property, plant and equipment (notes 6(g) and 8)	152,293	5	149,515	5		<b>Total non-current liabilities</b>	<u>168,786</u>	<u>5</u>	<u>124,808</u>	<u>4</u>		
1755	Right of use assets (note 6(h))	3,076	-	4,725	-		<b>Total liabilities</b>	<u>1,325,771</u>	<u>41</u>	<u>1,175,046</u>	<u>39</u>		
1780	Intangible assets (note 6(i))	1,120	-	1,196	-		<b>Equity attributable to owners of parent (notes 6(j) and (o)):</b>						
1840	Deferred tax assets (note 6(n))	73,280	2	71,347	2	3110	Ordinary share	879,081	27	879,081	29		
1990	Other non-current assets	1,366	-	13,452	1	3200	Capital surplus	348,899	11	348,899	11		
	<b>Total non-current assets</b>	<u>1,568,608</u>	<u>49</u>	<u>1,490,915</u>	<u>49</u>		Retained earnings:						
	<b>Total assets</b>	<u>\$ 3,221,896</u>	<u>100</u>	<u>3,027,273</u>	<u>100</u>	3310	Legal reserve	197,029	6	170,281	6		
						3320	Special reserve	61,180	2	85,614	3		
						3350	Unappropriated retained earnings	512,849	16	446,785	15		
								<u>771,058</u>	<u>24</u>	<u>702,680</u>	<u>24</u>		
						3410	Exchange differences on translation of foreign financial statements	(85,660)	(2)	(61,180)	(2)		
						3500	Treasury shares	(17,253)	(1)	(17,253)	(1)		
							<b>Total equity</b>	<u>1,896,125</u>	<u>59</u>	<u>1,852,227</u>	<u>61</u>		
							<b>Total liabilities and equity</b>	<u>\$ 3,221,896</u>	<u>100</u>	<u>3,027,273</u>	<u>100</u>		

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAISOL ELECTRONICS CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(q) and 7)</b>	\$ 2,316,825	100	2,990,834	100
5000	<b>Operating costs (notes 6(e), 7 and 12)</b>	<u>1,912,640</u>	<u>83</u>	<u>2,447,968</u>	<u>82</u>
5900	<b>Gross profit from operations</b>	<u>404,185</u>	<u>17</u>	<u>542,866</u>	<u>18</u>
6000	<b>Operating expenses (notes 6(c), (k), (m), (r), 7 and 12):</b>				
6100	Selling expenses	106,140	4	156,579	5
6200	Administrative expenses	88,792	4	60,104	2
6300	Research and development expenses	41,763	2	54,059	2
6450	Expected credit (gain) loss	<u>(500)</u>	<u>-</u>	<u>39</u>	<u>-</u>
		<u>236,195</u>	<u>10</u>	<u>270,781</u>	<u>9</u>
6900	<b>Net operating income</b>	<u>167,990</u>	<u>7</u>	<u>272,085</u>	<u>9</u>
7000	<b>Non-operating income and expenses (notes 6(j), (k), (s) and 7):</b>				
7100	Interest income	16,831	1	3,550	-
7010	Other income	39,005	1	27,042	1
7020	Other gains and losses, net	259	-	39,455	1
7050	Finance costs, net	(128)	-	(4,208)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	<u>82,805</u>	<u>4</u>	<u>13,564</u>	<u>1</u>
		<u>138,772</u>	<u>6</u>	<u>79,403</u>	<u>3</u>
	<b>Profit from continuing operations before tax</b>	306,762	13	351,488	12
7950	<b>Less: Income tax expenses (note 6(n))</b>	<u>63,468</u>	<u>3</u>	<u>84,011</u>	<u>3</u>
	<b>Profit</b>	<u>243,294</u>	<u>10</u>	<u>267,477</u>	<u>9</u>
8300	<b>Other comprehensive income (note 6(o)):</b>				
8360	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(24,480)	(1)	23,179	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(24,480)</u>	<u>(1)</u>	<u>23,179</u>	<u>1</u>
8500	<b>Total comprehensive income</b>	<u>\$ 218,814</u>	<u>9</u>	<u>290,656</u>	<u>10</u>
	<b>Earnings per share (note 6(p))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 2.78</u>		<u>3.05</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.78</u>		<u>3.00</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
TAISOL ELECTRONICS CO., LTD.

Statements of Changes in Equity  
For the years ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
<b>Balance at January 1, 2022</b>	\$ 879,081	348,765	151,536	73,874	341,655	567,065	(85,614)	-	1,709,297
Profit	-	-	-	-	267,477	267,477	-	-	267,477
Other comprehensive income	-	-	-	-	-	-	23,179	-	23,179
Total comprehensive income	-	-	-	-	267,477	267,477	23,179	-	290,656
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,745	-	(18,745)	-	-	-	-
Special reserve appropriated	-	-	-	11,740	(11,740)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(131,862)	(131,862)	-	-	(131,862)
Purchase of treasury share	-	-	-	-	-	-	-	(17,253)	(17,253)
Disposal of subsidiaries	-	-	-	-	-	-	1,255	-	1,255
Others	-	134	-	-	-	-	-	-	134
<b>Balance at December 31, 2022</b>	879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	243,294	243,294	-	-	243,294
Other comprehensive income	-	-	-	-	-	-	(24,480)	-	(24,480)
Total comprehensive income	-	-	-	-	243,294	243,294	(24,480)	-	218,814
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
<b>Balance at December 31, 2023</b>	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 306,762	351,488
<b>Adjustments:</b>		
Adjustments to reconcile profit or loss:		
Depreciation expense	8,708	7,758
Amortization expense	350	607
Expected credit (gain) loss	(500)	39
Interest expense	128	4,208
Interest income	(16,826)	(3,548)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(82,805)	(13,564)
Loss on disposal of investments	-	1,255
Unrealized foreign exchange loss	4,952	12,334
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit (loss)	<u>(85,993)</u>	<u>9,076</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(16)	-
(Increase) decrease in accounts receivable	(37,790)	393,689
(Increase) decrease in other receivables	(1,767)	3,078
Decrease in other receivables due from related parties	2,820	20,872
Decrease in inventories	2,590	84,892
Decrease (increase) in prepayments	402	(694)
(Increase) decrease in other current assets	(217)	1,247
Decrease (increase) in other non-current assets	12,075	(617)
Total changes in operating assets	<u>(21,903)</u>	<u>502,467</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	169,997	(91,786)
Increase (decrease) in accounts payable to related parties	48,009	(164,448)
Decrease in other payable	(17,350)	(1,192)
Increase (decrease) in other payable to related parties	78	(12,068)
(Decrease) increase in other current liabilities	(14,388)	17,909
Decrease in other operating liabilities	(11,041)	(220)
Total changes in operating liabilities	<u>175,305</u>	<u>(251,805)</u>
Total changes in operating assets and liabilities	<u>153,402</u>	<u>250,662</u>
Total adjustments	<u>67,409</u>	<u>259,738</u>
Cash inflow generated from operations	374,171	611,226
Interest received	15,610	3,799
Dividends received	-	134,149
Interest paid	(128)	(1,605)
Income taxes paid	(90,572)	(91,133)
<b>Net cash flows from operating activities</b>	<u>299,081</u>	<u>656,436</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	(30,827)	-
Acquisition of investments accounted for using equity method	-	(8,307)
Proceeds from disposal of investments accounted for using equity method	-	6
Acquisition of property, plant and equipment	(7,718)	(2,801)
Decrease in other receivables due from related parties	-	95,064
Acquisition of intangible assets	(274)	-
Decrease in other non-current assets	-	2,238
<b>Net cash flows (used in) from investing activities</b>	<u>(38,819)</u>	<u>86,200</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	-	(20,000)
Repayments of bonds	-	(213,009)
Payment of lease liabilities	(3,254)	(3,104)
Cash dividends paid	(174,916)	(131,862)
Payments to acquire treasury shares	-	(17,253)
Other financing activities	-	134
<b>Net cash flows used in financing activities</b>	<u>(178,170)</u>	<u>(385,094)</u>
<b>Net increase in cash and cash equivalents</b>	82,092	357,542
<b>Cash and cash equivalents at beginning of period</b>	543,973	186,431
<b>Cash and cash equivalents at end of period</b>	<u>\$ 626,065</u>	<u>543,973</u>

See accompanying notes to parent company only financial statements.

## **Representation Letter**

The entities that are required to be included in the combined financial statements of TaiSol Electronics Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TaiSol Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang

Date: March 1, 2024



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of TaiSol Electronics Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 of the current period. 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.

#### 1. Revenue recognition

Please refer to Notes 4(m), 5(b)(i), 6(m) and 6(r) to the consolidated financial statements.

Description of key audit matter:

The Group provides discounts to its customers based on their contract agreements and records them as reduction on revenue. Therefore, revenue recognition has been regarded as one of our key audit matters.



How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Testing the manual controls relating to sales and collection, financial reporting, as well as checking and reconciling the sales system data with the general ledger entries to ensure the Group's revenue recognition policy is in compliance with the relevant standards and revenue information is properly disclosed.
- Reviewing the relevant customer sales contracts and terms, by taking into consideration the accounting treatment and disclosure of sales discounts, to ensure they are consistent with the Group's accounting policies.
- Performing a year-to-year analysis on the revenue based on product lines and revenue from top ten customers to determine to ensure there are no material misstatements.
- Selecting appropriate samples and compare them with the vouchers and relevant documents to ensure consistency.
- Selecting sales transactions from a period of time before and after the balance sheet date and verify them with the vouchers and relevant documents to assess the accuracy of the timing and amounts of revenue recognized.
- Obtaining the details of the discounts accrued by the management of the Group (refund liabilities) and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and the underlying assumptions; as well as reviewing the accuracy of the estimated discount accrued in prior years to assess whether there are material anomalies in the amounts of the accrued discounts (refund liabilities).

## 2. Commission estimate

Please refer to Notes 4(g) , 5(b)(ii), 6(m) to the consolidated financial statements.

Description of key audit matter:

Commission expense is one of our key audit matters. Part of the sales of the Group are made through agents, who collect commissions from the Group based on the agreements. These expenses estimated by the management, in respect of the foregoing transaction mentioned above, are accrued as operating expenses.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the terms of the sales contract of the relevant agent to ensure they are consistent with the accounting treatment.
- Performing a year-to-year analysis on the commission expense incurred from the main agents to evaluate if there are any material abnormalities.
- Obtaining the details on the commission accrued by the management and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and underlying assumptions; as well as reviewing the accuracy of the estimated commission expenses accrued in prior years to assess whether there are material anomalies in the amounts of the accrued commission.



### 3. Valuation of Inventory

Please refer to Notes 4(h), 5(b)(iii) and 6(e) to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. Due to factors such as rapid changes in technology or the upgrading of production technology, which may lead the products to be obsolete or no longer meet market demand, and their sales prices to fluctuate or become sluggish, resulting in a risk on the costs of inventories to exceed their net realized values.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the inventory aging reports to analyze the changes for each period.
- Assessing the reasonableness of the accounting policies of the Group, such as policies for the valuation of inventories or the provision of obsolete goods.
- Evaluating whether the inventory valuation is in conformity with the accounting policies.
- Understanding the basis for valuation of net realized value used by the management and selecting appropriate samples to assess the reasonableness of the net realized value of inventories.
- Assessing whether the disclosure of inventory is appropriate.

#### **Other Matter**

TaiSol Electronics Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 the audit committee) are responsible for overseeing the Group's financial reporting process.



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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 of the current period 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 Chen, Fu-Jen and Yin, Yuan-Sheng.

KPMG

Taipei, Taiwan (Republic of China)  
March 1, 2024

#### **Notes to Readers**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 1,001,154	26	764,603	21	2170	Accounts payable	\$ 1,254,913	33	898,157	25
1136	Current financial assets at amortized cost, net (note 6(b))	159,972	4	-	-	2209	Other payables (note 6(m))	376,053	10	400,059	11
1150	Notes receivable, net (notes 6(c) and (r))	234,977	6	293,692	8	2230	Current tax liabilities	45,581	1	101,319	3
1170	Accounts receivable, net (notes 6(c) and (r))	1,414,765	37	1,329,185	37	2280	Current lease liabilities (note 6(k))	5,104	-	34,806	1
1200	Other receivables, net (note 6(d))	8,987	-	3,898	-	2399	Other current liabilities (notes 6(m) and (r))	117,588	3	140,888	4
1220	Current tax assets	253	-	-	-		<b>Total current liabilities</b>	<u>1,799,239</u>	<u>47</u>	<u>1,575,229</u>	<u>44</u>
130X	Inventories (note 6(e))	343,093	9	410,390	12		<b>Non-Current liabilities:</b>				
1410	Prepayments (note 6(i))	91,431	3	90,559	3	2570	Deferred tax liabilities (note 6(o))	137,274	4	110,165	3
1470	Other current assets (notes 6(i) and 8)	809	-	733	-	2580	Non-current lease liabilities (note 6(k))	1,320	-	4,986	-
	<b>Total current assets</b>	<u>3,255,441</u>	<u>85</u>	<u>2,893,060</u>	<u>81</u>	2670	Other non-current liabilities	1,818	-	12,859	1
	<b>Non-current assets:</b>						<b>Total non-current liabilities</b>	<u>140,412</u>	<u>4</u>	<u>128,010</u>	<u>4</u>
1600	Property, plant and equipment (notes 6(f) and 8)	435,001	11	468,122	13		<b>Total liabilities</b>	<u>1,939,651</u>	<u>51</u>	<u>1,703,239</u>	<u>48</u>
1755	Right of use assets (note 6(g))	27,099	1	61,511	2		<b>Equity attributable to owners of parent (notes 6(j) and (p)):</b>				
1780	Intangible assets (note 6(h))	1,231	-	1,517	-	3110	Ordinary shares	879,081	23	879,081	25
1840	Deferred tax assets (note 6(o))	73,280	2	71,347	2	3200	Capital surplus	348,899	9	348,899	10
1990	Other non-current assets (note 9)	43,724	1	59,909	2		Retained earnings:				
	<b>Total non-current assets</b>	<u>580,335</u>	<u>15</u>	<u>662,406</u>	<u>19</u>	3310	Legal reserve	197,029	5	170,281	5
						3320	Special reserve	61,180	2	85,614	2
						3350	Unappropriated retained earnings	512,849	13	446,785	13
								<u>771,058</u>	<u>20</u>	<u>702,680</u>	<u>20</u>
						3410	Exchange differences on translation of foreign financial statements	(85,660)	(2)	(61,180)	(2)
						3500	Treasury shares	(17,253)	(1)	(17,253)	(1)
							<b>Total equity</b>	<u>1,896,125</u>	<u>49</u>	<u>1,852,227</u>	<u>52</u>
<b>Total assets</b>		<u>\$ 3,835,776</u>	<u>100</u>	<u>3,555,466</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 3,835,776</u>	<u>100</u>	<u>3,555,466</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(r) and 7)</b>	3,811,775	100	4,568,318	100
5000	<b>Operating costs (notes 6(e), (k) and 12)</b>	3,024,324	79	3,695,334	81
5900	<b>Gross profit from operations</b>	787,451	21	872,984	19
6000	<b>Operating expenses (notes 6(c), (k), (n), (s), 7 and 12):</b>				
6100	Selling expenses	192,702	5	274,604	6
6200	Administrative expenses	191,439	5	144,516	3
6300	Research and development expenses	136,704	4	177,758	4
6450	Expected credit loss	75	-	426	-
		520,920	14	597,304	13
6900	<b>Net operating income</b>	266,531	7	275,680	6
7000	<b>Non-operating income and expenses (notes 6(f), (j), (k), (t), 7 and 12):</b>				
7100	Interest income	25,323	-	6,057	-
7010	Other income	39,533	1	19,158	-
7020	Other gains and losses, net	(10,804)	-	74,039	2
7050	Finance costs, net	(1,623)	-	(8,879)	-
		52,429	1	90,375	2
7900	<b>Profit from continuing operations before tax</b>	318,960	8	366,055	8
7950	<b>Less: Income tax expenses (note 6(o))</b>	75,666	2	98,578	2
	<b>Profit</b>	243,294	6	267,477	6
8300	<b>Other comprehensive income (note 6(p)):</b>				
8360	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(24,480)	-	23,179	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(24,480)	-	23,179	-
8300	<b>Other comprehensive income</b>				
8500	<b>Total comprehensive income</b>	218,814	6	290,656	6
	<b>Profit, attributable to:</b>				
8610	Owners of parent	243,294	6	267,477	6
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	218,814	6	290,656	6
	<b>Earnings per share (note 6(q))</b>				
9750	<b>Basic earnings per share</b>	2.78		3.05	
9850	<b>Diluted earnings per share</b>	2.78		3.00	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
<b>Balance at January 1, 2022</b>	\$ 879,081	348,765	151,536	73,874	341,655	567,065	(85,614)	-	1,709,297
Profit	-	-	-	-	267,477	267,477	-	-	267,477
Other comprehensive income	-	-	-	-	-	-	23,179	-	23,179
Total comprehensive income	-	-	-	-	267,477	267,477	23,179	-	290,656
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,745	-	(18,745)	-	-	-	-
Special reserve appropriated	-	-	-	11,740	(11,740)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(131,862)	(131,862)	-	-	(131,862)
Purchase of treasury share	-	-	-	-	-	-	-	(17,253)	(17,253)
Disposal of subsidiaries	-	-	-	-	-	-	1,255	-	1,255
Others	-	134	-	-	-	-	-	-	134
<b>Balance at December 31, 2022</b>	879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	243,294	243,294	-	-	243,294
Other comprehensive income	-	-	-	-	-	-	(24,480)	-	(24,480)
Total comprehensive income	-	-	-	-	243,294	243,294	(24,480)	-	218,814
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
<b>Balance at December 31, 2023</b>	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 318,960	366,055
<b>Adjustments:</b>		
Adjustments to reconcile profit or loss:		
Depreciation expense	110,024	166,755
Amortization expense	558	829
Expected credit loss	75	426
Interest expense	1,623	8,879
Interest income	(25,318)	(6,055)
Loss on disposal of property, plan and equipment	941	562
Loss on disposal of investments	-	1,255
Impairment loss on non-financial assets	1,054	-
Unrealized foreign exchange loss	22,584	14,250
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit	<u>111,541</u>	<u>186,888</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	54,221	(41,384)
(Increase) decrease in accounts receivable	(128,984)	514,515
(Increase) decrease in other receivables	(1,632)	9,172
Decrease in inventories	63,714	250,012
(Increase) decrease in prepayments	(2,528)	16,397
(Increase) decrease in other current assets	(82)	1,116
Decrease (increase) in other non-current assets	<u>12,075</u>	<u>(617)</u>
Total changes in operating assets	<u>(3,216)</u>	<u>749,211</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	384,557	(358,772)
Decrease in other payables	(20,440)	(56,502)
(Decrease) increase in other current liabilities	(23,802)	19,114
Decrease in other operating liabilities	<u>(11,041)</u>	<u>(221)</u>
Total changes in operating liabilities	<u>329,274</u>	<u>(396,381)</u>
Total changes in operating assets and liabilities	<u>326,058</u>	<u>352,830</u>
Total adjustments	<u>437,599</u>	<u>539,718</u>
Cash inflow generated from operations	756,559	905,773
Interest received	21,761	6,213
Interest paid	(1,623)	(6,276)
Income taxes paid	<u>(106,267)</u>	<u>(94,612)</u>
<b>Net cash flows from operating activities</b>	<u>670,430</u>	<u>811,098</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	(162,104)	-
Acquisition of property, plant and equipment	(48,399)	(33,429)
Proceeds from disposal of property, plant and equipment	584	31
Acquisition of intangible assets	(274)	(176)
Decrease (Increase) in other non-current assets	<u>3,287</u>	<u>(19,192)</u>
<b>Net cash flows used in investing activities</b>	<u>(206,906)</u>	<u>(52,766)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	-	(20,000)
Repayments of bonds	-	(213,009)
Payment of lease liabilities	(36,305)	(43,922)
Cash dividends paid	(174,916)	(131,862)
Payments to acquire treasury shares	-	(17,253)
Other financing activities	-	134
<b>Net cash flows used in financing activities</b>	<u>(211,221)</u>	<u>(425,912)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(15,752)	14,032
<b>Net increase in cash and cash equivalents</b>	236,551	346,452
<b>Cash and cash equivalents at beginning of period</b>	<u>764,603</u>	<u>418,151</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,001,154</u>	<u>764,603</u>

See accompanying notes to consolidated financial statements.

## TaiSol Electronics Co., Ltd.

## Comparison Table for the Procedure for Acquisition or Disposal of Assets Before and After Revision

Amended provision	Current provision	Description
<p>7 Procedure for acquisition or disposal of property, equipment or its right-of-use assets:</p> <p>7.1 Omitted</p> <p>7.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:</p> <p>7.2.1 In the acquisition or disposal of property, the terms and conditions of the transaction and the transaction price shall be determined with reference to the announced present value, appraised value, and actual transaction price of the neighboring property. An analysis report shall be prepared. For transactions with general counterparts, the amount of transactions is <u>less than NT\$100 million</u> (inclusive), it <u>shall be submitted to the Chairman</u> for approval, and shall be reported to the next meeting of the <u>Audit Committee and Board of Directors</u> afterwards; transactions exceeding <u>NT\$100 million</u> must be approved by the <u>Audit Committee and submitted to the Board of Directors</u> for approval may do so. In addition, if the amount of a transaction between</p>	<p>7 Procedure for acquisition or disposal of property, equipment or its right-of-use assets:</p> <p>7.1 Omitted</p> <p>7.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:</p> <p>7.2.1 In the acquisition or disposal of property, the terms and conditions of the transaction and the transaction price shall be determined with reference to the announced present value, appraised value, and actual transaction price of the neighboring property, and an analysis report prepared. For the general counterparty, the transaction amount is <u>US\$2 million</u> (inclusive). The following shall be <u>authorized to the President</u> for approval; those with a <del>transaction amount exceeding US\$1 million</del> shall be reported at the next <u>board</u> meeting; those with a transaction amount exceeding <u>US\$2 million</u> shall be subject to <u>approval by the Board of Directors</u>. In addition, if the amount of a transaction between related parties reaches 20% of the Company's</p>	<p>The Company cooperates with competent authorities to change the limited currency to NTD and increase the approved amount and approval level.</p>

Amended provision	Current provision	Description
<p>related parties reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of Directors for approval in accordance with 9.2 before entering into a transaction contract and making payments.</p> <p>7.2.2 In the acquisition or disposal of equipment <u>assets or right-of-use assets thereof other than those described in (7.2.1)</u>, the acquisition or disposal shall be conducted through inquiry, price comparison, price negotiation or bidding. For <u>transactions with general counterparts, the amount of transactions is less than NT\$100 million</u> (inclusive), it shall be approved <u>level by level according to the authorization method</u>; transactions with the amount exceeding <u>NT\$100 million shall be submitted to the Chairman for approval, and then submitted to the Audit Committee for approval</u>. The proposal may proceed only after the approval of the board of directors. In addition, if the amount a transaction between related parties reaches</p>	<p>paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of Directors for approval in accordance with 9.2 before entering into a transaction contract and making payments.</p> <p>7.2.2 <u>Equipment shall be acquired or disposed of through inquiry, price comparison, price negotiation or bidding. Generally, any transaction with counterparty whose amount is less than US\$2 million</u> (inclusive) shall be subject to approval <u>by the President</u>. <del>If the transaction amount exceeds US\$1 million, it shall be reported at the next board meeting afterwards; if the transaction amount exceeds US\$2 million</del> Otherwise, it shall be submitted to the <u>board of directors</u> for approval. In addition, if the amount a transaction between related parties reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of</p>	

Amended provision	Current provision	Description
<p>20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of Directors for approval in before entering into a transaction contract and making payments. The applicable operating procedure shall be the Company's internal control system property, plant and equipment cycle procedure.</p>	<p>Directors for approval in before entering into a transaction contract and making payments. The applicable operating procedure shall be the Company's internal control system property, plant and equipment cycle procedure.</p>	
<p>8 Procedure for acquisition or disposal of securities:  8.1 Omitted  8.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:  8.2.1 In addition to the items set out in 8.3.1 for the acquisition or disposal of marketable securities, the Company shall obtain the most recent financial statements of the underlying company that have been audited and certified or reviewed by CPAs as a reference for evaluating the transaction price, and take into account its net worth per share., profitability, and future development potential, except for securities traded on the centralized market or OTC, the price shall be determined through bidding, price comparison</p>	<p>8 Procedure for acquisition or disposal of securities:  8.1 Omitted  8.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:  8.2.1 In addition to the items set out in 8.3.1 for the acquisition or disposal of marketable securities, the Company shall obtain the most recent financial statements of the underlying company that have been audited and certified or reviewed by CPAs as a reference for evaluating the transaction price, and take into account its net worth per share., profitability, and future development potential, except for securities traded on the centralized market or OTC, the price shall be determined through bidding, price comparison</p>	<p>The Company cooperates with competent authorities to change the limited currency to NTD and increase the approved amount and approval level.</p>

Amended provision	Current provision	Description
<p>or bargaining with reference to market conditions. If the amount is less than <u>NT\$50 million</u> (inclusive), it shall be <u>submitted to the Chairman</u> for approval and reported at the next <u>Audit Committee and</u> board meeting; if the amount exceeds <u>NT\$ 50 million</u>, it shall be otherwise <u>approved by the Audit Committee and submitted</u> to the Board of Directors for approval. The applicable operating procedure shall be the Company's internal control system investment cycle procedure.</p>	<p>or bargaining with reference to market conditions. If the amount is less than <u>US\$10 million</u> (inclusive), it shall be submitted to the <u>President</u> for approval and reported to the next board meeting; if it exceeds <u>US\$10 million</u>, it shall be further submitted to the board of directors for approval. The applicable operating procedure shall be the Company's internal control system investment cycle procedure.</p>	
<p>10 Procedure for acquisition or disposal of intangible assets or their right-of-use assets or membership cards:  10.1 Omitted  10.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:  10.2.1 In the acquisition or disposal of membership cards, the transaction terms and prices shall be determined with reference to the market fair market value and an analysis report prepared. If the amount is less than <u>NT\$5 million</u> (inclusive), it shall be submitted to the <u>Chairman</u>. If the amount exceeds</p>	<p>10 Procedure for acquisition or disposal of intangible assets or their right-of-use assets or membership cards:  10.1 Omitted  10.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:  10.2.1 For the acquisition or disposal of membership cards, the transaction conditions and prices shall be determined with reference to the fair market value, and an analysis report prepared. If the amount is less than <u>US\$ 100,000</u> (inclusive), the transactions shall be submitted to the <u>President</u> for approval</p>	<p>The Company cooperates with competent authorities to change the limited currency to NTD and increase the approved amount and approval level.</p>

Amended provision	Current provision	Description
<p><u>NT\$5 million</u>, it shall be reported to the most recent Board meeting; otherwise, it shall be submitted to the <u>Audit Committee for approval and then to the Board of Directors for approval</u>. The applicable operating procedure shall be the Company's internal control system <u>property, plant and equipment</u> cycle procedure.</p> <p>10.2.2 In the acquisition or disposal of intangible assets, for self-developed intangible assets, only their registration charges may be recovered as patent costs and accounted for as cost in accordance with generally accepted accounting principles; for other intangible assets, the terms and conditions of the transaction and the transaction price will be decided by reference to the expert valuation report or fair market value and an analysis report will be prepared. If the amount is less than <u>NT\$100 million</u> (inclusive), it shall</p>	<p>and reported to the next board meeting; If the amount exceeds <u>US\$ 100,000</u>, it must be otherwise submitted to <u>the board of directors for approval</u>. The applicable operating procedure shall be the Company's internal control system <u>fixed assets</u> cycle procedure.</p> <p>10.2.2 In the acquisition or disposal of intangible assets, for self-developed intangible assets, only their registration charges may be recovered as patent costs and accounted for as cost in accordance with generally accepted accounting principles; for other intangible assets, the terms and conditions of the transaction and the transaction price will be decided by reference to the expert valuation report or fair market value and an analysis report will be prepared. If the amount is less than <u>US\$2 million</u> (inclusive), it shall be submitted to the President for approval</p>	

Amended provision	Current provision	Description
<p>be submitted to the <u>Chairman</u> for approval and reported to the next meeting of the <u>Audit Committee and the Board of Directors</u>; if the amount exceeds <u>NT\$100 million</u>, it shall be subject to <u>approval by the Audit Committee</u> and submitted to the Board of Directors for approval. The applicable operating procedure shall be the Company's internal control system <u>property, plant and equipment</u> cycle procedure.</p>	<p>and reported to the next <u>board meeting</u>; if the amount exceeds <u>US\$2 million</u> Otherwise, it shall be submitted to <u>the</u> Board of Directors for approval. The applicable operating procedure shall be the Company's internal control system <u>fixed assets</u> cycle procedure.</p>	
<p>12 Procedure for acquisition or disposal of derivatives  12.1 Trading principles and policy  12.1.1 Type of transaction: Processed in accordance with 3.1.  12.1.2 Operation (hedging) strategy: The Company shall engage in financial derivative transactions for the purpose of hedging, and the instruments to be traded shall be mainly used to hedge the risks arising from the Company's business operations. The import and export transactions are in line with the</p>	<p>12 Procedure for acquisition or disposal of derivatives  12.1 Trading principles and policy  12.1.1 Type of transaction: Processed in accordance with 3.1.  12.1.2 Operation (hedging) strategy: The Company shall engage in financial derivative transactions for the purpose of hedging, and the instruments to be traded shall be mainly used to hedge the risks arising from the Company's business operations. The import and export transactions are in line with the</p>	<p>Any additions shall be submitted to the Audit Committee for approval.</p>

Amended provision	Current provision	Description
<p>foreign currency demand for the actual import and export transactions, and the principle is to square the Company's overall internal positions (referring to the foreign currency income and expenditure), in order to reduce the Company's overall foreign exchange risk and save the cost of foreign exchange operations. Transactions for other specific purposes must be carefully evaluated and submitted to the <u>Audit Committee and the Board of Directors</u> for approval before proceeding.</p> <p>12.1.3 Division of powers and responsibilities</p> <p>12.1.3.1 Finance Department</p> <p>12.1.3.1.1 Traders</p> <p>12.1.3.1.1.1 - 12.1.3.1.1.3 Omitted</p> <p>12.1.3.1.1.4 When there are major changes in the financial market and the trader judges that the established strategy is no longer applicable, they shall submit an evaluation report at any time, and formulate a new strategy, which will be used as the basis for trading, subject to</p>	<p>foreign currency demand for the actual import and export transactions, and the principle is to square the Company's overall internal positions (i.e. the foreign currency income and expenditure), in order to reduce the Company's overall foreign exchange risk and save the cost of foreign exchange operations. Transactions for other specific purposes must be carefully evaluated and submitted to the <u>Board of Directors</u> for approval before proceeding.</p> <p>12.1.3 Division of powers and responsibilities</p> <p>12.1.3.1 Finance Department</p> <p>12.1.3.1.1 Traders</p> <p>12.1.3.1.1.1 - 12.1.3.1.1.3 Omitted</p> <p>12.1.3.1.1.4 When there are major changes in the financial market and the traders judge that the established strategy is no longer applicable, they shall submit an evaluation report at any time, and formulate a new strategy, which will be used as the basis for trading, subject to</p>	

Amended provision	Current provision	Description
<p>approval by <u>the supervisor in charge</u>.</p> <p>12.1.3.1.2 Accountants</p> <p>12.1.3.1.2.1 Transaction confirmation will apply.</p> <p>12.1.3.1.2.2 Review whether the transaction is conducted in accordance with the authority and the established strategy.</p> <p>12.1.3.1.2.3 Conduct monthly evaluation and submit the evaluation report to <u>the supervisor in charge</u> for approval.</p> <p>(Omitted)</p> <p>12.1.4 Performance appraisal</p> <p>12.1.4.1 Hedging transactions</p> <p>12.1.4.1.1 - 12.1.4.1.2 Omitted</p> <p>12.1.4.1.3 The Finance Department shall provide the <u>management</u> with the evaluation of foreign exchange positions, foreign exchange market trends and market analysis as management reference and instructions.</p> <p>12.1.4.2 Omitted</p> <p>12.1.5 Determination of the total contract amount and loss ceiling</p> <p>12.1.5.1 Total contract amount</p> <p>12.1.5.1.1 Limit for hedging transactions: The Finance Department shall monitor the</p>	<p>approval by the <u>President</u>.</p> <p>12.1.3.1.2 Accountants</p> <p>12.1.3.1.2.1 Transaction confirmation will apply.</p> <p>12.1.3.1.2.2 Review whether the transaction is conducted in accordance with the authority and the established strategy.</p> <p>12.1.3.1.2.3 Conduct monthly evaluation and submit the evaluation report to the <u>President</u> for approval.</p> <p>(Omitted)</p> <p>12.1.4 Performance appraisal</p> <p>12.1.4.1 Hedging transactions</p> <p>12.1.4.1.1 - 12.1.4.1.2 Omitted</p> <p>12.1.4.1.3 The Finance Department shall provide <u>President</u> with the evaluation of foreign exchange positions, foreign exchange market trends and market analysis as management reference and instructions.</p> <p>12.1.4.2 Omitted</p> <p>12.1.5 Determination of the total contract amount and loss ceiling</p> <p>12.1.5.1 Total contract amount</p> <p>12.1.5.1.1 Limits on hedging transactions: The Finance Department shall control the</p>	<p>Setting upper limits on hedging transactions</p>

Amended provision	Current provision	Description
<p>Company's overall positions to avoid transaction risk. During <u>normal operations</u>, the amount of a hedging transaction shall not exceed two-thirds of the Company's overall net <u>exposure</u>. Under special emergencies such as <u>global economic instability and drastic fluctuations in foreign currency exchange rates, when, upon evaluation, the Finance Department considers it necessary to expand the operation of hedging derivatives, such transaction shall first be approved by the Chairman. The hedging transaction amount is limited to 90% of the Company's overall net risk exposure, and shall be reported to the next Audit Committee and Board afterwards.</u></p> <p>(Omitted)</p> <p>12.1.5.2.2 In the case of a special purpose transaction contract, after the position is established, a stop loss point shall be set to prevent excessive loss. The stop loss point shall not exceed</p>	<p>Company's overall position to avoid transaction risk. The amount of a hedging transaction shall not exceed two-thirds of the Company's overall net position. <u>Otherwise, the department shall report to the President for approval.</u></p> <p>(Omitted)</p> <p>12.1.5.2.2 In the case of a special purpose transaction contract, after the position is established, a stop loss point shall be set to prevent excessive loss. The stop loss point shall not exceed 10%</p>	<p>Any additions shall be submitted to the Audit Committee for approval.</p>

Amended provision	Current provision	Description
<p>10% of the transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the <u>management</u> immediately, and reported to the <u>Audit Committee and the Board of Directors</u> for discussion of necessary measures.</p> <p>(Omitted)</p> <p>12.5 Principles of supervision and management by the board of directors when engaging in derivative transactions</p> <p>12.5.1 The board of directors shall designate senior officers to monitor and control the risk of derivative transactions at all times. The management principles are presented below:</p> <p>12.5.1.1 Omitted</p> <p>12.5.1.2 Supervise transactions and profits and losses, and take necessary countermeasures in case of any unusual situation, and report to the <u>Audit Committee and the Board of Directors</u> immediately.</p> <p>12.5.2 Omitted</p> <p>12.5.3 When the Company engages in derivative transactions, the authorized personnel to</p>	<p>of the contract amount of the transaction. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the <u>President</u> immediately and reported to the <u>Board of Directors</u> for discussion of necessary countermeasures.</p> <p>(Omitted)</p> <p>12.5 Principles of supervision and management by the board of directors when engaging in derivative transactions</p> <p>12.5.1 The board of directors shall designate senior officers to monitor and control the risk of derivative transactions at all times. The management principles are presented below:</p> <p>12.5.1.1 Omitted</p> <p>12.5.1.2 Supervise transactions and profits and losses, and take necessary countermeasures in case of any unusual situation, and report to the <u>Board of Directors</u> immediately, <del>the board of directors should have independent directors present and express their opinions.</del></p> <p>12.5.2 Omitted</p> <p>12.5.3 When the Company engages in derivative transactions, the authorized personnel to</p>	

Amended provision	Current provision	Description
do so in accordance with the Procedure for Processing Derivative Transactions of the Company shall report to the nearest <u>Audit Committee and Board of Directors</u> afterwards.	do so in accordance with the Procedure for Processing Derivative Transactions shall report to the next <u>Board of Directors</u> afterwards.	
<p>13 Procedure for Mergers, Divisions, Acquisitions or Share Transfers</p> <p>13.1 Evaluation and operation procedure:</p> <p>13.1.1 Before convening a meeting of the board of directors to resolve on a merger, split, acquisition or transfer of shares, the Company shall appoint a CPA, attorney or securities underwriter to express an opinion on the reasonableness of the share swap ratio, acquisition price, or allotment of cash or other assets to shareholders and submit it to <u>the Audit Committee and the Board of Directors</u> for discussion and approval. However, for the merger of a subsidiary in which the Company directly or indirectly holds 100% of its issued shares or capital, or the merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital, the Company may be</p>	<p>13 Procedure for Mergers, Divisions, Acquisitions or Share Transfers</p> <p>13.1 Evaluation and operation procedure:</p> <p>13.1.1 Before convening a meeting of the board of directors to resolve on a merger, split, acquisition or transfer of shares, the Company shall appoint a CPA, attorney or securities underwriter to express an opinion on the reasonableness of the share swap ratio, acquisition price, or allotment of cash or other assets to shareholders and submit it to <u>the Board of Directors</u> for discussion and approval. However, for the merger of a subsidiary in which the Company directly or indirectly holds 100% of its issued shares or capital, or the merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital, the Company may be exempted from</p>	<p>Any additions shall be submitted to the Audit Committee for approval.</p>

Amended provision	Current provision	Description
<p style="text-align: center;">exempted from obtaining a reasonableness opinion from the aforementioned expert. (Omitted below)</p>	<p style="text-align: center;">obtaining a reasonableness opinion from the aforementioned expert. (Omitted below)</p>	
<p>18 History:</p> <p>18.1 The Procedure was established on June 7, 2003.</p> <p>18.2 The first amendment was made on June 20, 2007.</p> <p>18.3 The second amendment was made on June 25, 2010.</p> <p>18.4 The third amendment was made on June 8, 2012.</p> <p>18.5 The fourth amendment was made on June 18, 2014.</p> <p>18.6 The fifth amendment was made on May 15, 2015.</p> <p>18.7 The sixth amendment was made on May 19, 2017.</p> <p>18.8 The seventh amendment was made on June 19, 2018.</p> <p>18.9 The eighth amendment was made on June 6, 2019.</p> <p>18.10 The ninth amendment was made on June 5, 2020.</p> <p>18.11 The tenth amendment was made on July 5, 2021.</p> <p>18.12 The eleventh amendment was made on May 20, 2022.</p> <p><u>18.13 The twelfth amendment was made on May 24, 2024.</u></p>	<p>18 History:</p> <p>18.1 The Procedure was established on June 7, 2003.</p> <p>18.2 The first amendment was made on June 20, 2007.</p> <p>18.3 The second amendment was made on June 25, 2010.</p> <p>18.4 The third amendment was made on June 8, 2012.</p> <p>18.5 The fourth amendment was made on June 18, 2014.</p> <p>18.6 The fifth amendment was made on May 15, 2015.</p> <p>18.7 The sixth amendment was made on May 19, 2017.</p> <p>18.8 The seventh amendment was made on June 19, 2018.</p> <p>18.9 The eighth amendment was made on June 6, 2019.</p> <p>18.10 The ninth amendment was made on June 5, 2020.</p> <p>18.11 The tenth amendment was made on July 5, 2021.</p> <p>18.12 The eleventh amendment was made on May 20, 2022.</p>	<p>Added the date of the twelfth amendment.</p>

# TaiSol Electronics Co., Ltd.

## Articles of Incorporation

### Chapter 1 General

Article 1: The Company is incorporated in accordance with the Company Act under the name of TaiSol Electronics Co., Ltd.

Article 2: The Company mainly specializes in the following activities:

1. CC01020 Electric Wires and Cables Manufacturing
2. CC01080 Electronic Components Manufacturing
3. CC01110 Computer and Peripheral Equipment Manufacturing
4. F113070 Wholesale of Telecommunication Apparatus
5. F113990 Wholesale of Other Machinery and Tools
6. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
7. F119010 Wholesale of Electronic Materials
8. F401010 International Trade
9. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The headquarters of the Company is located in Taipei City, and the Company may establish domestic or foreign branches or offices with a resolution made by the Board.

Article 4: The Company may provide guarantees to external parties.

### Chapter 2 Shares

Article 5: The total capital of the Company is NT\$1 billion, divided into 100,000,000 shares with a par value of NT\$10, issued shares in batches.  
Within the total capital above, NT\$30 million was preserved for the issuance of employee stock options in the amount of 3,000,000 shares with a par value of NT\$10 in aggregate.  
Total shares held by the Company due to investments in other limited companies are not restricted by the investment limit stated under Article 13 of the Company Act.

Article 5-1: The Company intends to issue employee stock options at a subscription price lower than the market price, it shall make arrangements according to relevant requirements of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and the issuance shall be subject to the special resolution made by the shareholders' meeting.

Article 5-2: If the Company intends to transfer its repurchased shares to its employees at a price lower than the actual average price of the shares repurchased, such transfer shall be subject to a special resolution of the shareholders' meeting in accordance with applicable regulations.

Article 5-3: The distribution targets of employee stock options, distribution targets of restrictive stock awards, targets for employee subscription of shares preserved from new shares issued due to capital increases, and targets for the transfer of treasury shares repurchased may include employees, who fulfill certain conditions, of controlling or subordinate companies; the Board is authorized to determine the conditions, distribution methods, and subscription methods.

- Article 6: Stock affairs of the Company are processed according to the requirements under the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.
- Article 6-1: If the Company intends to cancel the public offering of its stocks, it shall submit a proposal to the shareholders’ meeting for resolution; this provision shall remain unchanged during the period in which the Company is listed on the emerging stock market and TWSE/TPEX.
- Article 7: Shares of the Company are registered, with the signature or seal of Directors, who represents the Company, affixed, and issued after being certified by the competent authority or an issuance registration institution it approved. The Company is exempted from printing share certificates for the shares it issues. However, shares issued according to the abovementioned requirements shall be registered with a centralized securities depository enterprise.
- Article 8: The change in name and transfer of shares shall be suspended 60 days before an annual shareholders' meeting, 30 days before an extraordinary shareholders' meeting, or five days before the base day on which the Company decides to distribute dividends, bonuses, or other benefits.

### **Chapter 3 Shareholders' Meeting**

- Article 9: There are annual shareholders’ meetings and extraordinary shareholders’ meetings; annual shareholders’ meetings shall be convened at least once a year by the Board within six months after the end of each fiscal year according to the law; extraordinary shareholders’ meetings are convened according to the law when necessary.  
With the consent of the shareholders, the meeting notice may be provided by electronic means. For shareholders with less than 1,000 registered shares, the meeting notice in the preceding paragraph may be made by way of announcements.
- Article 10: If a shareholder is unable to attend a shareholders’ meeting due to other causes, it may issue a proxy form, which is printed and distributed by the Company, and set out the scope of authorization to engage a proxy to attend the shareholders’ meeting on its behalf.  
Apart from requirements under Article 177 of the Company Act, methods for attendance of shareholders by proxy shall be subject to the requirements of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.
- Article 11: Shareholders of the Company are entitled to one vote for each share held; no vote is granted for those restricted or falling under the circumstances stated in paragraph 2, Article 179 of the Company Act.
- Article 12: Resolutions at a shareholders' meeting shall, unless otherwise stated in the Company Act, be adopted by receiving more than half of the votes for consent from attending shareholders.
- Article 12-1: For shareholders’ meetings convened by the Board, the Chairman shall be the chairperson; if the Chairman is absent, the Chairman shall appoint one person as its proxy; if there is no appointment made, Directors shall elect one person to act on behalf of the Chairman. For shareholders’ meetings convened by a party with the power to convene but other than the Board, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.
- Article 12-2: Resolutions made at the shareholders' meeting shall be recorded in the minutes, signed or

sealed by the chairman of the shareholders' meeting, and processed in accordance with Article 183 of the Company Act after the meeting.

#### **Chapter 4 Directors and Audit Committee**

- Article 13: The Company has five to nine Directors with a term of office of three years; the Company adopts the candidate nomination system for the election of Directors for the shareholders' meeting to elect Directors from the list of Director candidates; Directors may be re-elected and re-appointed. The Company adopts the cumulative voting method for the elections of its Directors. In the above number of Directors, the number of Independent Directors shall be no less than three persons, and they shall be elected by the shareholders from the list of Independent Director candidates. The acceptance method for nomination shall be subject to the requirements of the Company Act and relevant regulations.  
The total shareholding of all Directors of the Company shall be subject to the requirements of the securities administration agency.
- Article 13-1: If the vacancy of Directors reaches one-third or if all Independent Directors are released of their duties, the Board shall convene an extraordinary shareholders' meeting for by-election according to the requirements under Article 201 of the Company Act and Article 14-2 of the Securities and Exchange Act; the tenure of Directors so elected shall be up to the expiry of the initial Directors.
- Article 13-2: The Company may purchase liability insurance for Directors for the compensation liabilities they assume for the scope of business execution during their tenure to minimize the spread the risks of Directors and the Company; the same may apply to material officers of the Company.
- Article 14: The Board composes Directors, and a Chairman shall be elected by receiving the consent of more than half of the attending Directors on a meeting attended by over two-third of the Directors; the Chairman represent the Company to external parties.  
Board meetings shall be convened at least once a quarter, and the meeting notice with reasons specified shall be provided to Directors seven days in advance; however, for any emergencies, Board meetings may be convened at any time. The meeting notice may be made by way of fax, e-mail and other methods.
- Article 15: If the Chairman is on leave or is unable to exercise its functions due to other causes, its proxy shall make arrangements according to requirements under Article 208 of the Company Act.  
If a Director is unable to attend in person, it may issue a proxy form with the reason for the meeting and the scope of authorization stated to engage another Director to attend the Board meeting on its behalf; however, only one Director may be engaged as a proxy of another Director.
- Article 15-1: Except for otherwise stated in the Company Act, the resolutions of the Board shall receive the consent of more than half of the attending Directors at a meeting attended by more than half of the Directors.
- Article 15-2: The Company has established its Audit Committee according to the requirements under Article 14-4 of the Securities and Exchange Act; the Committee composes all Independent Directors. The Audit Committee or its members are responsible for executing duties that shall be exercised by supervisors under the requirements of the Company Act, Securities

and Exchange Act, and other laws and regulations.

Article 16: The Board is authorized to determine the remuneration of the Chairman and Directors, regardless of operating gains or losses of the Company, according to the level of participation in the Company's operations and the value of contributions with reference to the domestic and foreign standards within the industry.

Article 16-1: The Board may establish functional committees; the charters of functional committees shall be approved by the Board as a resolution. Functional committees are held responsible to the Board, and they shall submit all proposals to the Board for resolution.

### **Chapter 5 Managers**

Article 17: The Company may have one President and one Executive Deputy President, who are appointed, removed and paid under Article 29 of the Company.

Article 18: (Deleted).

### **Chapter 6 Accounting**

Article 19: The Board shall prepare the following statements and books at the end of each fiscal year and submit them to the annual shareholders' meeting for ratification according to the law.

(I). Business report

(II). Financial statements

(III). Proposal for earning distribution or loss compensation

Article 20: The Company shall appropriate a profit in the year if any, provided that if the Company has accumulated losses, an amount shall first be reserved in advance from the profit to cover such losses.

(I) No more than 5% as the remuneration of Directors

(II) No more than 15% but not less than 3% as the remuneration of employees

The remuneration of employees in the preceding paragraph may be distributed in shares or cash, and the payment targets may include employees who fulfill certain conditions set by the Board of controlling or subordinate companies.

Article 20-1: If there is a profit in the annual final accounting, the Company shall first make up for past losses and pay tax, and secondly, 10% of the remaining balance shall be set aside as statutory surplus reserve unless it amounts to total capital. In addition, depending on the Company's operational needs and laws and regulations, a special reserve may be set aside. If there is still undistributed earnings at the beginning of the same period, the board of directors shall draft an earnings distribution proposal and submit it to the shareholders' meeting for resolution.

Regarding the distribution in the preceding paragraph, the shareholders' meeting may resolve to retain the entire or partial earnings as undistributed earnings for distribution in subsequent years.

The distribution of shareholders' bonuses may be made by way of cash dividend or stock dividend, and the distribution ratio of the cash dividend shall be no less than 20%, in principle; however, the ratio of cash dividend or stock dividend for the earning distribution may be adjusted through the resolution by shareholders' meeting based on the actual profits and capital status of the year.

## Chapter 7 Supplementary

- Article 21: Unaddressed matters in the Articles shall be subject to the requirements under the Company Act.
- Article 22: The Articles were established on September 12, 1994.  
The 1st amendment was made on June 24, 1995.  
The 2nd amendment was made on August 3, 1998.  
The 3rd amendment was made on March 6, 1999.  
The 4th amendment was made on July 5, 1999.  
The 5th amendment was made on February 3, 2000.  
The 6th amendment was made on June 10, 2000.  
The 7th amendment was made on June 9, 2001.  
The 8th amendment was made on June 15, 2002.  
The 9th amendment was made on June 7, 2003.  
The 10th amendment was made on June 5, 2004.  
The 11th amendment was made on June 20, 2006.  
The 12th amendment was made on June 20, 2007.  
The 13th amendment was made on October 18, 2007.  
The 14th amendment was made on June 18, 2009.  
The 15th amendment was made on June 25, 2010.  
The 16th amendment was made on June 8, 2012.  
The 17th amendment was made on July 5, 2013.  
The 18th amendment was made on May 15, 2015.  
The 19th amendment was made on May 31, 2016.  
The 20th amendment was made on June 5, 2020.  
The 21st amendment was made on July 5, 2021.

**TaiSol Electronics Co., Ltd.**  
**Rules of Procedure for Shareholders' Meetings**

- 1 Establishment basis:
  - 1.1 To establish strong governance system and sound supervisory capabilities for the shareholders' meetings of the Company and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 2 Regulatory basis:
  - 2.1 Except otherwise provided by laws, regulations, or the Articles, the rules of procedures for the shareholders' meetings of the Company shall be subject to the Rules.
- 3 Convening of shareholders' meetings, meeting notice, and shareholders' proposals:
  - 3.1 Except for where otherwise stated in laws and regulations, shareholders' meetings of the Company shall be convened by the Board.
  - 3.2 Any changes in the convening method of the shareholders' meeting of the Company shall be resolved by the Board, and be made no later than the dispatch of the notice of the shareholders' meeting.
  - 3.3 The Company shall prepare electronic files of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, proposals for discussion, or the election or dismissal of Directors, and upload them to the Market Observation Post System (MOPS) 30 days before the annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting, respectively.
  - 3.4 The Company shall prepare electronic files of the shareholders' meeting manual and supplementary materials and upload them to the MOPS 21 days before the annual shareholders' meeting or 15 days before an extraordinary shareholders' meeting. If, however, the Company has a paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the shareholder register of the annual shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made 30 days before the annual shareholders meeting.
  - 3.5 In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting handbook and supplemental meeting materials and have made them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at the Company and the professional stock agent designated by the Company, and distributed at the site of the shareholders' meeting.
  - 3.6 The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic forms.
  - 3.7 Election or dismissal of Directors, amendments to the Articles of Incorporation, capital reduction, application for the approval of ceasing its status as a public company, approval for the release of non-competition restriction of Directors, capital increase from earnings, capital increase from reserves, the dissolution, merger, or division of the Company, or any matter under paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extempore motion.

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

- 3.8 A shareholder holding 1% or more of the total number of issued shares may submit a proposal to the Company for discussions at an annual shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder's proposal in alignment with any circumstance under any subparagraph of paragraph 4 of Article 172-1 of the Company Act may not be included in the meeting agenda by the Board. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.
- 3.9 Prior to the book closure date before the convening of an annual shareholders meeting, the Company shall publicly announce its acceptance of shareholder's proposals, acceptance method in writing or through electronic means, and the location and the period for their submission; the period for submission of shareholder's proposals may not be less than ten days.
- 3.10 A proposal submitted by a shareholder is limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall attend the annual shareholders' meeting in person or by proxy and take part in discussions of the proposal.
- 3.11 Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and Notes shall be made by the Board at the shareholders' meeting to be convened.

#### 4 Engage proxies to attend shareholders' meetings and authorization:

- 4.1 For each shareholders' meeting, a shareholder may issue a proxy form, which is printed and distributed by the Company, and set out the scope of authorization to engage a proxy to attend the shareholders' meeting on its behalf.
- 4.2 Each shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When a duplicate proxy form is served, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy form.
- 4.3 Once a proxy form is received by the Company, if a shareholder wishes to attend the shareholders' meeting in person or to exercise their voting rights in writing or by electronic means, a written proxy rescission notice shall be filed with the Company at least two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

#### 5 Principles for the venue and time of shareholders' meetings:

- 5.1 The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.; full consideration shall be given to Independent Directors' opinions with respect to the place and time of the meeting.

- 6 Preparation of documents such as the attendance book:
  - 6.1 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.
  - 6.2 The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.
  - 6.3 Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend to be presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
  - 6.4 The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
  - 6.5 The Company shall furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished.
  - 6.6 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a corporation is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.
- 7 Chairperson and presenting person at shareholders' meetings:
  - 7.1 If a shareholders' meeting is convened by the Board, the Chairman shall be the chairperson; if the Chairman is on leave or is unable to exercise its functions due to other causes, the Chairman shall appoint one Director to act on its behalf; if the Chairman has not appointed any proxy, Directors shall elect one person by and from among themselves to act on behalf of the Chairman.
  - 7.2 The Director acting on behalf of the chairperson in the preceding paragraph shall be a Director who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall apply to a representative of a corporate Director that serves as the chairperson.
  - 7.3 7.3 Shareholders meetings convened by the Board shall be chaired by the Chairman in person and attended by a majority of the Directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
  - 7.4 If a shareholders' meeting is convened by a party with the power to convene but other than the Board, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.
  - 7.5 The Company may appoint its attorneys, CPAs, or related persons retained by it to present at shareholders' meetings.
- 8 Preservation of uninterrupted audio and video recording of shareholders' meetings as evidence:
  - 8.1 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.
  - 8.2 The recorded materials of the preceding paragraph shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

- 9 Shares represented by shareholders attended in person or by proxy at shareholders' meetings and calling meetings to order:
  - 9.1 Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance book or attendance cards handed in, plus the number of shares exercising voting rights by correspondence or electronic means.
  - 9.2 The chairperson shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and the number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chairperson shall declare the meeting adjourned.
  - 9.3 If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution, and another shareholders' meeting shall be convened within one month.
  - 9.4 When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- 10 Discussion of proposals:
  - 10.1 If a shareholders' meeting is convened by the Board, the meeting agenda shall be set by the Board. Votes shall be cast on each separate proposal in the agenda (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
  - 10.2 If a shareholders' meeting is convened by a party with the power to convene but other than the Board, requirements in the preceding paragraph may apply.
  - 10.3 The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution by the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures by agreement of a majority of the votes represented by the attending shareholders to continue the meeting.
  - 10.4 The chairperson shall allow ample opportunity during the meeting for Notes and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chairperson considers that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- 11 Shareholder speech:
  - 11.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, its shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
  - 11.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to

the subject given on the speaker's slip, the spoken content shall prevail.

- 11.3 Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes; if the shareholder's speech violates the rules or exceeds the scope of the motion, the chairperson may have the shareholder stop the speech.
  - 11.4 Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholder. The Chairman will have shareholders violating this policy stopped.
  - 11.5 When an institutional shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
  - 11.6 After an attending shareholder has spoken, the chairperson may respond or direct relevant personnel to respond.
- 12 Calculation of voting shares and recusal system:
- 12.1 Votes cast at shareholders' meetings shall be calculated based on the number of shares.
  - 12.2 The shares held by shareholders having no voting rights shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.
  - 12.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as a proxy for any other shareholder.
  - 12.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the number of voting rights represented by attending shareholders.
  - 12.5 Except for trust enterprises or stock agencies approved by the competent authority of securities, when a person acts as the proxy for two or more shareholders, the number of voting rights represented by it shall not exceed 3% of the total number of voting shares of the company; otherwise, the portion of excessive voting power shall not be counted.
- 13 Voting, monitoring, and vote calculation methods:
- 13.1 Shareholders of the Company are entitled to one vote for each share held; however, this shall not apply to those restricted or with no voting rights as stated in paragraph 2, Article 179 of the Company Act. When the Company holds a shareholders' meeting, it may adopt the exercise of voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting convening notice. A shareholder's exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, it shall be deemed as a waiver of rights with respect to the extraordinary motions and amendments to the original proposals of the shareholders' meeting. Therefore the Company shall attempt to avoid the submission of extempore motions and amendments to original proposals.
  - 13.2 A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company at least two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this shall not apply to a declaration made to cancel the earlier declaration of intent. In the case a shareholder who has exercised its voting power by correspondence or electronic means intends to attend the shareholders' meeting in person, it shall serve a separate declaration of intention to rescind its previous declaration of intention made by exercising its voting rights under the preceding

paragraph before two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used to exercise its voting rights. In the absence of a timely rescission of the previous declaration of intention, the voting rights exercised by correspondence or electronic means shall prevail. If the shareholder exercises voting rights by correspondence or electronic means and appoints a proxy with a proxy form to attend the shareholders' meeting, the voting right exercised by the attending proxy at the meeting shall prevail.

- 13.3 Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of the majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote by the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the number of votes for or against and the number of abstentions, shall be entered on the MOPS.
- 13.4 When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to the vote. When a proposal among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 13.5 Scrutineers and vote counting personnel for the voting on proposals shall be appointed by the chairperson, provided all scrutineers shall be shareholders of the Company.
- 13.6 Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the venue of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### 14 Election:

- 14.1 The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected, and the names of Directors not elected and the number of votes they received.
- 14.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

#### 15 Meeting minutes and matters of execution:

- 15.1 Meeting minutes shall be prepared for resolutions made at shareholder's meetings. The minutes shall be signed and affixed with a seal by the chairperson and distributed to the shareholders within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.
- 15.2 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of Directors. The minutes shall be retained for the duration of the existence of the Company.

- 16 Public disclosure:
  - 16.1 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting.
  - 16.2 If any resolutions by the shareholders' meeting are material information as stipulated by laws and regulations or Taiwan Stock Exchange Corporation, the Company shall upload the content to the MOPS within the prescribed period.
- 17 Maintenance of order at the meeting venue:
  - 17.1 Staff handling administrative affairs of a shareholders' meeting shall wear an identification badge or an armband.
  - 17.2 The chairperson may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification badge or an armband, reading "Proctor."
  - 17.3 At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from so doing.
  - 17.4 When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.
- 18 Break, resumption of meetings, and adjournment:
  - 18.1 When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
  - 18.2 If the meeting venue is no longer available for continued use and not all the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
  - 18.3 A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
  - 18.4 When the chairperson calls for an adjournment based on the meeting agenda, the shareholders' meeting is deemed ended. After the adjournment, shareholders may not otherwise elect a chairperson or seek another venue to resume the meeting.
- 19 Appendices:
  - 19.1 The Rules were implemented on the publishing date after being approved by the shareholders' meeting.
- 20 History:
  - 20.1 The Rules were established on June 15, 2002.
  - 20.2 The 1st amendment was made on June 20, 2006.
  - 20.3 The 2nd amendment was made on June 25, 2010.
  - 20.4 The 3rd amendment was made on June 8, 2012.
  - 20.5 The 4th amendment was made on June 5, 2020.
  - 20.6 The 5th amendment was made on May 25, 2021.
  - 20.7 The 6th amendment was made on May 30, 2023.

**TaiSol Electronics Co., Ltd.**  
**Procedure for Acquisition or Disposal of Assets (Before the Amendment)**

- 1 Purpose
  - 1.1 The procedure is hereby formulated to protect assets and implement information disclosure.
- 2 Scope
  - 2.1 The Company shall acquire or dispose of any assets as per the Procedure. However, if other laws provide otherwise, such provisions shall prevail.
- 3 Assets in the preceding paragraph are defined as:
  - 3.1 Investments in shares, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.
  - 3.2 Property (including land, buildings and structures, and investment property) and equipment.
  - 3.3 Membership cards.
  - 3.4 Patents, copyrights, trademarks, franchises and other intangible assets.
  - 3.5 Right-of-use assets.
  - 3.6 Claims of financial institutions (including receivables, foreign exchange discounts and loans, overdue receivables).
  - 3.7 Derivatives.
  - 3.8 Assets acquired or disposed of through merger, division, acquisition, or transfer of shares in accordance with the law.
  - 3.9 Other important assets
- 4 Limits for investments in property and securities not under operating use:
  - 4.1 The Company and its subsidiaries may purchase up to 60% of the total book value of property or securities (i.e. the original investment amount) not under operating use.
  - 4.2 Investment in individual securities shall not exceed 50% of the said limit (i.e. 30% of total assets).
- 5 Definition of terms:
  - 5.1 Derivatives: Forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of the above contracts, or combined contracts or structured commodities incorporating derivatives, whose values are derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indexes, credit ratings or credit indexes, or other variables. Forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.
  - 5.2 Assets acquired or disposed of through merger, spinoff, acquisition, or transfer of shares in accordance with the law: Assets acquired or disposed of through merger, spinoff, or acquisition in accordance with laws including the Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act; or new shares issued or shares acquired from another company in accordance with Article 156-3 of the Company Act (hereinafter referred to as the acquisition of shares).
  - 5.3 Related party or subsidiary: To be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  - 5.4 Professional appraiser: A property appraiser or another person who is legally allowed to engage in the appraisal of property or equipment.
  - 5.5 Date of occurrence: the date of a contract, date of payment, date of brokerage trade, date of transfer, date of resolution of the board of directors, or any other date that can confirm the counterparty and the amount of the transaction, whichever date is earlier. However, for any investment to be approved by the competent authority, the earlier of the said date or the date of receiving approval from the competent authority.

- 5.6 Investment in Mainland China: An investment in Mainland China that is made in accordance with the Regulations Governing the Licensing of Investments or Technical Cooperation in Mainland China by the Investment Commission, Ministry of Economic Affairs.
  - 5.7 The most recent financial statements are the financial statements audited and attested or reviewed by CPAs in accordance with the law before the acquisition or disposal of assets.
  - 5.8 Stock exchange: domestic stock exchange means Taiwan Stock Exchange; foreign stock exchange means any organized securities exchange regulated by the securities authority of that country.
  - 5.9 Over-the-Counter (OTC) markets: the domestic over-the-counter markets designated by securities dealers for trading in accordance with the Regulations Governing Trading of Securities on OTC Markets; foreign OTC markets: the over-the-counter markets where foreign securities firms are authorized to trade. The business premises of a financial institution that is authorized to operate securities business under the authority's management.
- 6 Restrictions:
- 6.1 When the Company needs to obtain a valuation report or an opinion from an accountant, lawyer or securities underwriter for the acquisition or disposal of assets, the professional appraiser and its appraisal professionals, accountants, lawyers or securities underwriters shall meet the following requirements:
    - 6.1.1 Not announced imprisoned for a term of more than one year for having violated this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Accounting Act, or any defraud, breach of trust, embezzlement, forgery of documents, or criminal conduct in business. However, this does not apply three years after completion of service, expiration of probation, or pardon.
    - 6.1.2 Not a related party or a person with substantial relationship to the counterparty.
    - 6.1.3 If the Company obtains appraisal reports from two or more professional appraisers, the professional appraisers or appraisal professionals shall not be related parties or persons with substantial relationship to each other.

When issuing an appraisal report or opinion, the said professionals shall comply with the self-discipline regulations of their respective industry associations and the following matters:

    - 6.1.3.1 Before accepting a case, they shall carefully evaluate their own professional competence, practical experience and independence.
    - 6.1.3.2 When executing a case, they shall properly plan and execute the appropriate operating procedures to form a conclusion and issue a report or opinion accordingly; and the executed procedure, collected information and conclusion shall be detailed in the case working papers.
    - 6.1.3.3 They shall assess the appropriateness and reasonableness of the data sources, parameters and information used item by item, as the basis for issuing an appraisal report or opinion.
    - 6.1.3.4 Statement matters shall include matters that the professionalism and independence of related professionals, the assessment that the information used is appropriate and reasonable, and compliance with applicable laws and regulations.
- 7 Procedure for acquisition or disposal of property, equipment or right-of-use assets thereof:
- 7.1 Assessment and execution department: Property or equipment shall be assessed by the President's Office or the requesting department, and then handed over to the responsible department for execution upon approval.
  - 7.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:
    - 7.2.1 In the acquisition or disposal of property, the terms and conditions of the transaction and the transaction price shall be determined with reference to the announced present value, appraised value, and actual transaction price of the neighboring property, and an analysis

report prepared. For the general counterparty, the transaction amount is US\$2 million (inclusive). The following shall be authorized to the President for approval; those with a transaction amount exceeding US\$1 million shall be reported at the next board meeting; those with a transaction amount exceeding US\$2 million shall be subject to approval by the Board of Directors. In addition, if the amount of a transaction between related parties reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of Directors for approval in accordance with 9.2 before entering into a transaction contract and making payments. The amount of the transaction referred to in the preceding paragraph shall be calculated in accordance with 14.2, and the said one-year period shall be based on the date of occurrence of the transaction and projected one year backward. The part that has been approved by the Board of Directors in accordance with these standards can be excluded from the calculation.

- 7.2.2 Equipment shall be acquired or disposed of through inquiry, price comparison, price negotiation or bidding. Generally, any transaction with counterparty whose amount is less than US\$2 million (inclusive) shall be subject to approval by the President. If the transaction amount exceeds US\$1 million, it shall be reported at the next board meeting afterwards; if the transaction amount exceeds US\$2 million Otherwise, it shall be submitted to the board of directors for approval. In addition, if the amount a transaction between related parties reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million, the related party shall submit it to the Board of Directors for approval in before entering into a transaction contract and making payments. The applicable operating procedure shall be the Company's internal control system property, plant and equipment cycle procedure.
- 7.2.3 Should the Company engage in the following transactions with its parent company or subsidiaries, or among its subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital, the Board of Directors may authorize the Chairman to conduct the following transactions within a certain limit in accordance with 7.2.2, and then report to the future Ratifications made by the Board of Directors in the most recent session:
- 7.2.3.1 Acquisition or disposal of business equipment for the operating use or right-of-use assets thereof.
- 7.2.3.2 Acquisition or disposal of right-of-use assets in property for the operating use.
- 7.2.4 If the Company acquires or disposes of assets subject to approval by the board of directors according to its procedures or other laws and regulations, when the transaction of acquisition or disposal of assets is submitted to the board of directors for discussion, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the board meeting.
- 7.2.5 Significant asset transactions shall be approved by more than half of all members of the Audit Committee and shall be submitted to the board of directors for resolution. If there is no consent from more than half of all members of the Audit Committee, a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.
- 7.3 Property or equipment appraisal report:
- 7.3.1 If the Company acquires or disposes of property, equipment or its right-of-use assets, except for any transaction with a domestic government department, commissioned construction on self-owned land or leased land, or equipment for the operating use or right-of-use assets thereof acquired or disposed of, for an amount equal to or above 20%

of the Company's paid-in capital or NT\$300 million, it shall obtain the valuation report issued by a professional appraiser before the date of occurrence and meet the following requirements:

- 7.3.1.1 If for special reasons, a limited price, a specific price or a special price must be used as the reference for the transaction price, the transaction shall be submitted to the board of directors for approval first; the same shall apply when the terms and conditions of the transaction are changed later.
- 7.3.1.2 If the transaction amount exceeds NT\$1,000 million, two or more professional appraisers shall be requested for appraisal.
- 7.3.1.3 If the valuation of a professional appraiser falls into any of the following circumstances, unless the assessed value of the assets acquired is higher than the transaction amount, or the assessed value of the assets for disposal is lower than the transaction amount, CPAs shall be consulted for an opinion on the reason for the discrepancy and the fairness of the transaction price:
  - 7.3.1.3.1 The difference between the assessed value and the transaction amount exceeds 20% of the transaction amount.
  - 7.3.1.3.2 The difference between the assessed value of two or more professional appraisers exceeds 10% of the transaction amount.
- 7.3.1.4 The date of the report issued by the professional appraiser shall not be more than three months from the date of a contract. However, if it is applicable to the present value of the same period and is less than six months old, the original professional appraiser may issue an opinion.
- 7.3.1.5 If the Company acquires or disposes of assets through court auction, the supporting documents issued by the court can be used in lieu of the appraisal report or the CPA opinion.

## 8 Procedure for acquisition or disposal of securities:

- 8.1 Assessment and execution department: Long-term and short-term securities investments and derivatives are proposed by the Finance Department after assessment, and are handed over to the responsible department for execution upon approval.
- 8.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:
  - 8.2.1 In addition to the items set out in 8.3.1 for the acquisition or disposal of marketable securities, the Company shall obtain the most recent financial statements of the underlying company that have been audited and certified or reviewed by CPAs as a reference for evaluating the transaction price, and take into account its net worth per share, profitability, and future development potential, except for securities traded on the centralized market or OTC, the price shall be determined through bidding, price comparison or bargaining with reference to market conditions. If the amount is less than US\$10 million (inclusive), it shall be submitted to the President for approval and reported to the next board meeting; if it exceeds US\$10 million, it shall be further submitted to the board of directors for approval. The applicable operating procedure shall be the Company's internal control system investment cycle procedure.
  - 8.2.2 If the Company acquires or disposes of assets subject to approval by the board of directors according to its procedures or other laws and regulations, when the transaction of acquisition or disposal of assets is submitted to the board of directors for discussion, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the board meeting.
  - 8.2.3 Significant asset transactions shall be approved by more than half of all members of the Audit Committee and shall be submitted to the board of directors for resolution. If there is no consent from more than half of all members of the Audit Committee, a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and

the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.

### 8.3 Obtaining expertise

8.3.1 In acquiring or disposing of marketable securities, the Company shall obtain, before the date of occurrence, the most recent financial statements of the underlying company that have been audited or reviewed by CPAs, as a reference for assessing the transaction price. If the transaction amount is equal to or above 20% of the Company's paid-in capital or NT\$300 million (or the Company acquires or disposes of securities from a related party, or acquires securities from another non-related party with a related party as the subject matter, for an amount equal to or above 20% of the Company's paid-in capital or 10% of its total assets or NT\$300 million), CPAs shall be consulted for an opinion on the reasonableness of the transaction price before the date of occurrence. However, this shall not apply if the marketable securities are publicly quoted in an active market or where the Financial Supervisory Commission (hereinafter referred to as the "FSC") has required otherwise.

## 9 Procedure for acquisition or disposal of property or right-of-use assets thereof from related parties:

9.1 When the Company acquires or disposes of property or right-of-use assets thereof by purchasing or exchanging them from a related party, it shall follow the procedure in 7 above and also follow the applicable procedures and evaluate the reasonableness of the terms and conditions of the transaction as required below. In addition, when judging whether a transaction counterparty is a related party, in addition to the legal form, the substantial relationship shall also be considered.

### 9.2 Assessment and operation procedure

9.2.1 When the Company acquires or disposes of property or the right-of-use assets thereof from a related party, or acquires or disposes of other assets other than property or right-of-use assets thereof with a related party, for an amount equal to or above 20% of the Company's paid-in capital or 10% of its total assets or NT\$300 million, except for the purchase and sale of domestic government bonds, bonds with buy-back and sell-back conditions, and the purchase or buy-back of money market funds issued by domestic securities investment trusts, the following information shall be submitted to the board of directors for approval before conclusion of a transaction contract and payment:

9.2.1.1 An appraisal report issued by the professional appraiser, or CPAs' opinion obtained as required.

9.2.1.2 The purpose, necessity, and expected benefits of the acquisition or disposal of assets.

9.2.1.3 The reasons for selecting the related party as the counterparty.

9.2.1.4 Information required for evaluating the reasonableness of the predetermined transaction conditions in accordance with 9.3.1 - 9.3.3 and 9.3.5 when acquiring property or right-of-use assets thereof from a related party.

9.2.1.5 The original date and price of the acquisition by the related party, the counterparty and its relationship with the Company and the related party.

9.2.1.6 A forecast statement of cash receipts and payments for each month of the next year from the month in which the contract is expected to be entered into, and an assessment of the necessity of the transaction and the rationality of the use of funds.

9.2.1.7 Restrictions and other important covenants on the transaction.

9.2.1.8 An opinion issued by CPAs appointed on whether the related party transaction is in conformity with general commercial terms and does not damage the interests of the Company and its minority shareholders.

9.2.1.9 If the difference between the assessed value and the transaction amount in the

preceding paragraph is equal to or above 20% of the transaction amount, CPAs shall be consulted for an opinion on the reasons for the difference and the adequacy of the transaction price, and more than two-thirds of the board of directors should present, subject to consent by more than half of the directors present.

- 9.2.2 If the Company acquires or disposes of assets subject to approval by the board of directors under applicable procedures or other laws or regulations, when the transaction is submitted to the board of directors for discussion in accordance with the preceding paragraph, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the Board meeting.
- 9.2.3 All such matters as contemplated by 9.2.1 shall be approved by at least 1/2 of the members of the Audit Committee and submitted to the Board of Directors for resolution. If there is no consent from more than half of all members of the Audit Committee, a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.
- 9.2.4 If the Company or its subsidiary that is not a domestic public company has the transaction described in 9.2.1 for an amount equal to or above 10% of the Company's total assets, the Company shall submit the information listed in 9.2.1 to the shareholders' meeting for approval before entering into a transaction contract and making a payment. However, this does not apply to transactions between the Company and its parent company or subsidiaries, or between its subsidiaries.
- 9.2.5 The amount of the transaction referred to in the preceding paragraph and in 9.2.1 shall be calculated in accordance with 14.2, and the said one-year period shall be based on the date of occurrence of the transaction and projected one year backward. The part that has been approved by the shareholders' meetings and Board of Directors in accordance with these Procedure for can be excluded from the calculation.
- 9.3 Assessment of the reasonableness of transaction costs
- 9.3.1 When acquiring property or right-of-use assets thereof from a related party, the Company shall assess the reasonableness of the transaction costs in the following ways, and request CPAs to review and express an opinion:
- 9.3.1.1 The transaction price of the related party plus interest on necessary funds and costs payable by the buyer in accordance with the law. The interest cost of necessary funds referred to shall be based on the weighted average interest rate of the loan in the year in which the Company purchases the assets, but shall not be higher than the maximum interest rate for non-financial institutions announced by the Ministry of Finance.
- 9.3.1.2 If the related party has pledged the subject matter to a financial institution as collateral for a loan, the financial institution has assessed the total value of loans secured by the subject matter, provided that the actual cumulative value of loans made by the financial institution as secured by the subject matter may not be less than 70% of the assessed total value of loans made by the financial institution as secured the subject matter and the loan term has been more than one year. However, this does not apply when the financial institution and the counterparty to the transaction are related parties.
- 9.3.2 For the combined purchase or lease of land and buildings on the same subject matter, transaction costs may be assessed separately for the land and the building with any of the methods listed in the preceding paragraph.
- 9.3.3 The Company acquires property or right-of-use assets thereof from a related party for an

amount higher than the value assessed in accordance with 9.3.1.1 and 9.3.1.2, then 9.3.4 shall apply. However, this does not apply if the following circumstances arise, with objective evidence presented and a concrete and reasonable opinion from the professional property appraiser and CPAs:

9.3.3.1 If the related party has acquired uncultivated land or leased land for construction, it shall prove that it has met one of the following conditions:

9.3.3.1.1 Uncultivated land shall be appraised with the method referred to in the preceding paragraph; buildings shall be appraised based on the related party's construction costs plus reasonable construction profit, and the total amount exceeds the actual transaction price. Reasonable construction profit is based on the average gross margin of the construction segment of the related party in the last three years or the gross margin of the construction industry announced by the Ministry of Finance in the most recent period, whichever is lower.

9.3.3.1.2 Transactions of other floors of the same subject property or of buildings in the vicinity within one year by non-related parties with similar areas and the terms and conditions of the transaction are equivalent after being assessed based on the reasonable floor or area price difference in practice of property trading or leasing.

9.3.3.2 The Company provides evidence that it has purchased property or the use of property from a related party with the terms and conditions comparable to other non-related party transactions of a similar area in the neighborhood within one year. The aforementioned transactions in the neighborhood refer to transactions between the same or an adjacent street and the subject matter of transaction is less than 500 meters in radius or with similar announced present value. In principle, the area is not less than 50% of the area of the subject of transaction; the term "within one year" as referred to above shall be based on the date of occurrence of the acquisition of the property or the right-of-use assets and retroactively calculated for one year in the past.

9.3.4 When the Company acquires property or its right-of-use assets from a related party, if the value assessed in accordance with 9.3.1 - 9.3.3 is lower than the transaction price, the following matters shall be transacted. In addition, the Company and a public company that measures investment in the Company using the equity method have set aside a special surplus reserve as required above, the special surplus reserve shall only be used subject to consent by the FSC after the assets purchased or leased at a high price have been recognized as depreciation losses or disposed of, or the lease has been terminated, or appropriate compensation has been provided, or the assets have been restored to the original state, or if there is other evidence to confirm that it is not unreasonable.

9.3.4.1 The Company shall, in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act, set aside a special reserve in respect of the difference between the transaction price of the property or its right-of-use assets and the appraised cost, and shall not distribute it or transfer it to increase the capital and issue shares. If investment in the Company is accounted for using the equity method by an investor that is a public company, then a special surplus reserve shall be set aside in proportion to the shareholding in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act.

9.3.4.2 The requirements on supervisors in Article 218 of the Company Act shall apply mutatis mutandis to the Audit Committee.

9.3.4.3 Matters transacted in accordance with 9.3.4.1 and 9.3.4.2 shall be reported to the Shareholders' Meeting, and details of transactions shall be disclosed in the

Annual Report and the Prospectus.

9.3.4.4 If a related party transaction falls in one of the following circumstances, then upon approval by the board of directors, it shall be submitted to the shareholders' meeting for approval, and the related party or persons related to the related party shall not vote:

- I. The transaction amount differs from the assessed amount by 20% or more.
- II. The amount and terms of the transaction have a significant impact on the Company's operations.
- III. The transaction has a significant impact on shareholders' equity.
- IV. Other matters that, in the opinion of the Board of Directors, shall be submitted to the Shareholders' Meeting for resolution.

9.3.5 When the Company acquires property or right-of-use assets thereof from a related party, if any of the following circumstances occurs, it shall follow the assessment and operation procedure in 9.2, and assessment of the reasonableness of transaction costs in 9.3.1 and 9.3.2 does not apply:

9.3.5.1 The related party acquires that property or right-of-use assets thereof due to inheritance or donation.

9.3.5.2 The time when the related party acquires that property or right-of-use assets thereof by contract has been more than five years since the date of the contract.

9.3.5.3 The Company acquires that property by entering into a joint construction contract with the related party, commissioning construction on its own land or leased land or otherwise requesting the related party to build that property.

9.3.5.4 The Company acquires right-of-use assets of that property for the operating use from the parent company, subsidiaries, or subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital.

9.3.6 When the Company acquires property or right-of-use assets thereof from a related party, if there is other evidence indicating that the transaction is not for the operating use, the Company shall follow 9.3.4.

10 Procedure for acquisition or disposal of intangible assets or their right-of-use assets or membership cards:

10.1 Assessment and execution department: Membership cards or Intangible assets acquired or disposed of shall be assessed by the President's Office or the requesting department, and then handed over to the responsible department for execution upon approval.

10.2 Procedure for determining the terms and conditions of a transaction and the authorized limit:

10.2.1 For the acquisition or disposal of membership cards, the transaction conditions and prices shall be determined with reference to the fair market value, and an analysis report prepared. If the amount is less than US\$100,000 (inclusive), it shall be submitted to the President for approval and proposed in the next board meeting. Those exceeding US\$100,000 must be separately submitted to the Board of Directors for approval. The applicable operating procedure shall be the Company's internal control system fixed assets cycle procedure.

10.2.2 In the acquisition or disposal of intangible assets, for self-developed intangible assets, only their registration charges may be recovered as patent costs and accounted for as cost in accordance with generally accepted accounting principles; for other intangible assets, the terms and conditions of the transaction and the transaction price will be decided by reference to the expert valuation report or fair market value and an analysis report will be prepared. If the amount is less than US\$2 million (inclusive), it shall be submitted to the President for approval and reported to the next board meeting; if the amount exceeds US\$2 million. Otherwise, it shall be submitted to the Board of Directors for approval. The applicable operating procedure shall be the Company's internal control system fixed assets cycle procedure.

- 10.2.3 If the Company acquires or disposes of assets subject to approval by the board of directors according to its procedures or other laws and regulations, when the transaction of acquisition or disposal of assets is submitted to the board of directors for discussion, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the board meeting.
- 10.2.4 Significant asset transactions shall be approved by more than half of all members of the Audit Committee and shall be submitted to the board of directors for resolution. If there is no consent from more than half of all members of the Audit Committee, a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.
- 10.3 Expertise report on intangible assets or their right-of-use assets or membership cards:
  - 10.3.1 If the Company acquires or disposes of intangible assets or their right-of-use assets or membership cards for an amount equal to or above 20% of the Company's paid-in capital or NT\$300 million, except for any transaction with a domestic government department, it shall consult CPAs for an opinion on the reasonableness of the transaction price before the date of occurrence.
  - 10.3.2 If the Company acquires or disposes of intangible assets or membership cards from a related party for an amount equal to or above 20% of the Company's paid-in capital, 10% of its total assets or NT\$300 million, it shall consult CPAs for an opinion on the reasonableness of the transaction price.
- 11 Procedure for acquisition or disposal of claims of financial institutions:
  - 11.1 In principle, the Company does not engage in the acquisition or disposition of claims of financial institutions. If it intends to do so in the future, the Company will report to the Board of Directors for approval before formulating its evaluation and operation procedure.
- 12 Procedure for acquisition or disposal of derivatives
  - 12.1 Trading principles and policy
    - 12.1.1 Type of transaction: Processed in accordance with 3.1.
    - 12.1.2 Operation (hedging) strategy: The Company shall engage in financial derivative transactions for the purpose of hedging, and the instruments to be traded shall be mainly used to hedge the risks arising from the Company's business operations. The import and export transactions are in line with the foreign currency demand for the actual import and export transactions, and the principle is to square the Company's overall internal positions (i.e. the foreign currency income and expenditure), in order to reduce the Company's overall foreign exchange risk and save the cost of foreign exchange operations. Transactions for other specific purposes must be carefully evaluated and submitted to the Board of Directors for approval before proceeding.
    - 12.1.3 Division of powers and responsibilities
      - 12.1.3.1 Finance Department
        - 12.1.3.1.1 Traders
          - 12.1.3.1.1.1 Formulate the Company's financial product trading strategy.
          - 12.1.3.1.1.2 Traders shall regularly calculate positions every two weeks, collect market information, make trend judgments and risk assessments, and formulate an operating strategy, which shall be approved by the approval authority as the basis for trading.
          - 12.1.3.1.1.3 Execute transactions as authorized and in line with the established strategy.
          - 12.1.3.1.1.4 When there are major changes in the financial market and the traders judge that the established strategy is no longer

applicable, they shall submit an evaluation report at any time, re-formulate the strategy, and, after the approval of the President, shall be used as the basis for engaging in trading.

12.1.3.1.2 Accountants

- 12.1.3.1.2.1 Confirm transactions.
- 12.1.3.1.2.2 Review whether the transaction is conducted as authorized and in line with the established strategy.
- 12.1.3.1.2.3 Conduct monthly evaluation and submit the evaluation report to the President for approval.
- 12.1.3.1.2.4 Accounting and bookkeeping.
- 12.1.3.1.2.5 Report and make announcements as required by the Securities and Futures Commission.

12.1.3.1.3 Deliverers: Perform delivery tasks.

12.1.3.1.4 Authority to approve derivatives

12.1.3.1.4.1 Authority to approve hedging transactions

Approving authority	Daily trading authority	Net cumulative position trading authority
President	US\$0.5M or less	US\$10M or less
Chairman	More than US\$ 0.5M	More than US\$ 10M

12.1.3.1.4.2 Other special-purpose transactions must be submitted to the Board of Directors for approval before proceeding.

12.1.3.1.4.3 When a transaction of acquisition or disposal of assets is submitted to the board of directors for discussion as required, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the Board meeting.

12.1.3.1.4.4 Significant derivative transactions must be approved by at least 1/2 of all members of the Audit Committee and submitted to the board of directors for resolution. If there is no consent from more than half of all members of the Audit Committee, a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.

12.1.3.2 Audit Department

12.1.3.2.1 Learn about the appropriateness of internal control over derivative transactions, check the compliance of the Trading Department with operating procedures, analyze the trading cycle, prepare audit reports, and report to the board of directors if there are any major deficiencies.

12.1.4 Performance appraisal

12.1.4.1 Hedging transactions

12.1.4.1.1 Appraise performance based on the exchange costs on the Company's books and gains and losses generated from the derivative financial transactions.

12.1.4.1.2 In order to fully control and express the assessment risk of

transactions, the Company assesses gains and losses on a monthly basis.

12.1.4.1.3 The Finance Department shall provide President with the evaluation of foreign exchange positions, foreign exchange market trends and market analysis as management reference and instructions.

12.1.4.2 Special-purpose transactions: Performance is appraised based on actual profit or loss generated. Accountants must regularly prepare statements of positions for reference to management.

12.1.5 Determination of the total contract amount and loss ceiling

12.1.5.1 Total contract amount

12.1.5.1.1 Limits on hedging transactions: The Finance Department shall control the Company's overall position to avoid transaction risk. The amount of a hedging transaction shall not exceed two-thirds of the Company's overall net position. Otherwise, the department shall report to the President for approval.

12.1.5.1.2 Special-purpose transaction: Based on the forecast of market changes, the Finance Department may develop a strategy as needed and submit it to the President and Chairman for approval before proceeding. The total amount of the Company's net accumulated contracts for special-purpose transactions is limited to US\$3 million. If the said limit is exceeded, approval is required from the Board of Directors before any transaction may be carried out as per the policy instructions.

12.1.5.2 Determination of the loss ceiling

12.1.5.2.1 As hedging transactions aim to avoid risk, there is no need to set a loss limit.

12.1.5.2.2 In the case of a special purpose transaction contract, after the position is established, a stop loss point shall be set to prevent excessive loss. The stop loss point shall not exceed 10% of the contract amount of the transaction. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the President immediately and reported to the Board of Directors for discussion of necessary countermeasures.

12.1.5.2.3 The amount of any contract loss shall not exceed US\$20,000 or 5% of the contract amount, whichever is lower.

12.1.5.2.4 The annual losses on the Company's special purpose transaction operations are limited to US\$300,000.

12.2 Risk management measures

12.2.1 Credit risk management: As operational risk easily arises from changes in the market due to various factors, market risk management shall be in line with the following principles:

12.2.1.1 Counterparties: Mainly renowned financial institutions at home and abroad.

12.2.1.2 Tradable products: Limited to products offered by financial institutions at home and abroad.

12.2.1.3 Transaction amount: The unoffset transaction amount for the same counterparty shall not exceed 50% of the total authorized contract amount, unless otherwise approved by the President.

12.2.2 Market price risk management: Attention is mainly paid to the open foreign exchange market provided by banks, without regard to the futures market for the time being.

12.2.3 Liquidity risk management: To ensure market liquidity, highly liquid financial products (i.e. those that can be flattened in the market at any time) are preferred. Financial

institutions authorized to conduct transactions shall have sufficient information and be able to trade in any market at any time.

- 12.2.4 Cash flow risk management: To ensure the stability of working capital turnover, the Company's funds for derivative transactions are limited to its own funds. Capital required for cash receipt and payments forecast in the next three months shall be considered in the transaction amount.
  - 12.2.5 Operational risk management
    - 12.2.5.1 The Company's authorized limits, operating procedures, and internal audits shall be strictly followed to avoid operational risk.
    - 12.2.5.2 Derivative transactions shall not be conducted, confirmed or delivered concurrently by the same person.
    - 12.2.5.3 Personnel responsible for risk measurement, monitoring and control shall be from a department different from the said persons, and shall report to the Board of Directors or a senior officer who is not responsible for transaction or position decision making.
  - 12.2.6 Product risk management: Internal traders shall have full and correct professional knowledge about financial products, and banks shall be required to fully disclose risks to avoid the risk of misusing financial products.
  - 12.2.7 Legal risk management: Documents signed with financial institutions shall be inspected by specialists in foreign exchange and legal or legal counsels before formal signing to avoid legal risk.
- 12.3 Internal audit system
- 12.3.1 Internal auditors shall regularly learn about the appropriateness of internal controls over derivative transactions, and audit the trading department's compliance with the procedures for derivative transactions on a monthly basis, and prepare an audit report. If any material violation is discovered, they shall inform all independent directors of the same in writing.
  - 12.3.2 Internal auditors shall submit the audit report and the annual review of internal audit operations to the SEC before the end of February of the following year, and shall report improvements of exceptions to the SEC before the end of May of the following year.
- 12.4 Regular evaluation methods and exception handling
- 12.4.1 The board of directors shall authorize senior executives to regularly monitor and evaluate whether derivative transactions are conducted in accordance with the transaction procedure set by the Company, and whether the risks assumed are within the tolerable range. Any unusual circumstances found in the market valuation report (such as loss limit) shall be reported to the Board of Directors immediately, and countermeasures shall be taken.
  - 12.4.2 Positions held in derivatives exchanges shall be evaluated at least once a week; provided that hedging transactions required for business shall be evaluated at least twice a month, and an appraisal report shall be sent to the senior officer authorized by the Board of Directors.
- 12.5 Principles of supervision and management by the board of directors when engaging in derivative transactions
- 12.5.1 The board of directors shall designate senior officers to monitor and control the risk of derivative transactions at all times. The management principles are presented below:
    - 12.5.1.1 Regularly assess whether the current risk management measures are appropriate and whether procedures set out in these procedures are followed.
    - 12.5.1.2 Supervise transactions and gains and losses, and take necessary countermeasures in case of any unusual situation, and report to the Board of Directors immediately.
  - 12.5.2 Regularly assess whether the performance of derivative transactions is in line with the

established business strategy and whether the risks assumed by the Company are within the tolerable range.

12.5.3 When the Company engages in derivative transactions, the authorized personnel to do so in accordance with the Procedure for Processing Derivative Transactions shall report to the next Board of Directors afterwards.

12.5.4 When the Company engages in derivative transactions, it shall establish a memorandum book to contain details for future reference regarding the type and amount of derivatives transactions, the date of approval by the board of directors, and matters to be carefully evaluated under 12.4.2, 12.5.2 and 12.5.1.1.

### 13 Procedure for Mergers, Divisions, Acquisitions or Share Transfers

#### 13.1 Assessment and operation procedure:

13.1.1 Before convening a meeting of the board of directors to resolve on a merger, split, acquisition or transfer of shares, the Company shall appoint a CPA, attorney or securities underwriter to express an opinion on the reasonableness of the share swap ratio, acquisition price, or allotment of cash or other assets to shareholders and submit it to the Board of Directors for discussion and approval. However, for the merger of a subsidiary in which the Company directly or indirectly holds 100% of its issued shares or capital, or the merger between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or capital, the Company may be exempted from obtaining a reasonableness opinion from the aforementioned expert.

13.1.2 When the Company has a part in a merger, division or acquisition, a public document to shareholders shall be prepared before the shareholders' meeting regarding the merger, division or acquisition and related matters, delivered to the shareholders together with expertise in 13.1.1 and the notice of the shareholders' meeting, as a reference for whether to agree to the merger, spinoff or acquisition. However, this does not apply when convening a shareholders' meeting to resolve mergers, spinoffs, or acquisitions is not required under other laws. If a shareholders' meeting of any of the parties involved in a merger, division, or acquisition cannot be convened or make a resolution due to insufficient attendance or voting rights or other legal restrictions, or if a resolution is vetoed at a shareholders' meeting, the Company shall immediately explain to the public the cause, subsequent actions, and expected date of the Shareholders' Meeting.

#### 13.2 Other matters worthy of attention:

13.2.1 Date of the board meeting: When the Company has a part in a merger, division or acquisition, unless otherwise required by laws or there are special factors that have been approved by the Financial Supervisory Commission in advance, the meeting of the board of directors and the shareholders' meeting of the other participating company shall be held on the same day as the shareholders' meeting to resolve matters relating to the merger, division, or acquisition. When the Company has a part in a transfer of shares, the meeting of the board of directors shall be held on the same day as the other participating company, unless otherwise required by laws or where there are special factors that have been approved by the Financial Supervisory Commission in advance.

13.2.2 Information to be prepared by the board of directors: When the Company has a part in a merger, division, acquisition or purchase of transferred shares, the following information shall be kept in full written records and stored for five years for future view.

13.2.2.1 Basic information of personnel: including the titles, names, ID card numbers (passport numbers of foreign nationals) of all persons participating in the plan or implementation of the merger, spinoff, acquisition or purchase of transferred shares before information disclosure.

13.2.2.2 Dates of important matters: including the date of the letter of intent or

- memorandum, the date of engaging financial or legal consultants, the date of any contract, and the date of a board meeting.
- 13.2.2.3 Important documents and minutes: including plans for merger, division, acquisition or share transfer, letter of intent or memorandum, important contracts and board meeting minutes.
- 13.2.3 Time limit for announcement:
- 13.2.3.1 When the Company has a part in any merger, division, acquisition or transfer of shares, it shall, within two days from the date of a resolution, report the information specified in 13.2.2.1 and 13.2.2.2 to the FSC in the required format using the Internet information system for future query.
- 13.2.3.2 If the Company has a part in a merger, division, acquisition or share transfer with a counterparty that is not a listed company or a company whose shares are traded on the premises of securities dealers, the Company shall enter into an agreement with such counterparty as required in 13.2.2 and 13.2.3.1.
- 13.3 Prior commitment to non-disclosure: All persons involved in or aware of the Company's merger, division, acquisition or share transfer plan shall make a written non-disclosure commitment. Before the information is made public, they shall not disclose the plan, and shall not buy or sell the stocks and other equity securities of all companies related to the merger, spinoff, acquisition or share transfer on their own or use the name of another person.
- 13.4 Principles for determining and changing the share swap ratio or acquisition price: When the Company has a part in a merger, division, acquisition or transfer of shares, the share swap ratio or acquisition price shall not be changed except under the following circumstances. Changes shall be determined in the merger, split, acquisition or share transfer agreement:
- 13.4.1 Cash capital increase, issuance of convertible bonds, stock dividend, issuance of bonds with stock options, preferred shares with stock options, stock warrants and other marketable securities with equity nature.
- 13.4.2 Actions that affect the Company's financial operation, such as disposal of significant assets.
- 13.4.3 Occurrence of a major disaster, major technological change, or other events that affect the Company's shareholders' equity or securities prices.
- 13.4.4 Adjustment for the repurchase of treasury shares in accordance with the law by any company participating in the merger, division, acquisition or share transfer.
- 13.4.5 Changes in the number of entities or companies participating in the merger, spinoff, acquisition or share transfer.
- 13.4.6 Other conditions that have been modified in the contract and have been publicly disclosed.
- 13.5 Contents of the contract: If the Company has a part in a merger, division, acquisition or transfer of shares, the contract shall specify the rights and obligations of companies participating in the merger, division, acquisition or transfer of shares, and shall specify the following:
- 13.5.1 Liability for breach of contract.
- 13.5.2 Principles for processing equity securities issued or treasury shares repurchased after a company has been eliminated or divided due to merger.
- 13.5.3 The number of treasury shares that participating companies could repurchase pursuant to laws after the base date for calculating the share swap ratio and principles for doing so.
- 13.5.4 How to deal with changes in the number of those entities or companies.
- 13.5.5 Estimated plan implementation and expected date of completion.
- 13.5.6 The scheduled date of the shareholders' meeting to be convened according to laws and related procedures if the plan is not completed after the deadline.
- 13.6 Changes in the number of companies participating in a merger, spinoff, acquisition, or

purchase of transferred shares: After participation in a merger, spinoff, acquisition, or transfer of shares as well as information disclosure to the public, if the Company plans to merge, split, acquire or shares with another company, but there are less companies involved and the shareholders' meeting has resolved to authorize the board of directors to change the authority, another shareholders' meeting may not be convened to resolve again; otherwise, procedures or legal actions that have been followed or completed in the original merger, division, acquisition or share transfer shall be performed again by all participating companies.

13.7 The Company shall enter into an agreement with any company participating in the merger, division, acquisition or transfer of shares that is not a public company, following Date of the board meeting, Information to be prepared by the board of directors, and Time limit for announcement in 13.2, Prior commitment to non-disclosure in 13.3, and Changes in the number of companies participating in a merger, spinoff, acquisition, or purchase of transferred shares in 13.6.

#### 14 Information disclosure procedure

14.1 Items to be announced and reported and the standard of announcement and report:

14.1.1 Acquisition or disposal of property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or right-of-use assets thereof from or to a related party for an amount equal to or above 20% of the Company's paid-in capital or 10% of its total assets or NT\$300 million. Except for the purchase and sale of domestic government bonds, bonds with buy-back and sell-back conditions, and the purchase or buy-back of money market funds issued by domestic securities investment trusts.

14.1.2 Merger, spinoff, acquisition or transfer of shares.

14.1.3 Losses from derivative transactions reaching the loss limit in all or individual contracts.

14.1.4 Acquisition or disposal of equipment for the operating use or right-of-use assets thereof with a non-related party for an amount of NT\$500 million or more.

14.1.5 Acquisition of property through commissioned construction on its own land or leased land, joint construction and allocation of housing units, joint construction and division, or joint construction and separate sale, where the counterparty is not a related party, for an amount of NT\$500 million or more.

14.1.6 Asset transactions other than 14.1.1 - 14.1.5, disposal of claims by financial institutions, or investment in mainland China, for an amount equal to or above 20% of the Company's paid-in capital or NT\$300 million. However, this does not apply to the following circumstances:

14.1.4.1 Purchase and sale of domestic government bonds or foreign government bonds with a credit rating not lower than Taiwan's sovereign rating.

14.1.4.2 Purchase and sale of government bonds, bonds with buy-back and sell-back conditions, and purchase or buy-back of money market funds issued by domestic securities investment trusts.

14.2 The transaction amount in the preceding paragraph is calculated as follows:

14.2.1 The amount of each transaction.

14.2.2 The accumulated amount of transactions in respect of acquisition or disposal of the subject matter of the same nature with the same counterparty within one year.

14.2.3 The accumulated amount of property under the same development plan or right-of-use assets thereof acquired or disposed of (respectively) within one year.

14.2.4 The accumulated amount of the same securities acquired or disposed of (respectively) within one year.

14.3 The said within one year shall be based on the date of occurrence of the transaction and projected one year backward. The part that has been announced in accordance with the Procedure can be excluded from the calculation.

14.4 Time limit for announcement and reporting

- 14.4.1 When the Company acquires or disposes of assets under circumstances contemplated by 14.1, the Company shall announce and report information on the website designated by the FSC within two days from the date of occurrence in the format required by the FSC.
- 14.5 Procedure for announcement and reporting:
  - 14.5.1 The Company shall announce and report information on the website designated by the FSC.
  - 14.5.2 The Company shall report derivative transactions conducted by the Company and its subsidiaries that are not domestic public companies as of the end of each month into the information reporting website designated by the FSC by the 10th day of each month.
  - 14.5.3 When the Company acquires or disposes of assets, if there is an error or omission in the announcement and the error or omission in the announcement shall be corrected, all the items shall be re-announced and reported within two days from the day it becomes aware.
  - 14.5.4 In acquiring or disposing of assets, the Company shall keep their contracts, minutes of meetings, memorandum books, valuation reports, opinions from CPAs, lawyers or securities underwriters within the Company for at least 5 years unless otherwise required by law.
- 14.6 After the Company makes announcements and reporting as required under 14.1 - 14.5, the FSC shall announce and report information on website designated by the FSC within two days from the date of occurrence in any of the following circumstances:
  - 14.6.1 The original transaction contract is modified, terminated, or canceled.
  - 14.6.2 A merger, division, acquisition, or transfer of shares is not completed according to the scheduled date in the contract.
- 15 The Company's subsidiaries shall comply with the following provisions:
  - 15.1 The Company's subsidiaries may apply the Procedure mutatis mutandis, provided that for the acquisition or disposal of assets that shall have been approved by or reported to the board of directors, it shall be approved by the board of directors of the parent company before execution.
  - 15.2 If a subsidiary's internal auditor finds any material violation, he or she shall promptly notify the Company in writing of the situation, and the parent company shall follow up with response and subsequent improvements.
  - 15.3 If a subsidiary is not a domestic public company, and the acquisition or disposal of assets shall be announced and reported as required under 14, the parent company shall announce and report the same on behalf of the subsidiary.
  - 15.4 In the procedure for announcement and reporting applicable to subsidiaries, "20% of the Company's paid-in capital or 10% of its total assets" is based on the paid-in capital or total assets of the parent company (or the Company).
- 16 Penalties
  - 16.1 Any of the Company's employees found to have violated the procedure when acquiring and disposing of assets shall be punished in accordance with the personnel management rules.
- 17 Effectiveness and amendment
  - 17.1 The Procedure, and any amendments hereto, shall become effective when approved by the Board of Directors and submitted to the Shareholders' Meeting for approval. When the procedure or any amendment is submitted to the board of directors for discussion as required, the opinions of all independent directors shall be fully considered. If an independent director has any dissenting or qualified opinion, such opinion shall be stated in the minutes of the Board meeting.
  - 17.2 The conclusion or any revision of the procedure shall be approved by more than half of all members of the Audit Committee and shall be submitted to the board of directors for resolution. If there is no consent from more than half of all members of the Audit Committee,

a significant asset transaction shall be subject to consent by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

17.3 All members of the Audit Committee and all Directors referred to in the preceding paragraph shall be counted based on those who are actually in office.

18 History:

18.1 The Procedure was created on June 7, 2003.

18.2 The 1st amendment was made on June 20, 2007.

18.3 The 2nd amendment was made on June 25, 2010.

18.4 The 3rd amendment was made on June 8, 2012.

18.5 The 4th amendment was made on June 18, 2014.

18.6 The 5th amendment was made on May 15, 2015.

18.7 The 6th amendment was made on May 19, 2017.

18.8 The 7th amendment was made on June 19, 2018.

18.9 The 8th amendment was made on June 6, 2019.

18.10 The 9th amendment was made on June 5, 2020.

18.11 The 10th amendment was made on July 5, 2021.

18.12 The 11th amendment was made on May 20, 2022.

**TaiSol Electronics Co., Ltd.  
Procedure for Election of Directors**

- Article 1: Unless otherwise provided by laws or the Articles of Incorporation, directors of the Company shall be elected in accordance with the Procedure.
- Article 2: The Company's directors are elected at the shareholders' meeting.
- Article 3: The overall composition of the board of directors shall be considered in the election of directors. The board of directors shall be diversely composed, and an appropriate diversity policy shall be developed in terms of its own operations, business models and development needs. It is advisable to include but not limited to the following two aspects:
- (I) Basic conditions and values: gender, age, nationality, and culture, among others.
  - (II) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.
- Members of the Board of Directors shall generally possess the necessary knowledge, skills, and attributes required to fulfil their duties, and shall have the following abilities as a whole:
- (I) The to make operational judgments.
  - (II) Accounting and financial analysis.
  - (III) Operation and management.
  - (IV) Crisis management.
  - (V) Knowledge of the industry.
  - (VI) Outlook on the international market.
  - (VII) Leadership.
  - (VIII) Decision-making.
- More than half of the directors shall not be a spouse or a relative within the second degree of kinship.
- The board of directors shall consider adjusting its composition based on the results of performance evaluation.
- Article 4: Independent directors shall have such qualifications required under Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- Independent directors shall be elected in line with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 24 of the Corporate Governance Best-Practice Principles.
- Article 5: Directors shall be elected from nominated candidates as required under Article 192-1 of the Company Act.
- If the Board has fewer than five directors left after dismissal of any directors for any reason, the Company shall hold a by-election at the immediately next shareholders' meeting. However, if vacant directors represent one-third of the total number of all directors specified in the Articles of Incorporation, the Company shall convene an extraordinary general meeting for by-election within 60 days from the date of occurrence.
- If the number of independent directors falls below that specified in Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting; when all independent directors are dismissed, a by-election shall be held within 60 days from the date of occurrence of the fact. A by-election will be held at an extraordinary meeting of shareholders.
- Article 6: Directors are elected in disclosed ballots using the cumulative voting system. Each share has the same number of votes as the number of directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 7: The number of votes required for independent directors and non-independent directors are

counted respectively based on the number of directors determined by the Articles of Incorporation. Those winning a larger number of votes will be elected in sequence. If two or more people have the same number of votes above the threshold, such persons shall be decided through drawing. Any of them absent will be represented by the chairperson on his or her behalf.

- Article 8: The board of directors of the Company shall prepare the ballots for the directors in the number of the directors to be elected, specify the number of votes on the ballots, and distribute the ballots to the shareholders attending the meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9: Before the election begins, the chair shall appoint the scrutineers and tally clerks who are shareholders to perform the respective duties.
- Article 10: The ballot boxes shall be prepared by the Board of Directors and publicly checked by the scrutineers before voting commences.
- Article 11: Voters shall indicate the name or account name of the candidate in column "Candidate" on the ballot. However, when the candidate is a government or institutional shareholder, the name of the government or institution shall be filled in the column for the account name of the candidate. The name of the government or institution and the name of its representative may also be filled in; if there are several representatives, the names of the representatives shall be filled in separately.
- Article 12: A ballot is invalid under any of the following circumstances:
- (I) The ballot was not prepared by a person with the right to convene.
  - (II) A blank ballot is placed in the ballot box.
  - (III) The handwriting on the ballot is blurred and illegible or has been altered.
  - (IV) The candidate whose name is entered in the ballot is not included in the list of director candidates.
  - (V) Other words or marks are entered in addition to the candidate's name or account name.
  - (VI) Two or more candidates are placed on the same ballot.
- Article 13: The ballots shall be counted on site immediately after the end of voting, and the results, including the list of directors elected and the number of votes for them, shall be announced by the chair on the spot.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the materials of the meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.
- The board of directors will issue a notice of election to the elected directors.
- Article 14: The Procedure, and any amendments hereto, shall become effective when approved by the Shareholders' Meeting.
- Article 15: The Procedure was created on June 7, 2003.  
The 1st amendment was made on June 20, 2007.  
The 2nd amendment was made on May 15, 2015.  
The 3rd amendment was made on July 5, 2021.

**TaiSol Electronics Co., Ltd.**  
**Directors' Shareholdings**

- I. The Company's paid-in capital is NT\$879,081,410, and the total number of issued shares is 87,908,141 shares.
- II. The minimum number of shares to be held by all directors is 7,032,651 shares.
- III. As of the date of suspension of share transfer for the shareholders meeting (March 26, 2024), the Company's individual directors and all directors recorded in the shareholders' register held the following number of shares:

Title	Name	Number of shares held on the book closure date	
		Number of shares	Shareholding (%)
Chairman	Representative of Long-Thin Enterprise Co., Ltd.: Peng, Peng-Huang	1,949,000	2.22
Director	Lin, Chan-Lieh	18,000	0.02
Director	Hsieh, Chun-Shan	888,276	1.01
Independent Director	Chang, Wen-Tien	-	-
Independent Director	Tseng, Tien-Yun	-	-
Independent Director	Chen, Chih-Hung	-	-
Independent Director	Fang, Yen-Ling	-	-
Total of all Directors		2,855,276	3.25