

Stock Code: 6443



TSEC Corporation

AGM Agenda

Handbook, 2024

Time of AGM: 9:00 am, May 24 (Friday), 2024

Venue of AGM: No. 335-12, Daxi Road, Pingdong City, Pingdong

County (Pingdong Plant of the Company)

# TSEC Corporation AGM Agenda Handbook, 2024

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TSEC Corporation  
Meeting Procedure of AGM, 2024

- I. Announcing the commencement of the meeting
- II. Chair's Speech
- III. Reports
- IV. Matters to Be Ratified
- V. Discussions
- VI. Extraordinary Motions
- VII. Dismissal

# **TSEC Corporation**

## **AGM Agenda, 2024**

Convening method: Physical shareholders' meeting

Time: 9:00 am on May 24<sup>th</sup>, 113<sup>th</sup> year of the Republic of China

Location: No. 335-12, Daxi Road, Pingtung City, Pingtung County (our company's  
Pingtung Factory)

### **I. Reports**

Proposal 1: Business report, 2023.

Proposal 2: Auditing report for settlement of 2023 by the Audit Committee.

Proposal 3: 2023 distribution of employee and director remuneration.

Proposal 4: Director remuneration policy.

Proposal 5: Revision of the Board Meeting Rules of Procedures.

### **II. Matters to Be Ratified**

Proposal 1: Ratifying the business report of 2023 and each financial statement.

Proposal 2: Ratifying the 2023 annual profit distribution.

### **III. Discussions**

Proposal 1: Relieving directors from the non-competition restrictions.

### **IV. Extraordinary Motions**

### **V. Dismissal**

## [Reports]

### Proposal 1

Subject: 2023 Business Report.

Description: Please refer to Attachment 1 of the handbook (Page 8~12) for the business report, 2023.

### Proposal 2

Subject: Audit Committee's Review of the 2023 Year-End Report.

Description: Please refer to Attachment 2 of the handbook (Page13) for the Audit Committee report.

### Proposal 3

Subject: 2023 Distribution of Employee and Director Remuneration.

Description: I. According to Paragraphs 1 and 2 of Article 24-1 of the Company's Articles of Incorporation, if the Company is profitable in the fiscal year, the board resolves that no less than 5% of the profit shall be offered as employee remuneration, and no more than 5% of the profit shall be allocated as director remuneration.

II. The 2023 net profit before tax was NT\$570,265,809 (reporting currency), of which \$31,800,000 was proposed to be allocated as employee remuneration, accounting for 5.58% of the net profit before tax, and \$18,000,000 was proposed to be allocated as director remuneration, accounting for 3.16% of the net profit before tax. The allocations comply with the provisions of the Articles of Incorporation as specified in the preceding paragraph.

III. The amount of employee remuneration and director remuneration allocated in the preceding paragraph shall be paid in cash, and the chairman is authorized to determine the date of payment and related matters.

### Proposal 4

Subject: 2023 Director Remuneration.

Description: The director remuneration policy is in accordance with the Company's Articles of Incorporation. For relevant policies, individual remuneration content and amounts, please refer to Attachment 3 (Page14-16).

### Proposal 5

Subject: Revision of the Board Meeting Rules of Procedures.

Description: In response to the amendment of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and the Company Act, the Board Meeting Rules of Procedures was amended. Please refer to Attachment 4 (Page17-18) of the handbook for the comparison of articles before and after the amendment.

## [Ratification]

- Proposal 1 (Proposed by the Board of Directors)
- Subject: Please ratify the business report of 2023 and each financial statement.
- Description: I. The business report, parent company-only and consolidated financial statements of 2023 have been audited and certified by Deloitte's Accountant Cheng-Chuan Yu and Chiang-Hsun Chen; along with the business report, such reports are audited by the Audit Committee.
- II. Please refer to Attachment 1 (Page8-12 ) and Attachment 5 (Page19-39) of the handbook for the business report, auditor's report, and financial statements.

Resolution:

- Proposal 2 (Proposed by the Board of Directors)
- Subject: Present the proposal for 2023 profit distribution for ratification.
- Description: I. The beginning retained earnings were \$1,642,638. After adding the 2023 net profit after tax of \$527,268,426 and allocating legal reserve of \$52,726,843 and rotary special reserve of \$148,930, the distributable earnings were \$476,333,151. It is proposed to distribute \$0.4 per share as shareholder dividends, a total of \$215,476,586, which will be paid in cash.
- II. Please see Attachment 6 (Page40) for the 2023 annual profit distribution table.
- III. The cash dividends distributed in the proposal of the earnings distribution is calculated to the whole number. The sum of the fractional cash dividends less than NT\$1 will be listed as other incomes of the Company.
- IV. After the abovementioned cash dividends distribution is approved at the annual general meeting, the chairman is authorized to set the record date and payment date.
- V. In the event that the aggregate number of outstanding shares is affected by the change of capital of the Company, thereby affecting the distribution percentage of profits to shareholders, it is proposed that the chairman be fully authorized to administer this matter.

Resolution:

## **[Discussions]**

- Proposal 1 (Proposed by the Board of Directors)
- Subject: Propose the lifting of restrictions on the non-compete clause of the Company's board of directors for deliberation.
- Description:
- I. In accordance with Article 209 of the Company Act, a director who acts for himself or on behalf of another person within the Company's scope of business shall explain to shareholders the essential content of the act and obtain their permission.
  - II. Shall the Company's directors invest or operate any company within or similar to the Company's business scope, and also act as directors of such companies, it is proposed to approve relieving the newly-elected directors from such non-competition restrictions pursuant to Article 209, the Company Act if their acts do not harm the Company's interests.
  - III. Please refer to Attachment 7 (Page41) for the content of relieving directors from the non-competition restrictions.
- Resolution:

**[Extraordinary Motions]**

**[Dismissal]**

# TSEC Corporation 2023 Business Report

## I. 2023 Business results

### 1. Achievements of business plan

Since the successful transformation in 2018, TSEC's business strategy has been changed to focus on domestic module sales. TSEC brand awareness and product sales continue to lead the peers in Taiwan's optoelectronics market. The installation of Taiwan's solar field in 2023 was approximately 2.694GW. Although it has increased by 33% from 2.024GW in 2022, the overall sales volume manufactured by Taiwan has not increased with the increase. The main reason is the large amount of competition from modules made overseas, resulting in 35% of the existing market being occupied by cheap overseas products. Although the operation in 2023 was still to focus on the domestic market, as the market in Taiwan became weaker due to the election and the invasion of modules made overseas, overseas markets such as the United States and Japan have begun to make progress due to the geopolitical factor of China. Major operating strategies in 2023 include:

- (1) Connecting to the international market and enhancing the differentiation of domestic products

As the international market began to accelerate the introduction of M10 large-size solar PV modules in 2021, some Taiwanese solar PV system manufacturers began to voice concern and complained to the relevant government agencies that the G1/M6 products of domestic manufacturers were behind the overseas M10 manufacturers in terms of technology. In addition, the selective forfeiting orders by Taiwanese suppliers has opened the door for overseas modules. In order to accelerate the expansion in the domestic market and connect with the international mainstream product trends, we have started to purchase M10 production lines in the second half of 2022, becoming the first domestic manufacturer to introduce M10 in Taiwan's photoelectric cells/module manufacturing. While industry peers still focused on the G1/M6 production lines, TSEC completed the deployment of three latest M10 production lines as quickly as possible. Due to the faster introduction speed than other industry peers, the smooth deployment of the new production lines enables us to obtain module sales (approximately 395MW) of two major projects in Taiwan.

- (2) Strengthen the collaborative relationship with major international manufacturers  
The US-based company has collaborated with TSEC for many years. Due to the long certification and testing time, coupled with the COVID19 pandemic and the continuous change in product specifications of G1 to M6, it is impossible to have a specific transaction volume between the two parties. After the COVID-19 pandemic slowed down, TSEC finally began to have a large number of transactions with the US-based client in 2023. Total sales in 2023 increased 23 times compared with 2022, which is a significant performance result.

- (3) Reduced bank lending rates, and completed the first phase of the private placement to strengthen the financial structure

- (I) Completion of the syndicated loan for the Pingtung Plant to raise intermediate- and long-term working capital

The Pingtung module plant syndicated loan in 2018 has been repaid ahead

of schedule in December 2022. In order to raise intermediate- and long-term working capital and maximize the value of the land and plant assets in Pingtung, a new project was completed in March 2023. A five-year total credit facility of NTD 1,909.6 million was obtained as the Company's source for intermediate- and long-term working capital. The interest rate of the new loan project is significantly lower than the borrowing rate of the Hsinchu syndicated loan project.

(II) Completing the cash capital increase plan to reduce dependence on borrowings

In order to continuously improve the financial structure, reduce the dependence on bank borrowings, and increase the proportion of self-owned funds, the Company successfully completed the cash capitalization in August 2023. The amount of funds raised is NTD 989,150 thousand, and the paid-in capital after the fundraising is NTD 5,386,915 thousand. The fundraising was based on the amount of loans intended to be repaid and the rate of loans, it is expected that the interest expenditure saved from 2023 and 2024 are NT\$2,852 thousand and NT\$8,556 thousand, respectively.

(III) Strive for government project financing to reduce the cost of borrowing funds

In order to connect with the international market and improve product competitiveness, the Board of Directors approved in June 2023 to accelerate the capital expenditure plan for the M10 TOPCon process upgrade for battery PERC production lines. In November 2023, the Company obtained a project financing qualification approval letter for NT\$ 695.3 million based on the "Accelerated Investment Action Plan for Retention of Taiwan Enterprises". The financing line not only provides the Company with funds for intermediate- and long-term operations, but the project preferential interest rate is lower than the current long-term interest rate for syndicated loans. That is, for every \$100 million in borrowings, the interest is saved by \$1,205 thousand.

The Company actively cultivated the Taiwan market in 2023. Under the guidance of the government's green energy policy, large-scale project sites have continued to emerge, production and sales are relatively stable, and the average production and sales success rate is almost more than 90%. Therefore, the overall gross margin, net profit margin and profit growth were better than the results in 2022, with profits in 2023 reaching a record high.

2. Budget execution: According to the current laws and regulations, the Company does not disclose the 2023 financial budgets.

3. Financial income and expenses and profitability analysis (IFRS)

(1) Financial income

Unit: NTD thousand

Item\Year	2022	2023
Pre-tax net income	175,425	521,906
Net cash generated by operating activities	172,794	1,370,696
Net cash used in investing activities	(1,451,047)	(1,527,421)
Net cash inflow used in financing	1,063,542	516,268

activities		
Effect of exchange rate changes on cash and cash equivalents	(4,867)	(2,993)
Net cash inflows (outflows) of cash and cash equivalents	(219,578)	356,550
Opening balance of cash and cash equivalents	1,057,382	837,804
Cash and cash equivalents, end of period	837,804	1,194,354

## (2) Profitability analysis

Item\Year	Unit: %	
	2022	2023
Return on assets	2.28	4.95
Return on shareholders' equity	3.36	7.64
Operating Income to paid-in capital ratio	5.20	9.22
Profit margin	2.11	6.38
After-tax earnings per share (NT\$)	0.41	1.07

### 4. Status of research and development

The Bureau of Energy of the Ministry of Economic Affairs has organized nomination of high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won awards for eight consecutive years (2014 to 2021). In response to the domestic VPC demand, we are committed to improving the production quality of monocrystalline v-cells, while taking into consideration the improvements to conversion efficiency and yield, in order to optimize the manufacturing process and reduce production costs. We have developed the multi-busbar (MBB) technology, thereby improving battery efficiency. We have actively developed various niche solar cell products, such as those used in space in response to the needs of low-orbit satellites. We have also conducted studies on spectral dispersion to develop solar cell products with an appearance that has lower visual stimulation. For the space environment, we have developed technologies to manufacture solar cells with a passivation surface that can withstand high radiation. In addition, we have introduced equipment for large-sized batteries and M10-sized batteries to increase the total battery wattage. Regarding the output wattage of 108-cell, 120-cell, 132-cell and 144-cell M10 modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules.

## II. Summary of 2024 Business Plan

### 1. Business Guidelines

In order to achieve the goals of energy transition and build Taiwan into a safe, clean and sustainable smart energy island, Executive Yuan launched the Green Energy Technology Industry Innovation Promotion Plan 2.0. in 2021. The plan has four major visions, "Green energy promotion", "Industry development", "Technological innovation" and "Green finance". The relevant policies under the four topics of energy conservation, energy creation, energy storage and system integration adopt strategies to further coordinate energy use and develop market resilience in order to make Taiwan the Asia-Pacific Green Energy Center. In response to the government's policy

on green energy and carbon reduction, TSEC, as the largest photovoltaic manufacturer in Taiwan, has formulated six operating goals for 2024, including market, production, procurement, quality, R&D and finance, to build cohesion of employees for the achievement of the goals.

2. Expected sales and its basis: The Company has does not disclose the 2024 financial forecasts.

3. Important manufacturing and sales policies

(1) Eliminate M6/G1 PERC and accelerate the introduction of M10 TOPCon process

In the past, the mainstream of the international market was dominated by the monocrystalline P-type process. While the N-type process cost was relatively high, and the price-performance ratio was still dominated by the PERC P-type chip process. Therefore, the market prefer larger size and larger light-receiving area for high wattage modules, and the growth of P-type wafer cell conversion efficiency has reached its limit. With the R&D and mass production of solar cell machines, TOPCon N-type cells/modules began to bloom everywhere in 2023. In addition to maintaining the original size of M10 and G12 wafers, TOPCon products' advantages are high bifacial ratio, low temperature coefficient and low degradation. The use of double-sided module technology can greatly improve the efficiency of outdoor power generation from 22.85% to 25%. In view of the international market's demand for high efficiency and high wattage, TSEC has also placed orders for the introduction of a new generation of production lines in the Q3 2023, and only a few Taiwanese manufacturers can achieve TOPCon.

(2) Increase capacity utilization and reduce production costs with economies of scale

Maintaining the capacity utilization rate above 80% will help further reduce production costs and lead the industry.

(3) Improve procurement pricing power

We are already the leader in Taiwan's optoelectronics manufacturing industry in terms of production capacity, and we have a relatively strong presence with our upstream suppliers. With the expansion of our production capacity, our materials units should be able to develop more confidence in negotiating for more competitive prices with our upstream suppliers and maintain good partnerships.

(4) Actively develop customers in the U.S. and Japan and grasp the opportunities of overseas expansion

The global trade is still in the Cold War-like era, and the relationship between the United States, Japan and Europe vs. China continues to be a stalemate, and the export situation of the Company's optoelectronic products is better. After 2-3 years of product development period, the foreign niche customers have started to add their volume in 2023. We have also successfully connected with the Japanese large power companies and begun to discuss specifications and shipping schedule. Since the U.S. anti-tax avoidance in Southeast Asia is targeting several local Chinese manufacturers, the next challenges that the Company will face will be to accelerate the improvement of product yield and reduce the cost per cell/module to counter the non-taxable suppliers among Southeast Asia manufacturers. According to the assessment of the sales unit, under the influence of the geopolitical atmosphere and the environment where customers deliberately seek non-China supply chain collaboration, the collaboration with niche customers in the United States is expected to continue to increase. The Company will take advantage of this

favorable environment to shape product technology and favorable image recognized among international partners, which can create a quality and profitable customer group to help the Company return to the global market.

(5) Strengthen risk control to ensure profitability

The deteriorating relationship between the US and China has made the overall economic environment in Asia even more turbulent. Various industries including the solar power have also sold their inventories at low prices in exchange for cash to survive. As a result, the overseas module inventories have soared. In addition to that the procurement and financial departments need to pay attention to the changes in costs and exchange rates of the supply chain, the sales departments must pay attention to the changes in the market when placing orders. In particular, the dumping of overseas imported modules at low prices in Taiwan requires consistent countermeasures. The education and training of marketing and sales units must be further strengthened.

III. Future Development Strategies

TSEC will continue to focus on improving product quality and promoting streamlined management. It will conduct diversified developments in terms of product strategy. From solar power generation, communication applications to energy storage systems, these options will be the key pillars in the Company's medium and long-term product development strategy. Other than product planning, more attention was paid to ESG and corporate governance internationally than in the past. On the one hand, the Company will continue to implement corporate governance policies, enhance and improve the performance of operation management, to shape and deepen corporate governance culture. The goal is not lower than the second level of corporate governance evaluation; on the other hand, a carbon risk and carbon asset management system will be established to meet the ultimate goal of carbon neutrality. For the carbon footprints generated by related units, products, services and other activities, the management will be established for inquiry, carbon reduction and offset, and thus the sustainable development of a low-carbon environment is promoted.

IV. Impact of the Competitive Environment, Regulatory Environment, and Macroeconomic Environment

The competitive landscape in 2024 will not only follow the trajectory of 2023, it will be a mixed year for the sales of MIT products. In addition, the inflation pressure may have been relieved, and other major aspects include the challenge from overseas module imports, the transition period of old and new products, and the impact of rapid political and geopolitical changes on Taiwan-made products. The relevant analysis is carried out as follows:

1. Competition from imports of modules made overseas

The government launched the optoelectronic pioneer VPC program in 2016, providing a protective umbrella for photovoltaic and batteries, effectively preventing overseas manufacturers from entering the Taiwanese market through unfair competition. However, this VPC certification is weaker than in previous years.

2. Transition from old to new products

After the international optoelectronic market replaced G1 and M6 with P-type PERC monocrystalline cells M10 and G12 in 2021, the new N-type TOPCon technology began to be tested in major manufacturers at the end of the same year, and was gradually introduced from 2023. According to statistics from Infolink, a research

institute, TOPCon has accounted for more than 30% of the global market by the end of 2023, and is expected to exceed 60% next year, which will accelerate the phase-out of the existing PERC process. Although the TOPCon machine only adds 5 stations (boron diffusion, ALD-Al<sub>2</sub>O<sub>3</sub>, PE-Poly deposition, de-rounding cleaning, and post-COF optical injection treatment), its cell conversion efficiency of 25% is higher than PERC's 23%. However, due to the rapid changes in battery technology, the international market is facing the pain of transition from old to new products. In addition to the price competition of the old PERC M6/M10 products, the market is unfamiliar with new products. Therefore, the Company has to adjust its marketing strategy accordingly.

### 3. Opportunities in Taiwan's photovoltaic and energy storage markets

Because Taiwan is located in an important region in the Asia Pacific, the war between China and the United States has many aspects, from politics, military to economics, on Taiwan, and the sales of solar energy products are no exception. In addition to the U.S. anti-circumvention investigations in Southeast Asia, which is conducive to giving Taiwanese manufacturers an opportunity to sell to the U.S. market, Japan's uneasy tie in history with China has also surfaced. Important officials do not visit one another, and Japan's public power utilities which used to rely on Chinese products are also turning to Taiwanese manufacturers for cooperation. The geopolitical relations between the U.S. and Japan provide Taiwan with the opportunity to sell solar cells/modules .

## V. Conclusion

For 2024, the Company will continue to make every effort to increase its domestic market share of modules and continue to develop project sites to meet the domestic demand, and then expand into the overseas market to live up to the expectation of all shareholders.

Best wishes to all valued shareholders.

TSEC Corporation

Chairman: Wei Jen Investment Co Ltd.  
Representative: Kuo-Jung, Liao

President: Hung, Chen-Ren

Principal Accounting Officer: Chang Wei-Che

March 6, 2024

# **TSEC Corporation**

## **Audit Committee Report**

**Attachment 2**

The board of directors has produced the Company's 2023 business report, financial statements and annual profit distribution table, and the financial statements (both consolidated and standalone) have been audited by certified accountants Cheng-Chuan Yu and Chiang-Hsun Chen of Deloitte Taiwan, with the auditing report attached. The abovementioned documents have been audited and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Sincerely,

The 2024 Annual General Meeting

Convener of the Audit Committee: Gu-Tong, Lin

March 6, 2024

## Report on Director Remuneration Policy

The Company's policy, system, standards and structure of remuneration payments to directors and independent directors, and the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them are described as follows:

- I. In accordance with the provisions of the Articles of Incorporation, the remuneration of directors, regardless of the Company's profitability, shall be assessed by the salary and remuneration committee based on the extent of their participation in and contribution to the Company's operations. The board then makes a resolution based on the assessment conducted by the salary and remuneration committee and the standard among industry peers. The Company may offer a salary and remuneration standard for independent directors that is different from that for regular directors.
- II. The Company's Articles of Incorporation also clearly stipulated that no more than 5% of the annual profit shall be distributed as director remuneration. According to the Management Measures for Director and Managerial Officer Remuneration, the rules for the remuneration payment is as follows:
  - (I) The salary of directors is determined based on the standard of industry peers and each director's participation in and contribution to the Company's operations. The Office of the Chairman proposes to have the Remuneration Committee evaluate the Company's financial position and operating performance, which submits the deliberation results to the board meeting for payment.
  - (II) For general directors who concurrently work as employees, the amount of the director's salary is adjusted in consideration of the employee salary received.
  - (III) In addition to the abovementioned director salary, the achievement of the set business performance goals and special contribution to the Company's operation may be eligible for bonus distribution. The Salary and Remuneration Committee evaluates the rationality of the set business performance goals and the special contribution to the Company's operations, and takes into account the annual financials and operating performance, before submitting the evaluation results to the board for approval.

III. The breakdown of 2023 remuneration to each director is detailed in the following table.

Unit: NTD thousand; %

Designation	Name	Remunerations to directors				Sum of A, B, C, and D as a percentage of net income after tax (%)		Remuneration from concurrently servings as employees						Sum of A, B, C, D, E, F, and G as a percentage of net income after tax		Remuneration from investees other than subsidiaries									
		Wages (A)		Pension upon retirement (B)				Compensation for director (C)		Service Expense (D)		Wages, bonuses, special allowances, etc. (E)					Pension upon retirement (F)		Employee Compensation (G)						
		Companies included in the financial statements		Companies included in the financial statements		Companies included in the financial statements		Companies included in the financial statements		The Company		Companies included in the financial statements		The Company			Companies included in the financial statements								
Chairman	Wei Jen Investment Co Ltd. Representative: Kuo-Ron, Liao	1,080	1,080	-	-	4,000	4,000	-	-	5,080 (0.96%)	5,080 (0.96%)	7,020					40						12,140 (2.30%)	12,140 (2.30%)	
Director	An Chuang Industrial Corporation Representative: Wei-Jan, Liao	1,080	1,080	-	-	2,000	2,000	-	-	3,080 (0.58%)	3,080 (0.58%)	3,776		108	108	40	-	-	-	-	-	-	7,004 (1.33%)	7,004 (1.33%)	
Director (Note)	Yu Sheng Energy Corporation Representative: Weng-Cheng, Liu	1,080	1,080	-	-	2,000	2,000	-	-	3,080 (0.58%)	3,080 (0.58%)												3,080 (0.58%)	3,080 (0.58%)	
Director (Note)	Farglory Land Development Co., Ltd. Representative: Hung-Chang, Hsu	1,080	1,080	-	-	2,000	2,000	-	-	3,080 (0.58%)	3,080 (0.58%)												3,080 (0.58%)	3,080 (0.58%)	
Director	National Development Fund Management Committee of the Executive Yuan	978	978	-	-	2,000	2,000	-	-	2,978 (0.56%)	2,978 (0.56%)												2,978 (0.56%)	2,978 (0.56%)	

Director	National Development Fund Management Committee of the Executive Yuan Representative: Yang Shu-Ling	102	102	-	-	-	-	-	-	102 (0.02%)	102 (0.02%)									102 (0.02%)	102 (0.02%)
Independent Director	Xian-Zhi, Zheng	1,200	1,200	-	-	2,000	2,000	-	-	3,200 (0.61%)	3,200 (0.61%)									3,200 (0.61%)	3,200 (0.61%)
Independent Director	Qian-Ru, Shen	1,200	1,200	-	-	2,000	2,000	-	-	3,200 (0.61%)	3,200 (0.61%)									3,200 (0.61%)	3,200 (0.61%)
Independent Director	Gu-Tong, Lin	1,200	1,200	-	-	2,000	2,000	-	-	3,200 (0.61%)	3,200 (0.61%)									3,200 (0.61%)	3,200 (0.61%)

1. Please state the remuneration policies, systems, standards and packages for independent directors, and the connection of the factors, such as responsibilities, risks and spent hours, with the amount of remuneration: The remuneration to the Company's independent directors receive fixed monthly remunerations based on the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers."

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than an employee in the most recent year: No such thing

## TSEC Corporation

### Comparison of Amendments to the Rules of Procedure for Shareholders' meetings

Article	After Amendment	Before Amendment	Description
<p>Article 8</p>	<p>Board of Directors' reference materials, non-voting personnel and Board of Directors meetings When the company's board of directors convenes, the discussion unit designated by the board of directors should prepare relevant information for the attending directors to check at any time. When convening a board of directors, personnel from relevant departments or subsidiaries may be notified to attend the meeting depending on the content of the proposals. When necessary, accountants, lawyers or other professionals may also be invited to attend meetings and provide explanations. However, members should leave the meeting during discussions and voting. The chairman of the board of directors shall declare the meeting to be convened as soon as the meeting time has expired and more than half of the directors are present. If half of all directors are not present at the meeting time, the chairman may announce that the meeting will be postponed on that day, and the number of postponements is limited to two times. If the meeting is still insufficient after two postponements, the chairman may reconvene according to the procedure stipulated in Paragraph 2 of Article 3. The total number of directors mentioned in the preceding paragraph and Article 16 Paragraph 2 shall be calculated based on those who are actually in office.</p>	<p>Board of Directors Reference Materials, Participants and Board of Directors Meetings When the company's board of directors convenes, the discussion unit designated by the board of directors should prepare relevant materials for directors attending the meeting to consult at any time. When convening the board of directors, personnel from relevant departments or subsidiaries may be notified to attend the meeting based on the content of the proposal. When necessary, accountants, lawyers or other professionals may also be invited to attend the meeting and provide explanations. However, members should leave the meeting during discussions and voting. When the meeting period expires and more than half of the directors are present, the chairman shall declare the meeting to be convened. When a meeting is convened, if more than half of all directors are absent, the chairman may announce that the meeting will be held on that day, and the number of postponements is limited to two. If the meeting is still insufficient to convene after two postponements, the chairman may reconvene it in accordance with the procedures stipulated in Paragraph 2 of Article 3. The total number of directors mentioned in the preceding paragraph and Article 16 Paragraph 2 shall be calculated based on the actual number of directors.</p>	<p>Article 1 to 5 have not been revised. In order to avoid disputes caused by the undetermined extended meeting time of the board of directors, if the number of attendees is insufficient, the chairman may announce that the postponement of the meeting will be limited to that day.</p>

Article	After Amendment	Before Amendment	Description
Article 11	<p>Discussion of proposals The company's board of directors shall conduct proceedings in accordance with the procedures scheduled in the meeting notice. However, it may be changed with the consent of more than half of the directors present.</p> <p>The chairman shall not declare a meeting to adjourn without the consent of more than half of the directors present.</p> <p>During a board meeting, if the number of directors present does not constitute a majority of the directors present, upon the proposal of the directors present, the chairman shall declare the meeting to be suspended, and the provisions of Article 8, Item 5 shall apply mutatis mutandis.</p>	<p>Discussion of proposals The company's board of directors shall conduct proceedings in accordance with the procedures scheduled in the meeting notice. However, it may be changed with the consent of more than half of the directors present.</p> <p>The chairman shall not declare a meeting to adjourn without the consent of more than half of the directors present.</p> <p>During a board meeting, if the number of directors present does not constitute a majority of the directors present, upon the proposal of the directors present, the chairman shall declare the meeting to be suspended, and the provisions of Article 8, Item 5 shall apply mutatis mutandis.</p> <p>If the board meeting is in progress and the chairman is unable to preside over the meeting for some reason or fails to adjourn the meeting in accordance with the provisions of Paragraph 2, the other</p> <p>The selection and appointment of agents shall be subject to the provisions of Article 7.</p>	<p>Article 1 and 2 have not been revised.</p> <p>In order to avoid affecting the operation of the board of directors when the chairman is unable to preside over the meeting for some reason or fails to declare the adjournment of the meeting as required while the proceedings are in progress, the method for selecting the proxy of the chairman of the board of directors is clearly defined.</p>
Article 18	<p>Implementation and revision The formulation and amendment of these Rules of Procedures shall have the board's approval and shall be reported to the shareholder meeting. The Rules were formulated on July 27, 2010.</p> <p>The 1st revision was conducted on June 20, 2013.</p> <p>The 2nd revision was conducted on December 21, 2018.</p> <p>The 3rd revision was conducted on November 10, 2021.</p> <p>The 4th revision was conducted on March 8, 2023.</p>	<p>Implementation and revision The formulation and amendment of these Rules of Procedures shall have the board's approval and shall be reported to the shareholder meeting. The Rules were formulated on July 27, 2010.</p> <p>The 1st revision was conducted on June 20, 2013.</p> <p>The 2nd revision was conducted on December 21, 2018.</p> <p>The 3rd revision was conducted on November 10, 2021.</p> <p>The 4th revision was conducted on March 8, 2023.</p> <p><u>The 5th revision was conducted on March 6, 2024.</u></p>	<p>Added revision dates.</p>

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
TSEC Corporation

### Opinion

We have audited the accompanying consolidated financial statements of TSEC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.(collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 based on our audits and the report of other auditors.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

#### Validity of Sales from Customers Added to the Top Twenty Revenue-Contributing Section

The sales revenue from customers added to the top twenty revenue-contributing sections for the year ended December 31, 2023 was \$2,364,565 thousand, which accounted for 28.62% of the Group's operating revenue and is material to the Group's consolidated financial statements. Since management may be under pressure to achieve financial goals, the inherent risk of fraud in revenue recognition is high. Thus, we identified the risk of revenue recognition as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

We obtained an understanding of the Group's internal controls over sales transactions with customers added to the top twenty revenue-contributing sections and designed the corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing by selecting samples of the transactions with customers added to the top twenty revenue-contributing sections and inspected third-party shipping documents, the customers' receipts of delivery, cash payments and material sales returns after the reporting period. We confirmed that sales revenue from customers added to the top twenty revenue-contributing sections is free from material misstatements.

#### **Other Matter**

Among the investments accounted for using the equity method, the financial statements of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were audited by other auditors. Therefore, the conclusions made regarding the amounts presented in the financial statements of investee companies in the aforementioned consolidated financial statements are based on the audit results of the other auditors. As of December 31, 2023, the investment balance in investee companies in the aforementioned accounted for \$549,725 thousand, representing 4.6% of the total consolidated assets. The share of the equity method recognized for associated enterprises and joint ventures from January 1, 2023, to December 31, 2023, amounted to \$39,055 thousand, accounting for 7.4% of the total consolidated comprehensive income.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Hsun Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 6, 2024

Notice to Readers

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

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

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,194,354	10	\$ 837,804	8
Financial assets at amortized cost - current (Notes 4 and 8)	139,120	1	134,929	1
Notes receivable (Notes 4, 9 and 25)	83,894	1	-	-
Accounts receivable (Notes 4, 9 and 25)	1,487,008	12	1,164,930	10
Accounts receivable from related parties (Notes 4, 9, 25 and 32)	42,437	-	9,498	-
Other receivables (Notes 4 and 9)	2,640	-	15,449	-
Other receivables from related parties (Notes 4 and 32)	1,385	-	1,416	-
Current tax assets (Notes 4 and 26)	2,340	-	382	-
Inventories (Notes 4 and 10)	1,274,866	11	1,699,321	15
Other current assets (Notes 18 and 33)	97,134	1	163,600	2
Total current assets	4,325,178	36	4,027,329	36
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4 and 8)	63,698	1	123,282	1
Investments accounted for using the equity method (Notes 4, 13 and 33)	781,105	6	325,622	3
Property, plant and equipment (Notes 4, 5, 14, 19 and 33)	6,229,578	52	5,442,722	48
Right-of-use assets (Notes 4 and 15)	16,216	-	10,770	-
Investment properties (Notes 4, 16 and 33)	-	-	163,159	1
Other intangible assets (Notes 4 and 17)	7,800	-	4,708	-
Deferred tax assets (Notes 4 and 26)	244,812	2	236,844	2
Other non-current assets (Notes 18, 29 and 33)	398,284	3	973,614	9
Total non-current assets	7,741,493	64	7,280,721	64
<b>TOTAL</b>	<b>\$ 12,066,671</b>	<b>100</b>	<b>\$ 11,308,050</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 19, 29 and 33)	\$ 341,836	3	\$ 939,962	8
Short-term bills payable (Notes 19, 29 and 33)	79,904	1	329,513	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	724	-	637	-
Financial liabilities for hedging - current (Notes 4 and 31)	-	-	218	-
Contract liabilities (Notes 4, 25 and 32)	90,007	1	117,745	1
Notes payable (Note 20)	23	-	24	-
Accounts payable (Note 20)	525,327	4	898,218	8
Other payables (Notes 21 and 29)	442,012	4	393,148	4
Lease liabilities - current (Notes 4, 15 and 29)	11,736	-	5,473	-
Current portion of long-term borrowings (Notes 19, 29 and 33)	518,933	4	218,604	2
Other current liabilities (Note 21)	17,862	-	7,579	-
Total current liabilities	2,028,364	17	2,911,121	26
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19, 29 and 33)	2,068,284	17	1,931,346	17
Provisions (Note 4)	25,021	-	17,140	-
Deferred tax liabilities (Notes 4 and 26)	3,346	-	628	-
Lease liabilities - non-current (Notes 4, 15 and 29)	4,684	-	5,396	-
Preferred stock liabilities - non-current (Notes 4 and 23)	287,949	3	287,949	3
Guarantee deposits received (Notes 21 and 29)	-	-	3,705	-
Total non-current liabilities	2,389,284	20	2,246,164	20
Total liabilities	4,417,648	37	5,157,285	46
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Share capital	5,127,967	42	4,762,967	42
Capital surplus	1,965,635	16	1,325,024	12
Retained earnings				
Legal reserve	23,373	-	4,632	-
Special reserve	171,049	2	41,685	-
Unappropriated earnings	528,910	4	187,411	2
Total retained earnings	723,332	6	233,728	2
Other equity	(170,900)	(1)	(171,049)	(2)
Total equity attributable to owners of the Company	7,646,034	63	6,150,670	54
<b>NON-CONTROLLING INTERESTS</b>	2,989	-	95	-
Total equity	7,649,023	63	6,150,765	54
<b>TOTAL</b>	<b>\$ 12,066,671</b>	<b>100</b>	<b>\$ 11,308,050</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25, 32 and 38)	\$ 8,260,947	100	\$ 9,005,063	100
OPERATING COSTS (Notes 10, 22 and 25)	<u>6,986,706</u>	<u>84</u>	<u>8,328,524</u>	<u>92</u>
GROSS PROFIT	1,274,241	16	676,539	8
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	5,329	-	2,425	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>155</u>	<u>-</u>	<u>50</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,279,725</u>	<u>16</u>	<u>679,014</u>	<u>8</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing	110,181	1	104,289	1
General and administrative	302,002	4	233,815	3
Research and development	68,103	1	49,839	1
Expected credit loss (Note 9)	<u>1,669</u>	<u>-</u>	<u>18,714</u>	<u>-</u>
Total operating expenses	<u>481,955</u>	<u>6</u>	<u>406,657</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>(325,143)</u>	<u>(4)</u>	<u>(24,542)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>472,627</u>	<u>6</u>	<u>247,815</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 25)	(72,170)	(1)	(80,746)	(1)
Share of profit or loss of associates (Note 13)	46,851	1	1,956	-
Interest income (Note 25)	23,331	-	6,456	-
Rental income (Note 32)	25,072	-	22,702	-
Other income (Note 32)	24,184	-	13,069	-
Foreign exchange loss, net (Note 25)	(375)	-	(20,382)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	2,667	-	(15,445)	-
Miscellaneous expenses	<u>(281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>49,279</u>	<u>-</u>	<u>(72,390)</u>	<u>(1)</u>

(Continued)

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 521,906	6	\$ 175,425	2
INCOME TAX BENEFIT (Notes 4 and 26)	<u>5,356</u>	<u>-</u>	<u>14,225</u>	<u>-</u>
NET PROFIT	<u>527,262</u>	<u>6</u>	<u>189,650</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	1,404	-
Gain or loss on hedging instruments subject to basis adjustment (Note 24)	119	-	(218)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 26)	(44)	-	44	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(24)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 24)	(2)	-	794	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	<u>1</u>	<u>-</u>	<u>(159)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>50</u>	<u>-</u>	<u>1,865</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 527,312</u>	<u>6</u>	<u>\$ 191,515</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 527,268	6	\$ 189,650	2
Non-controlling interests	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 527,262</u>	<u>6</u>	<u>\$ 189,650</u>	<u>2</u>

(Continued)

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 527,318	6	\$ 191,515	2
Non-controlling interests	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 527,312</u>	<u>6</u>	<u>\$ 191,515</u>	<u>2</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.07</u>		<u>\$ 0.41</u>	
Diluted	<u>\$ 1.04</u>		<u>\$ 0.41</u>	

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

(Concluded)

**TSEC CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company (Notes 24)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Gain (Loss) on Hedging Instruments	Total	Non-controlling Interests (Note 24)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Retained Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	445,797	\$ 4,457,967	\$ 800,321	\$ -	\$ -	\$ 46,317	\$ (869)	\$ (174,284)	\$ -	\$ 5,129,452	\$ 95	\$ 5,129,547
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	4,632	-	(4,632)	-	-	-	-	-	-
Special reserve	-	-	-	-	41,685	(41,685)	-	-	-	-	-	-
Issuance of ordinary shares for cash	30,500	305,000	503,250	-	-	-	-	-	-	808,250	-	808,250
Compensation cost of employee share options (Notes 24 and 28)	-	-	21,442	-	-	-	-	-	-	21,442	-	21,442
Changes in percentage of ownership interests in investment accounted for using the equity method (Note 24)	-	-	11	-	-	-	-	-	-	11	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 11 and 24)	-	-	-	-	-	(2,239)	-	2,239	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865	-	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	191,515	-	191,515
BALANCE AT DECEMBER 31, 2022	476,297	4,762,967	1,325,024	4,632	41,685	187,411	(234)	(170,641)	(174)	6,150,670	95	6,150,765
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	18,741	-	(18,741)	-	-	-	-	-	-
Special reserve	-	-	-	-	129,364	(129,364)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(37,664)	-	-	-	(37,664)	-	(37,664)
Cash dividends from capital surplus	-	-	(12,555)	-	-	-	-	-	-	(12,555)	-	(12,555)
Issuance of ordinary shares for cash	36,500	365,000	624,150	-	-	-	-	-	-	989,150	-	989,150
Compensation cost of employee share options (Notes 24 and 28)	-	-	29,016	-	-	-	-	-	-	29,016	-	29,016
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	-	99	99	-	99
Increase in non-controlling interests, net	-	-	-	-	-	-	-	-	-	-	2,900	2,900
Net profit for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268	(6)	527,262
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(1)	(24)	75	50	-	50
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	527,268	(1)	(24)	75	527,318	(6)	527,312
BALANCE AT DECEMBER 31, 2023	512,797	\$ 5,127,967	\$ 1,965,635	\$ 23,373	\$ 171,049	\$ 528,910	\$ (235)	\$ (170,665)	\$ -	\$ 7,646,034	\$ 2,989	\$ 7,649,023

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 521,906	\$ 175,425
Adjustments for:		
Depreciation	888,946	591,358
Amortization	3,495	1,855
Expected credit loss recognized on accounts receivable	1,669	18,714
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	(2,667)	15,445
Finance costs	72,170	80,746
Interest income	(23,331)	(6,456)
Shared-based payment expenses	29,016	21,442
Share profit of associates	(46,851)	(1,956)
Loss on disposal of property, plant and equipment	318,921	16,105
Write-down of inventories	69,196	97,900
Unrealized loss on transactions with associates	(5,329)	(2,425)
Realized gain on transactions with associates	(155)	(50)
Net unrealized gain on foreign currency exchange	(3,619)	(3,029)
Gain on modification of lease	(13)	-
Provisions for liabilities	7,881	2,445
Prepayments for equipment transferred to loss	4,000	8,436
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,754	(15,051)
Notes receivable	(83,894)	-
Accounts receivable	(323,764)	(429,168)
Accounts receivable from related parties	(32,939)	78,986
Other receivables	13,402	(1,546)
Other receivables from related parties	31	(1,220)
Inventories	355,259	(225,081)
Other current assets	62,466	80,062
Contract liabilities	(27,738)	(176,487)
Notes payable	(1)	24
Accounts payable	(366,463)	(97,912)
Other payables	7,744	38,061
Other current liabilities	10,283	1,151
Cash generated from operations	1,452,375	267,774
Interest received	22,738	5,116
Finance costs paid	(102,522)	(99,813)
Income tax paid	(1,895)	(283)
	<u>1,370,696</u>	<u>172,794</u>
Net cash generated from operating activities		(Continued)

# TSEC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at amortized cost	\$ 63,328	\$ -
Purchases of financial assets at amortized cost	(8,310)	(156,708)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	7,504
Proceeds from sale of financial assets for hedging	(99)	-
Acquisition of associates (Note 13)	(432,000)	-
Payments for property, plant and equipment (Note 29)	(1,196,177)	(1,300,521)
Proceeds from disposal of property, plant and equipment	16,931	830
Increase in refundable deposits	-	(1,981)
Decrease in refundable deposits	6,665	-
Payments for intangible assets	(6,587)	(2,309)
Dividends received from investments accounted for using equity method	<u>28,828</u>	<u>2,138</u>
Net cash used in investing activities	<u>(1,527,421)</u>	<u>(1,451,047)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	340,990
Repayments of short-term borrowings	(514,777)	-
Proceeds from short-term bills payable	-	329,513
Repayments of short-term bills payable	(249,609)	-
Proceeds from long-term borrowings	536,332	894,000
Repayments of long-term borrowings	(182,414)	(1,297,458)
Decrease in guarantee deposits received	(3,705)	-
Repayments of the principal portion of lease liabilities	(11,390)	(11,753)
Distributed cash dividends	(50,219)	-
Proceeds from issuance of ordinary shares	989,150	808,250
Increase in non-controlling interests, net	<u>2,900</u>	<u>-</u>
Net cash generated from financing activities	<u>516,268</u>	<u>1,063,542</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,993)</u>	<u>(4,867)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	356,550	(219,578)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>837,804</u>	<u>1,057,382</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,194,354</u>	<u>\$ 837,804</u>

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TSEC Corporation

### **Opinion**

We have audited the accompanying financial statements of TSEC Corporation (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is described as follows:

Validity of Sales from Customers Added to the  
Top Twenty Revenue-Contributing Section

The sales revenue from customers added to the top twenty revenue-contributing sections for the year ended December 31, 2023 was \$2,364,565 thousand, which accounted for 28.69% of the Company's operating revenue, and is material to the Company's financial statements. Since management may be under pressure to achieve financial goals, the inherent risk of fraud in revenue recognition is high. Thus, we identified the risk of revenue recognition as a key audit matter. For the related accounting policies, refer to Note 4 of the financial statements.

We obtained an understanding of the Company's internal controls over sales transactions with customers added to the top twenty revenue-contributing sections and designed the corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing by selecting samples of the transactions with customers added to the top twenty revenue-contributing sections and inspected third-party shipping documents, the customers' receipts of delivery, cash payments and material sales returns after the reporting period. We confirmed that sales revenue from the customers added to the top twenty revenue-contributing sections is free from material misstatements.

**Other Matter**

Among the investments accounted for using the equity method, the financial statements of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were audited by other auditors. Therefore, the conclusions made regarding the amounts presented in the financial statements of investee companies in the aforementioned consolidated financial statements are based on the audit results of the other auditors. As of December 31, 2023, the investment balance in investee companies in the aforementioned accounted for \$549,725 thousand, representing 4.6% of the total assets. The share of the equity method recognized for associated enterprises and joint ventures from January 1, 2023, to December 31, 2023, amounted to \$39,055 thousand, accounting for 7.4% of the total comprehensive income.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Hsun Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 6, 2024

Notice to Readers

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

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

# TSEC CORPORATION

## BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,151,345	10	\$ 825,478	7
Financial assets at amortized cost - current (Notes 4 and 8)	139,120	1	134,929	1
Notes receivable (Notes 4, 9 and 24)	83,894	1	-	-
Accounts receivable (Notes 4, 9 and 24)	1,477,993	12	1,164,930	11
Accounts receivable from related parties (Notes 4, 9, 24 and 31)	42,437	-	9,498	-
Other receivables (Notes 4 and 9)	2,640	-	15,449	-
Other receivables from related parties (Notes 4 and 31)	1,385	-	1,416	-
Current tax assets (Notes 4 and 25)	2,340	-	382	-
Inventories (Notes 4 and 10)	1,274,866	11	1,699,321	15
Other current assets (Notes 17 and 32)	81,077	1	153,666	2
Total current assets	<u>4,257,097</u>	<u>36</u>	<u>4,005,069</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4 and 8)	55,388	1	123,282	1
Investments accounted for using the equity method (Notes 4, 12 and 32)	937,177	8	454,054	4
Property, plant and equipment (Notes 4, 5, 13 and 32)	5,943,366	50	5,442,722	49
Right-of-use assets (Notes 4 and 14)	16,216	-	10,770	-
Investment properties (Notes 4, 15 and 32)	9,012	-	163,159	1
Other intangible assets (Notes 4 and 16)	7,800	-	4,708	-
Deferred tax assets (Notes 4 and 25)	244,812	2	236,844	2
Other non-current assets (Notes 17, 28 and 32)	396,511	3	783,981	7
Total non-current assets	<u>7,610,282</u>	<u>64</u>	<u>7,219,520</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 11,867,379</u>	<u>100</u>	<u>\$ 11,224,589</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18, 28 and 32)	\$ 341,836	3	\$ 856,613	8
Short-term bills payable (Notes 18, 28 and 32)	79,904	1	329,513	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	724	-	637	-
Financial liabilities for hedging - current (Notes 4 and 30)	-	-	218	-
Contract liabilities (Notes 4, 24 and 31)	90,007	1	117,745	1
Notes payable (Note 19)	23	-	24	-
Accounts payable (Note 19)	525,327	4	898,218	8
Other payables (Notes 20 and 28)	441,637	4	393,141	3
Lease liabilities - current (Notes 4, 14 and 28)	11,736	-	5,473	-
Current portion of long-term borrowings (Notes 18, 28 and 32)	491,150	4	218,604	2
Other current liabilities (Note 20)	17,862	-	7,569	-
Total current liabilities	<u>2,000,206</u>	<u>17</u>	<u>2,827,755</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18, 28 and 32)	1,901,586	16	1,931,346	17
Provisions (Note 4)	25,021	-	17,140	-
Deferred tax liabilities (Notes 4 and 25)	1,899	-	628	-
Preferred stock liabilities (Notes 4, 22 and 28)	287,949	3	287,949	3
Lease liabilities - non-current (Notes 4, 14 and 28)	4,684	-	5,396	-
Guarantee deposits received (Notes 20 and 28)	-	-	3,705	-
Total non-current liabilities	<u>2,221,139</u>	<u>19</u>	<u>2,246,164</u>	<u>20</u>
Total liabilities	<u>4,221,345</u>	<u>36</u>	<u>5,073,919</u>	<u>45</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Share capital	5,127,967	43	4,762,967	42
Capital surplus	1,965,635	17	1,325,024	12
Retained earnings				
Legal reserve	23,373	-	4,632	-
Special reserve	171,049	1	41,685	-
Unappropriated earnings	528,910	5	187,411	2
Total retained earnings	<u>723,332</u>	<u>6</u>	<u>233,728</u>	<u>2</u>
Other equity	(170,900)	(2)	(171,049)	(1)
Total equity attributable to owners of the Company	<u>7,646,034</u>	<u>64</u>	<u>6,150,670</u>	<u>55</u>
<b>TOTAL</b>	<u>\$ 11,867,379</u>	<u>100</u>	<u>\$ 11,224,589</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

# TSEC CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 31)	\$ 8,242,495	100	\$ 9,005,063	100
OPERATING COSTS (Notes 10, 21 and 24)	<u>6,978,100</u>	<u>85</u>	<u>8,328,524</u>	<u>92</u>
GROSS PROFIT	1,264,395	15	676,539	8
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	5,329	-	2,425	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>155</u>	<u>-</u>	<u>50</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,269,879</u>	<u>15</u>	<u>679,014</u>	<u>8</u>
OPERATING EXPENSES (Notes 21, 24 and 31)				
Selling and marketing	110,181	1	104,289	1
General and administrative	300,280	4	233,540	3
Research and development	68,103	1	49,839	1
Expected credit loss (Note 9)	<u>1,669</u>	<u>-</u>	<u>18,714</u>	<u>-</u>
Total operating expenses	<u>480,233</u>	<u>6</u>	<u>406,382</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>(325,143)</u>	<u>(4)</u>	<u>(24,541)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>464,503</u>	<u>5</u>	<u>248,091</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(68,190)	(1)	(79,300)	(1)
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	48,343	1	256	-
Interest income (Note 24)	23,094	-	6,434	-
Rental income (Note 31)	26,518	1	22,702	-
Other income (Note 31)	24,188	-	13,069	-
Foreign exchange loss, net (Note 24)	(375)	-	(20,382)	-
Gains or losses on financial assets and liabilities at fair value through profit or loss	2,667	-	(15,445)	-
Miscellaneous expenses	<u>(283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>55,962</u>	<u>1</u>	<u>(72,666)</u>	<u>(1)</u>

(Continued)

# TSEC CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 520,465	6	\$ 175,425	2
INCOME TAX BENEFIT (Notes 4 and 25)	<u>6,803</u>	<u>-</u>	<u>14,225</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>527,268</u>	<u>6</u>	<u>189,650</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	-	-	1,404	-
Gain (loss) on hedging instruments subject to basis adjustment (Note 23)	119	-	(218)	-
Share of other comprehensive loss of associates accounted for using the equity method	(24)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(44)	-	44	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 23)	(2)	-	794	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	<u>1</u>	<u>-</u>	<u>(159)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>50</u>	<u>-</u>	<u>1,865</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 527,318</u>	<u>6</u>	<u>\$ 191,515</u>	<u>2</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.07</u>		<u>\$ 0.41</u>	
Diluted	<u>\$ 1.04</u>		<u>\$ 0.41</u>	

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

(Concluded)

**TSEC CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Share Capital (Note 23)		Capital Surplus (Notes 23 and 27)	Retained Earnings (Note 23)			Other Equity (Note 23)		Gain (Loss) on Hedging Instruments	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	445,797	\$ 4,457,967	\$ 800,321	\$ -	\$ -	\$ 46,317	\$ (869)	\$ (174,284)	\$ -	\$ 5,129,452
Appropriation of 2021 earnings										
Legal reserve	-	-	-	4,632	-	(4,632)	-	-	-	-
Special reserve	-	-	-	-	41,685	(41,685)	-	-	-	-
Issuance of ordinary shares for cash	30,500	305,000	503,250	-	-	-	-	-	-	808,250
Compensation cost of employee share options (Notes 23 and 27)	-	-	21,442	-	-	-	-	-	-	21,442
Changes in percentage of ownership interests in investment accounted for using equity method (Note 23)	-	-	11	-	-	-	-	-	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 11 and 23)	-	-	-	-	-	(2,239)	-	2,239	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	191,515
BALANCE AT DECEMBER 31, 2022	476,297	4,762,967	1,325,024	4,632	41,685	187,411	(234)	(170,641)	(174)	6,150,670
Appropriation of 2022 earnings										
Legal reserve	-	-	-	18,741	-	(18,741)	-	-	-	-
Special reserve	-	-	-	-	129,364	(129,364)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(37,664)	-	-	-	(37,664)
Cash dividends from capital surplus	-	-	(12,555)	-	-	-	-	-	-	(12,555)
Issuance of ordinary shares for cash	36,500	365,000	624,150	-	-	-	-	-	-	989,150
Compensation cost of employee share options (Notes 23 and 27)	-	-	29,016	-	-	-	-	-	-	29,016
Basis adjustments to hedging instruments	-	-	-	-	-	-	-	-	99	99
Net profit for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(1)	(24)	75	50
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	527,268	(1)	(24)	75	527,318
BALANCE AT DECEMBER 31, 2023	512,797	\$ 5,127,967	\$ 1,965,635	\$ 23,373	\$ 171,049	\$ 528,910	\$ (235)	\$ (170,665)	\$ -	\$ 7,646,034

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

# TSEC CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 520,465	\$ 175,425
Adjustments for:		
Depreciation	880,361	591,358
Amortization	3,495	1,855
Expected credit loss recognized on accounts receivable	1,669	18,714
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	(2,667)	15,445
Finance costs	68,190	79,300
Interest income	(23,094)	(6,434)
Shared-based payment expenses	29,016	21,442
Share of profit of investment accounted for using the equity method	(48,343)	(256)
Loss on disposal of property, plant and equipment	318,921	16,105
Write-down of inventories	69,196	97,900
Unrealized loss on transactions with subsidiaries and associates	(5,329)	(2,425)
Realized gain on transactions with subsidiaries and associates	(155)	(50)
Net unrealized gain on foreign currency exchange	(3,619)	(3,029)
Prepayments for equipment transferred to loss	4,000	8,436
Provisions for liabilities	7,881	2,445
Gains on modification of lease	(13)	-
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,754	(15,051)
Notes receivable	(83,894)	-
Accounts receivable	(314,749)	(429,168)
Accounts receivable from related parties	(32,939)	78,986
Other receivables	13,402	(1,546)
Other receivables from related parties	31	(1,220)
Inventories	355,259	(225,081)
Other current assets	68,589	89,572
Contract liabilities	(27,738)	(176,487)
Notes payable	(1)	24
Accounts payable	(366,463)	(97,912)
Other payables	7,376	38,062
Other current liabilities	10,293	1,141
Cash generated from operations	1,451,894	277,551
Interest received	22,501	5,094
Finance costs paid	(98,542)	(98,367)
Income tax paid	(1,895)	(283)
	<u>1,373,958</u>	<u>183,995</u>
Net cash generated from operating activities		(Continued)

# TSEC CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 7,504
Purchase of financial assets at amortized cost	-	(156,708)
Proceeds from sale of financial assets at amortized cost	63,328	-
Proceeds from sale of financial assets for hedging	(99)	-
Acquisition of associates	(432,000)	-
Payments for property, plant and equipment (Note 28)	(1,100,025)	(1,110,888)
Proceeds from disposal of property, plant and equipment	16,931	830
Increase in refundable deposits	-	(1,981)
Decrease in refundable deposits	8,438	-
Payments for other intangible assets	(6,587)	(2,309)
Dividends received from investments accounted for using equity method	<u>28,828</u>	<u>2,138</u>
Net cash used in investing activities	<u>(1,421,186)</u>	<u>(1,261,414)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	257,641
Repayments of short-term borrowings	(514,777)	-
Proceeds from short-term bills payable	-	329,513
Repayments of short-term bills payable	(249,609)	-
Proceeds from long-term borrowings	425,200	894,000
Repayments of long-term borrowings	(182,414)	(1,297,458)
Repayments of guarantee deposits received	(3,705)	-
Repayments of the principal portion of lease liabilities	(11,390)	(11,753)
Dividends paid to owners of the Company	(50,219)	-
Proceeds from issuance of ordinary shares	989,150	808,250
Acquisition of additional interests in subsidiaries	<u>(26,150)</u>	<u>(120,232)</u>
Net cash generated from financing activities	<u>376,086</u>	<u>859,961</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,991)</u>	<u>(5,662)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	325,867	(223,120)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>825,478</u>	<u>1,048,598</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,151,345</u>	<u>\$ 825,478</u>

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

(Concluded)

**TSEC Corporation**  
**Annual Profit Distribution Table**  
**2023**

Unit: NT\$

Item	Amount
Beginning undistributed earnings	1,642,638
Add: Net income after tax	527,268,426
Subtotal	528,911,064
Less: Legal reserve (10%)	(52,726,843)
Add: Rotary special reserve	148,930
Earnings available for distribution	476,333,151
Less: Shareholder bonus (NT\$0.4per share)	(215,476,586)
Accumulated undistributed earnings at the end of the period	260,856,565

Chairman: Wei Jen Investment Co Ltd    Director Representative: Kuo-Ron, Liao  
 President: Cheng-Jen, Hung            Head of Accounting: chang wei che

**TSEC Corporation**

Attachment 7

**Lifted Restrictions on the Non-Compete Clause of Director Ming-Hsin Kung**

<b>Name of Director</b>	<b>Other Companies in Which Concurrent Positions are Held</b>	<b>Positions</b>
Ming-Hsin Kung	Taiwan Semiconductor Manufacturing Co., Ltd.	Director

## **TSEC Corporation**

### **Rules of Procedure for Shareholders' Meetings (Before Amendment)**

#### Article 1 Purpose and Basis

In order to establish a good board of directors governance system, improve the supervision function and strengthen the management function of the company, the rules of procedure of the board of directors (hereinafter referred to as these rules) are formulated in accordance with the "Procedure Procedures of the Board of Directors of Publicly Offered Companies".

#### Article 2 Scope of application

The procedures for the company's board of directors, including the main content of the proceedings, operating procedures, matters that should be stated in minutes, announcements and other matters that should be followed, should be handled in accordance with the provisions of these rules.

#### Article 3 Board of Directors convening and meeting notice

The company's board of directors convenes once every quarter.

The reason for the convening of the board of directors shall be clearly stated and all directors shall be notified seven days in advance. However, in case of emergency, the convening may be carried out at any time.

The notification of the summons mentioned in the preceding paragraph may be made electronically with the consent of the counterparty.

The matters specified in the first paragraph of Article 12 of these rules shall be listed in the reasons for convening and shall not be raised by temporary motions.

#### Article 4 Meeting Notice and Meeting Materials

The department designated by the company's board of directors for discussion is the Finance Department.

The discussion unit should formulate the contents of the board meeting, provide sufficient meeting materials, and send them together with the convening notice.

If the director believes that the meeting materials are insufficient, he may request the meeting affairs department to make up for them. If the directors believe that the information on the proposal is insufficient, they may postpone the review upon resolution of the board of directors.

#### Article 5: Preparation of signature book and other documents and appointment of directors

When the company's board of directors is convened, a signature book should be set up for attendance of directors to sign in for inspection.

Directors should attend the board of directors in person. If they are unable to attend in person, they may entrust another director to attend as a proxy in accordance with the company's articles of association.

Those who participate in the meeting via video conference will be deemed to have attended in person.

When a director entrusts another director to attend the board of directors as a proxy, he should issue a power of attorney each time and list the scope of authorization for the reasons for the convening.

The agent mentioned in Paragraph 2 is limited to being entrusted by one person.

#### Article 6 Principles on the location and time of board meetings

The place and time for the meeting of the company's board of directors shall be at the company's location and during office hours, or at a place and time that is convenient for the directors to attend and suitable for the meeting of the board of directors.

#### Article 7 Chairman of the Board of Directors and Agents

The company's board of directors is convened by the chairman and chaired by the chairman. However, when the first board meeting of each session is convened by the director with the most voting rights represented by the votes received at the shareholders' meeting, the meeting chairperson shall be the person with the right to convene the meeting. If there are two or more persons with the right to convene, one person shall be elected from each other to serve.

If the board of directors is convened by more than half of the directors in accordance with the provisions of Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Law, the directors shall elect one person from each other to serve as chairman.

When the chairman of the board of directors takes leave or is unable to exercise his powers for any reason, he shall designate a director to act as his agent. If the chairman of the board of directors fails to designate an agent, the directors shall nominate one person to act as his agent.

#### Article 8 Board of Directors' reference materials, non-voting personnel and Board of Directors meetings

When the company's board of directors convenes, the discussion unit designated by the board of directors should prepare relevant information for the attending directors to check at any time.

When convening a board of directors, personnel from relevant departments or subsidiaries may be notified to attend the meeting depending on the content of the proposals.

When necessary, accountants, lawyers or other professionals may also be invited to attend meetings and provide explanations. However, members should leave the meeting during discussions and voting.

The chairman of the board of directors shall declare the meeting to be convened as soon as the meeting time has expired and more than half of the directors are present.

If half of all directors are not present at the meeting time, the chairman may announce that the meeting will be postponed on that day, and the number of postponements is limited to two times. If the meeting is still insufficient after two postponements, the chairman may reconvene according to the procedure stipulated in Paragraph 2 of Article 3.

The total number of directors mentioned in the preceding paragraph and Article 16 Paragraph 2 shall be calculated based on those who are actually in office.

#### Article 9: Preservation of audio or video recordings of board meetings

The entire meeting process of the company's board of directors should be audio or video-recorded and kept for at least five years. The storage should be done electronically.

Before the retention period in the preceding paragraph expires, if a lawsuit occurs regarding relevant resolutions of the board of directors, the relevant audio or video evidence materials shall continue to be preserved until the conclusion of the litigation.

If a video conference is held, the video and audio data shall be part of the minutes and shall be properly preserved during the existence of the company.

#### Article 10 Contents of proceedings

The company's regular board of directors' discussions include at least the following matters:

##### 1. Report matters:

- (1) Minutes of the last meeting and its execution.
- (2) Important financial business reports.
- (3) Internal audit business report.
- (4) Other important reporting matters.

##### 2. Matters discussed:

- (1) Matters reserved for discussion at the previous meeting.
- (2) Matters scheduled to be discussed at this meeting.

##### 3. Temporary motion.

#### Article 11 Discussion of proposals

The company's board of directors shall conduct proceedings in accordance with the procedures scheduled in the meeting notice. However, it may be changed with the consent of more than half of the directors present.

The chairman shall not declare a meeting to adjourn without the consent of more than half of the directors present.

During a board meeting, if the number of directors present does not constitute a majority of the directors present, upon the proposal of the directors present, the chairman shall declare the meeting to be suspended, and the provisions of Article 8, Item 5 shall apply mutatis mutandis.

If the board meeting is in progress and the chairman is unable to preside over the meeting for some reason or fails to adjourn the meeting in accordance with the provisions of Paragraph 2, the other  
The selection and appointment of agents shall be subject to the provisions of Article 7.

Article 12 Matters that should be discussed by the board of directors

The following matters should be brought to the board of directors of the company for discussion:

1. The company's operating plan.
2. The annual financial report signed or sealed by the chairman, manager and accounting supervisor and the second quarter financial report that must be verified and certified by an accountant.
3. Establish or amend internal control systems and evaluate the effectiveness of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Securities and Exchange Act).
4. Establish or amend the procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, endorsing or providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
5. Raising, issuing or privately placing securities of an equity nature.
6. Selection or dismissal of chairman of the board of directors
7. Appointment and removal of finance, accounting or internal audit supervisors.
8. Donations to related parties or major donations to non-related parties. However, public welfare donations for emergency relief due to major natural disasters may be submitted to the next board of directors for ratification.
9. In accordance with Article 14-3 of the Securities and Exchange Act, other matters that should be resolved by shareholders' meeting or board of directors in accordance with laws or articles of association, or major matters stipulated by the competent authority.

The related party mentioned in paragraph 8 of the preceding paragraph refers to the related person regulated by the financial reporting standards of the securities issuer; the so-called major donation to a non-related person refers to the amount of each donation or the cumulative amount of donations to the same object within one year reaching NT\$ More than 100 million yuan, or more than 1% of the net operating income or more than 5% of the paid-in capital in the latest year's financial report certified by an accountant.

The term "within one year" mentioned in the preceding paragraph is based on the date of the current board meeting, and is calculated retrospectively for one year. Parts that have been approved by the board of directors are exempt from inclusion.

At least one independent director should attend the board of directors in person; for the first matter that should be submitted to the board of directors for resolution, all independent directors should attend the board of directors. If an independent director is unable to attend in person, he should appoint other independent directors to attend on his behalf. If an independent director has objections or reservations, they should be stated in the minutes of the board of directors meeting; if an independent director is unable to attend the board of directors in person to express objections or reservations, unless there are legitimate reasons, he should issue a written opinion in advance and record it in the minutes of the board of directors meeting.

Article 13 Voting methods

When the chairman considers that the discussion of a board resolution has reached a point where it can be put to a vote, he may announce the cessation of discussion and submit it to a vote.

When the company's board of directors votes on a resolution, it will be deemed passed if all the directors present have no objection after consultation with the chairman. If there is any objection after being consulted by the chairman, it shall be put to a vote.

The voting method shall be decided by the chairman according to the following provisions. However, if there is any objection from the attendees, the decision shall be made by seeking the opinion of the majority:

1. Voting by show of hands or voting machine.
2. Roll call voting.
3. Voting.

#### 4. Voting at the company's discretion.

The term "all directors present" as mentioned in the preceding two paragraphs does not include directors who are prohibited from exercising voting rights in accordance with the provisions of Paragraph 1 of Article 15.

#### Article 14 Methods of scrutinizing and counting votes

Unless otherwise stipulated by the Securities and Exchange Law and the Company Law, resolutions of the company's board of directors must be attended by more than half of the directors and must be approved by more than half of the directors present.

When there are amendments or substitutions to the same motion, the chairman shall determine the order of voting based on the original motion. However, if one of the motions has been passed, the other motions will be deemed to have been rejected and no further vote is required.

If it is necessary to set up scrutineers and counting personnel for voting on a proposal, they shall be designated by the chairman, but the scrutineers shall have the status of directors.

The results of the voting shall be reported on the spot and recorded.

#### Article 15 Directors' interest avoidance system

Directors who have an interest in matters at the meeting, or the legal person they represent, shall explain the important content of their interests at the current board meeting. If there is a risk of harm to the interests of the company, they shall not participate in the discussion and voting, and during the discussion and voting shall be recused and shall not act on behalf of other directors to exercise their voting rights.

If a director's spouse, second degree of consanguinity, or a company that has a controlling or subordinate relationship with the director has an interest in the matter of the meeting referred to in the preceding paragraph, the director shall be deemed to have his or her own interest in the matter.

The resolutions of the company's board of directors shall be handled in accordance with Paragraph 4 of Article 206 of the Company Law and the provisions of Paragraph 2 of Article 180 shall apply mutatis mutandis to directors who are not allowed to exercise voting rights in accordance with the provisions of the preceding two paragraphs.

#### Article 16 Meeting Minutes and Signature Matters

The proceedings of the company's board of directors shall be kept in minutes, and the minutes shall record the following matters in detail:

1. The session (or year), time and place of the meeting.
2. The name of the chairman.
3. Attendance status of directors, including the names and number of those present, on leave and absent.
4. Names and professional titles of those present.
5. Name recorded.
6. Reporting matters.
7. Discussion matters: resolution methods and results of each proposal, summaries of speeches made by directors, experts and other personnel, names of directors involved in interests in accordance with Paragraph 1 of the preceding article, explanations of important contents of interests, and reasons why they should recuse themselves or not, There are records or written statements of avoidance, objections or reservations and written opinions issued by independent directors in accordance with the provisions of Article 12, Paragraph 4.
8. Temporary motion: the name of the proposer, the resolution method and result of the motion, the summary of the speeches of directors, experts and other personnel, the name of the directors involved in the interest in accordance with the provisions of Paragraph 1 of the preceding article, the explanation of the important contents of the interest, and whether they should recuse themselves or not. Reasons for recusal, circumstances of recusal, objections or reservations and records or written statements.
9. Other matters that should be recorded.

For matters resolved by the board of directors, if independent directors have objections or reservations and have records or written statements, or matters that have not been approved by the company's audit committee, they must be passed with the consent of more than two-thirds of all directors. In addition to being stated in the meeting minutes, announcements and declarations must be made at the public

information observatory designated by the Financial Supervisory Commission within two days from the date of the board of directors.

The board of directors sign-in book is part of the minutes and should be properly kept during the existence of the company.

The minutes must be signed or stamped by the chairman of the meeting and the record-keeper, and distributed to all directors within 20 days after the meeting. And should be included in the company's important files and properly preserved during the company's existence.

The production and distribution of the minutes of proceedings in Paragraph 1 may be done electronically.

#### Article 17 Authorization Principles of the Board of Directors

In addition to the matters that should be brought to the board of directors of the company for discussion in the first paragraph of Article 12, during the recess of the board of directors, the directors of the company

The board of directors authorizes the chairman to exercise the powers of the board of directors in accordance with laws or the company's articles of association. The authorization content is as follows:

1. Limit the list in accordance with the company's division of powers and responsibilities.
2. In accordance with the company's management regulations, systems and methods.
3. Appointment of directors and supervisors of the reinvested company.
4. Determination of the base date for capital increase or capital reduction and the base date for cash dividend distribution.

#### Article 18 Implementation and Amendment

The formulation and amendment of these rules shall be approved by the company's board of directors and submitted to the shareholders' meeting report.

These rules were established on July 27, 2010.

The 1st amendment was conducted on June 20, 2013.

The 2st amendment was conducted on December 21, 2018.

The 3nd amendment was conducted on November 11, 2020.

The 4rd amendment was conducted on May 8, 2023.

## TSEC Corporation

### Directors' Shareholding

- I. Shares already issued by the Company: 512,796,730 shares.
- II. Class A preferred shares already issued: 25,894,736 shares.
- III. Pursuant to “Article 26, Securities and Exchange Act” and the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum number of total shares shall be held by all directors of the Company are 17,238,126 shares.
- IV. As the Audit Committee has replaced the supervisors, there is no applicable share for the supervisors.
- V. As of the date of transfer suspension for the AGM (March 26, 2024), the shares held by the directors are as the following:

Designation	Name	Types of Shares	Shares Held	% of Total Issued Shares
Chairman	Wei Jen Investment Co Ltd. Representative: Kuo-Ron, Liao	Common shares	2,996,817	0.58%
		A-Preferred shares	0	0.00%
Director	An Chuang Industrial Corporation Representative: Wei-Jan, Liao	Common shares	47,963	0.01%
		A-Preferred shares	0	0.00%
Director	Cheng Hsi Investment Corporation Representative: Cheng-Ji, Hsu	Common shares	1,652,238	0.32%
		A-Preferred shares	0	0.00%
Director	Farglory International Investment Corporation Representative: Li-Chiang, Lin	Common shares	926,817	0.18%
		A-Preferred shares	8,210,526	31.71%
Director	Yu Sheng Energy Corporation Representative: Weng-Cheng, Liu	Common shares	20,000	0.00%
		A-Preferred shares	17,684,210	68.29%
Independent Director	Chia-En, Wu	Common shares	0	0.00%
		A-Preferred shares	0	0.00%
Independent Director	Huai-De, Chiang	Common shares	0	0.00%
		A-Preferred shares	0	0.00%
Independent Director	Gu-Tong, Lin	Common shares	0	0.00%
		A-Preferred shares	0	0.00%
Total shares for all directors		Common shares	5,643,935	1.09%
		A-Preferred shares	25,894,736	100.00%

**TSEC Corporation**  
**Articles of Incorporation**  
**Chapter 1 General Provisions**

**Appendix 3**

- Article 1: The Company is incorporated in accordance with The Company Act, and is named TSEC Corporation.
- Article 2: The Company is engaged in the following business activities:
1. I501010 Product Designing
  2. IG03010 Energy Technical Services
  3. F106030 Wholesale of Molds
  4. F113110 Wholesale of Batteries
  5. F119010 Wholesale of Electronic Materials
  6. F113010 Wholesale of Machinery
  7. F113020 Wholesale of Electrical Appliances
  8. F113030 Wholesale of Precision Instruments
  9. F113990 Wholesale of Other Machinery and Tools
  10. F118010 Wholesale of Computer Software
  11. CC01080 Electronics Components Manufacturing
  12. CC01090 Manufacture of Batteries and Accumulators
  13. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
  14. CQ01010 Mold and Die Manufacturing
  15. D401010 Thermal Energy Supply
  16. D101060 Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
  17. E601010 Electric Appliance Construction
  18. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The head office of the Company is located in New Taipei City. If necessary, branch offices both at home and abroad may be established upon the resolution of the board of directors and the approval by the central authority.
- Article 4: The total amount of the Company's investment in other businesses is not subject to the 40% limit rule of the paid-in capital as stated in Article 13 of the Company Act.
- Article 5: The Company may provide external endorsement for business-related purposes, which are subject to the Company's Operating Procedures for Endorsement and Guarantee.

**Chapter 2 Ownership**

- Article 6: The Company has an authorized capital of seven billion New Taiwan Dollars in seven hundred million shares. Each share has a face value of ten New Taiwan Dollars. The board of directors is authorized to raise share capital in multiple issues, and part of the issued shares may be preferred stocks.
- A total of NT\$ fifty million in five million shares, with a face value of ten New Taiwan Dollars, is retained for the issuance of employee stock options, which may be distributed in multiple issues in accordance with the board resolution.
- Article 6-1: The rights and obligations of the Company with issuing preferred stocks and the main conditions for issuance are as follows:
- I. If the final annual accounts have a surplus, the Company should first pay all taxes and make up for the losses of previous years in accordance with the law. If there is still a surplus, the Company shall allocate a legal reserve and a special reserve in accordance with the Articles of Incorporation. The remaining balance will be distributed as dividends, with the preferred stocks receiving the portion they shall receive for the year.
  - II. Special dividends are capped at an annual interest rate of 6%, calculated based on the

issued price and are given out in cash annually. The board specifies a record date to pay the dividends from the previous year after final financial reports are acknowledged at the annual shareholders' meeting. The distribution of dividends for the issued year and the reacquired year is calculated based on the actual issuance date of the year.

- III. The Company has discretionary powers on the dividend distribution of preferred stocks. If there is no surplus or insufficient surplus in the annual final accounts, and the Company resolves to cancel the dividend distribution for preferred stocks, it will not constitute a default. If the issued preferred stocks are noncumulative, the undistributed or under-distributed dividends will not be accumulated and deferred to future years with a surplus.
- IV. For shareholders of preferred stocks receiving the dividends described in Paragraph 2, if the issued preferred stocks are participating, they may participate in the distribution of surplus and capital reserve as cash and capitalization that common shares offer.
- V. Shareholders of preferred stocks have priority over the shareholders of common shares in the distribution of the Company's remaining assets. The order of compensation for all shareholders of preferred stocks is the same, but the compensation does not exceed the amount of issuance.
- VI. Shareholders of preferred stocks have voting rights and election rights in shareholders' meetings, and have voting powers at shareholder meetings and shareholder meetings related to the rights and obligations of preferred shareholders if elected as directors.
- VII. If the preferred stocks issued by the Company are convertible preferred stocks, they shall not be converted within one year from the date of issuance. The board is authorized to determine the conversion period based on the actual issuance conditions. Shareholders of convertible preferred stocks may apply for partial or complete conversion in accordance with the issuance conditions at a ratio of one preferred stock to one common share (conversion ratio at 1:1). After being converted into common shares, their rights and obligations will be the same as common shares. The distribution of dividends for preferred stocks in the conversion year is based on the percentage of actual issue days over the number of days in the whole day. However, the stocks that are converted into common shares before the record date of stock split or dividends for the year will not participate in the distribution of dividends of preferred stocks for the year and the distribution of annual dividends for subsequent years, but will participate in the distribution of surplus and capital reserve for common shares.
- VIII. Preferred stocks have no maturity date. The shareholders of preferred stocks shall not request the Company to reacquire the shares they hold. However, the Company may reacquire part of or all preferred stocks at the original issue price at any time starting the next day from the day one year after the issuance. Preferred stocks that are not reacquired will retain the rights and obligations of the aforementioned issuance conditions. If the Company resolves to issue dividends for the year, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year.
- IX. When the Company issues new shares by cash capital increase, shareholders of preferred stocks have the same preferred options for new shares as the shareholders of common shares.
- X. The capital reserve of preferred stocks issued at a premium shall not be capitalized during the period of issuance of such preferred stocks. The board of directors is authorized to determine the name, issue date and specific issuance conditions of preferred stocks which are subject to the Company's articles of incorporation and relevant laws and regulations, depending on the conditions of the capital market and the willingness of investors.

Article 7: The share certificates of the Company shall be name-bearing, and are issued in accordance with the Company Act and other relevant laws and regulations. Shares of the Company are exempted from actual printing but shall be registered with the Taiwan Depository and Clearing Corporation.

- Article 8: Matters regarding the Company's shares shall be handled in accordance with the laws and regulations of the government authority.
- Article 9: The registration of the transfer of shares is subject to Article 165 of the Company Act.

### **Chapter 3 Shareholder Meeting**

- Article 10: Meetings of shareholders include the annual general meeting of shareholders (AGM) and the extraordinary general meeting of shareholders (EGM). The former shall be convened at least once a year within six (6) months after the end of each accounting year, and the latter shall be convened by law where necessary.  
Meetings for preferred stock shareholders may be convened in accordance with relevant laws and regulations when necessary.  
The shareholder meetings may be held by teleconferencing or other means announced by the Ministry of Economic Affairs.
- Article 11: Shareholders unable to attend the meetings may offer to show the power of attorney issued by the Company which specifies the scope of authorization, and sign or stamp-seal the power of attorney to authorize their proxies to attend the meetings. Shareholders who authorize their proxies to attend meetings shall comply with the regulations promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.
- Article 12: Shareholders' meetings shall be convened by the board of directors, with the chairman being the chair of the meetings. If the chairman is absent for any reason, a person of acting duty shall be appointed. If no person of acting duty is appointed, one shall be appointed among the directors. Shareholder meetings that are convened by other authorized persons shall be chaired by the convener. If there are two or more conveners, one shall be appointed among them to act as the chairperson.
- Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.
- Article 14: Unless otherwise specified by the Company Act, shareholder meetings shall have the attendance of shareholders with more than half the majority of the issued shares and the resolutions shall be represented by more than half the majority of the attending shareholders. Shareholders exercising voting rights by electronic transmission will be deemed to have attended the meeting in person, and related matters are handled in accordance with relevant laws and regulations.
- Article 15: The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. Meeting minutes may also be disseminated by way of public announcements. The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various motions. Minutes are to be retained together with the sign-in log of the attending shareholders and power of attorney presented by the proxies of the Company.

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

- Article 16: The Company has seven to eleven directors. They are elected at shareholders' meetings based on their capabilities. The term of service is three years and they can be re-elected. The election of the Company's directors adopts the candidate nomination approach, and cumulative voting is implemented at the meetings. Shareholders shall make their election choices from the list of candidates. In the election of the Company's directors, every share shall have the same voting power as the elected directors. Votes may be pooled to elect one person or distributed to vote for multiple people. Those who obtain more votes are elected as directors.  
The Company may purchase liability insurance for its directors during the term of its services in accordance with the law.  
There shall be no less than three independent directors, and they shall represent no less than 1/5 of the number of directors in Paragraph 1. The election adopts a candidate nomination approach, and they are elected from the list of candidates for independent directors. The professional qualifications, shareholding, part-time restrictions, nominations and other rules

to be followed shall be handled in accordance with the laws and regulations of the securities authority.

- Article 17: The directors form a board of directors, and carry out all business tasks in accordance with the laws, articles of incorporation and the resolution of the shareholders' meetings. A chairman is elected from the directors in accordance with Article 208 of the Company Act to represent the Company. A vice chairman may be elected if necessary. The notice of the convening of the board meeting can be made in writing, fax or email.
- Article 18: The Company establishes an audit committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act, and the committee shall be composed of all independent directors. The performance of their functions and the related matters shall be determined by the Securities and Exchange Act and the relevant laws and regulations.
- Article 19: The remuneration of directors, regardless of the Company's profitability, shall be assessed by the salary and remuneration committee based on the extent of their participation in and contribution to the Company's operations. The board then makes a resolution based on the assessment conducted by the salary and remuneration committee and the standards among industry peers. The Company may offer a salary and remuneration standard for independent directors that is different from that for regular directors.
- Article 20: The Company's operating policies and other important matters shall be decided by the board of directors. The chairman should chair the shareholders' and board meetings and represent the Company in public. The chairman is to appoint a director on behalf of himself/herself if he/she cannot exercise the power. In the event that the chairman does not appoint anyone, the directors are to recommend one person from the board.
- Article 21: Unless otherwise specified by the Company Act, board meetings shall have the attendance of more than half of the directors and the resolutions shall be represented by more than half of the attending directors. The minutes of a board meeting shall bear the signature or seal of both the chair, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. Directors may appoint other directors as their proxies to attend board meetings.
- Article 21-1: The board of directors may assemble a Remuneration Committee, Audit Committee or other functional committees as needed to support business activities.  
The board is authorized to determine the traveling expenses for directors attending board meetings or other functional committee meetings based on the standards among other industry peers.

## **Chapter 5 Officers**

- Article 22: The Company shall establish positions of one executive officer, one president and several managers, and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act. The chairman or president may take the concurrent position of the executive officer.  
The chief executive officer is responsible for the integration of the Company and all its subsidiaries upstream and downstream and the related strategic planning.
- Article 22-1: The Company may purchase liability insurance for its officers during the term of their services in accordance with the law.

## **Chapter 6 Accounting**

- Article 23: At the end of each financial year, the Board of Directors shall prepare the following books, to be submitted to the AGM for ratification.
- I. Business report.
  - II. Financial statements.
  - III. Proposal for the distribution of surplus or make-up for the loss.
- Article 24: The surplus income of the Company after the annual final accounts are distributed to the following accounts in their respective order:
- I. Completion of tax payments in accordance with the law.
  - II. Make up for past losses.

- III. Allocate 10% as a legal reserve.
- IV. Special reserve is allocated or reversed in accordance with the law or regulations of the authority when necessary.
- V. If there is a surplus, it is added to the accumulated undistributed surplus of the previous year to become the surplus available for distribution. After the dividends for preferred stock shareholders are paid in accordance with Article 6-1 of the Articles of Incorporation, the board proposes a profit distribution to the shareholders' meeting for resolution.

In consideration of maximizing shareholder value, the Company's dividend policy shall appropriately distribute dividends in accordance with the Company's future capital expenditure budget and capital needs.

The dividends to shareholders are not lowered than 20% of the distributable earnings of the Year. Dividends can be distributed in cash or stocks. The cash dividend shall not be less than 10% of the total shareholders' dividends. However, if there is a major capital expenditure plan in the future, all dividends may be distributed in the form of stocks upon approval by the shareholders' meeting.

Article 24-1: Shall there be profit for the year, a minimum of 5% of it shall be contributed as the employees' remunerations. The Board of Directors shall resolve to pay such remunerations in cash or shares to these employees of the companies controlled by the Company or its subsidiaries who meet certain conditions. These criteria are determined by the board of directors.

The Company may contribute a maximum of 5% from the abovementioned profit as the directors' remunerations

Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.

Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages.

The transfer of treasury stocks to employees, the issuance of employee stock options, restricted employee shares and new shares through cash capital increase available for subscription by employees may include employees of controlling or affiliated companies that meet certain criteria. These criteria are determined by the board of directors.

## **Chapter 7 Supplementary Provisions**

Article 25: The Company's organizational policies and procedures are separately determined by the board resolution.

Article 25-1: Delisting of the Company's shares is subject to the resolution of shareholder meetings.

Article 26: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the related regulations.

Article 27: The Articles of Incorporation were established on June 17, 2010.

The 1st revision was conducted on June 30, 2011.

The 2nd revision was conducted on June 15, 2012.

The 3rd revision was conducted on June 20, 2013.

The 4th revision was conducted on April 28, 2014.

The 5th revision was conducted on May 25, 2015.

The 6th revision was conducted on May 9, 2016.

The 7th revision was conducted on June 15, 2017.

The 8th revision was conducted on March 29, 2019.

The 9th revision was conducted on June 12, 2020.

The 10th revision is conducted on April 7, 2021.

The 11th revision was conducted on June 9, 2022.

## TSEC Corporation

### Rules of Procedure for Shareholders' Meetings (Before Amendment)

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Company Act and related laws and regulations.
- Article 2 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 "Shareholder" referred to in the Rules are the shareholders and their appointed proxies.
- Article 4 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.  
The shareholder meetings may be held by teleconferencing or other means announced by the Ministry of Economic Affairs.  
If the shareholder meeting is held by teleconferencing, it is not subject to the restriction on the venue as specified in the preceding paragraph.  
The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.  
The shareholder meetings may be held by teleconferencing or other means announced by the Ministry of Economic Affairs.  
If the shareholder meeting is held by teleconferencing, it is not subject to the restriction on the venue as specified in Paragraph 1. Shareholders who would like to attend the teleconferencing shareholder meeting should register with the Company at least two days before the shareholder meeting.  
For the shareholder meetings that are video-assisted, shareholders who have already registered to attend the meetings by teleconferencing in accordance with the provisions of the preceding paragraph but wish to attend the physical meetings shall take the procedures same as the registration to cancel their registration at least two days before the meeting. Those who fail to cancel the registration on time can only attend the meetings by teleconference.  
Admission of meeting participants shall begin at least 30 minutes before the meeting commences. Check in to the teleconferencing platform of the shareholder meeting should be completed at least 30 minutes before the meeting starts, and those who complete the check-in are considered to have attended the meeting in person.  
For shareholder meetings that are held by teleconferencing, the Company shall upload the number of shares solicited by proxy solicitors, the number of shares and shareholders represented by delegated proxies to attend the meetings in writing or by electronic means, meeting handbook, annual report and other relevant information to the teleconferencing platform of the shareholder meetings, and keep them disclosed until the end of the meetings.
- Article 5 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.
- Article 6 Attending shareholders may hand in a sign-in card in lieu of signing in, and the shares are counted accordingly. Once the sign-in card is submitted to the Company, it is deemed the shareholder indicated on the sign-in card attend the meeting in person.  
The number of shares in attendance is counted based on the submitted attendance cards and the shareholding reported on the teleconferencing platform, together with the shares with written or electronic voting rights.
- Article 7 Attendance and votes at shareholders' meetings shall be calculated based on the number of shares. The chair may reject any shareholder's proposal to count attendants.

- Article 8 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall designate one director as the deputy. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting.
- Article 9 The process of shareholders' meetings shall be recorded in audio and video format uninterrupted from beginning to the end, and retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.  
For the shareholder meetings held by teleconferencing, the Company shall retain records of the shareholders' registration, login, check-in, questioning, voting and vote counting results, etc., and make audio and video recordings of the entire meeting.  
The above-mentioned materials and audio and video recordings shall be properly retained by the Company during the period of existence, and they shall be provided to those who are entrusted with handling teleconferencing tasks.
- Article 10 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.  
The chair is to announce the meeting adjourned if still less than one-third of the total issued shares are presented at the meeting after the postponement twice. For the shareholder meeting held by teleconferencing, the Company shall announce the adjournment of the meeting on the teleconferencing platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.  
When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act. For shareholder meetings that are held by teleconferencing, the chairperson should announce at the start of the meeting that except when there is no need to postpone or continue the meeting in accordance with Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the provisions of Article 182 of the Company Act is not applicable to the date of meeting postponement or resumption within 5 days for the interruption to the teleconferencing platform or the meeting lasting more than 30 minutes due to natural disasters, incidents or force majeure, before the chair announces the end of the meeting.  
In the event of a meeting postponement or resumption in the preceding paragraph, shareholders who have not registered to participate in the shareholder meeting by teleconferencing shall not participate in the postponed or resumption of the meeting.  
In accordance with the provisions of Paragraph 4 for meeting postponement and resumption, shareholders who have registered and completed the check-in to the original meeting by teleconferencing, but do not participate in the postponed or resumed meeting, the shares shown presented at the original shareholder meeting, and the voting rights and election rights already exercised shall be included in the total number of shares, and the number of voting rights and election rights of the postponed or resumed meeting.  
For the shareholder meeting that is postponed or resumed in accordance with the provisions of Paragraph 4, it is not necessary to re-discuss or resolve the motions for which voting and counting of votes have been completed and the voting results and the election of directors have been announced. If the teleconference shareholder meeting cannot resume as described in Paragraph 4, and the total number of shares represented in attendance still meet the statutory quorum for the convening of the meeting after subtracting the number of shares that attended the meeting by teleconferencing, the meeting should continue

without needing a postponement or resumption in accordance with Paragraph 4. In the event of a meeting to be resumed as described in the preceding paragraph, for shareholders who originally choose to attend the shareholder meeting by teleconferencing, the number of shares is counted in the total of shares of shareholders attending the meeting, but is considered abstention in all the motions presented in the meeting. Article 11 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair pursuant to paragraph 2, Article 182-1, to continue the meeting.

If a meeting is adjourned pursuant to this article, shareholders must not elect another chair to continue the meeting on-site or at other venues.

Article 12 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 13 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

For the shareholder meetings held by teleconferencing, the shareholders who attend the meeting by teleconferencing may raise their questions in the text on the teleconferencing platform after the chair announces the start of the meeting and before the chair announces the ending of the meeting. A shareholder may not raise their questions more than twice for a single motion, and each question is limited to 200 words. These do not apply to the requirements of the preceding paragraph.

For attending shareholders who deliver speeches that are not considered part of the proposals during the extraordinary motion, the provisions of the preceding two paragraphs shall apply to the time, number, method and restrictions of the speeches.

Article 14 When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 15 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 16 No discussion or vote will be conducted if the amendment, replacement, or extraordinary motion is made other than the scheduled proposals or raised by shareholders.

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- Article 17 Unless the related laws and regulations and Articles of Incorporation set forth otherwise, the votes for the proposal are deemed approved when the majority of the attending voting rights are achieved. When voting, if no objection following an inquiry by the chair, the proposal will be deemed approved, with the same effect as voting. Shareholders are to conduct voting by ballot.
- Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to the original proposals of that meeting.
- After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person or by teleconferencing, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- Those who exercise their voting rights by correspondence or by electronic means without withdrawing their declaration of intent and participate in shareholder meetings by teleconferencing shall not exercise their voting rights on the original motion, propose an amendment to the original motion or exercise their voting rights on the revision of the original motion, except for extraordinary motions.
- After the chairperson announces the start of the meeting, the shareholders who participate in the meeting through teleconferencing shall conduct voting on various motions and elections through the teleconferencing platform, and must complete the voting before the chairperson announces the close of voting. Those who do not complete the voting before the announced ending time are considered abstention.
- For shareholder meetings that are held by teleconferencing, the Company immediately discloses the voting results of motions and election results to the teleconferencing platform of the shareholder meeting in accordance with the regulations, and keeps them disclosed for at least 15 minutes after the chair announces the ending of the meeting
- Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
- The production, distribution and preservation of minutes shall be subject to the provisions of Article 183 of the Company Act
- The minutes of the shareholder meeting held by teleconferencing should record the items mentioned in the preceding paragraph, the starting and ending time of the meeting, the convening method of the meeting, the name of the chairperson and the meeting minute taker, and the measures taken when the teleconferencing platform or the teleconference experiences natural disasters, incidents or force majeure.
- Article 20 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.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

- Article 21 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 22 The chair may direct the proctors or security personnel to help maintain order at the meeting place. This article is applied mutatis mutandis in case of disobeying the decision or stop made by the chair pursuant to the Rules or related laws and regulations; in addition, the chair may direct the proctors (or security staff) to remove the disobeying persons from the meeting venue.  
When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”
- Article 23 If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- Article 24 Any matter not set forth in the Rules shall be dealt with pursuant to the Company Act, related laws and regulations, and the Company’s Articles of Incorporation.
- Article 25 Article XII: Th Rules, and any amendments hereto, shall be implemented after approval by a shareholders’ meeting.  
The 1st amendment was conducted on May 25, 2015.  
The 2nd amendment was conducted on March 29, 2019.  
The 3rd amendment was conducted on June 9, 2022.  
The 4th amendment was conducted on May 24, 2023.