

Stock Code: 6443



## TSEC Corporation AGM Agenda

### Handbook, 2025

Time of AGM: 9:00 am, May 23 (Friday), 2025

Venue of AGM: No. 335-12, Daxi Road, Pingdong City, Pingdong  
County (Pingdong Plant of the Company)

# **TSEC Corporation**

## **AGM Agenda Handbook, 2025**

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# **TSEC Corporation**

## **Meeting Procedure of AGM, 2025**

- I. Announcing the commencement of the meeting
- II. Chair's Speech
- III. Reports
- IV. Ratification
- V. Discussions
- VI. Election Matters
- VII. Other Matters
- VIII. Extraordinary Motions
- IX. Dismissal

# **TSEC Corporation**

## **AGM Agenda, 2025**

Convening method: Physical shareholders' meeting

Time: 9:00 am on May 23rd, 2025

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

### **I. Chair's Speech**

### **II. Reports**

Proposal 1: 2024 Business Report.

Proposal 2: Audit Committee's Review of the 2024 Year-End Report.

Proposal 3: Director Remuneration Policy.

### **III. Ratification**

Proposal 1: Ratifying the 2024 Business Report and each financial statement.

Proposal 2: Ratifying the 2024 Profit and Loss Appropriation.

### **IV. Discussions:**

Proposal 1: Amend certain provisions of The Company's "Procedures for Acquiring or Disposing of Assets."

Proposal 2: Amend certain provisions of The Company's Articles of Incorporation.

### **V. Election Matters:**

Proposal 1: Election of the Company's Board of Directors.

### **VI. Other Matters**

The first case: Relieving directors from the non-competition restrictions.

### **VII. Extraordinary Motions**

### **VIII. Dismissal**

# Reports

## Proposal 1

Subject: 2024 Business Report.

Description: Please refer to Attachment 1 of the handbook (Page 8~17) for the business report, 2024.

## Proposal 2

Subject: Audit Committee's Review of the 2024 Year-End Report.

Description: Please refer to Attachment 2 of the handbook (Page18) for the Audit Committee report.

## Proposal 3

Subject: 2024 Director Remuneration Report.

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 (Page19~21).

## Ratification

### **Proposal 1** (Proposed by the Board of Directors)

Subject: Please ratify the business report of 2024 and each financial statement.

Description:

- I. The business report, parent company-only and consolidated financial statements of 2024 have been audited and certified by Deloitte's Accountant Cheng-Chuan Yu and Meng-Kuei Yu; along with the business report, such reports are audited by the Audit Committee.
- II. Please refer to Attachment 1 (Page 8~17) and Attachment 4 (Page 22~44) of the handbook for the business report, auditor's report, and financial statements.

Resolution:

### **Proposal 2** (Proposed by the Board of Directors)

Subject: Ratifying the 2024 Profit and Loss Appropriation for approval.

Description:

- I. The beginning undistributed earnings for this year were NT\$260,856,565. After deducting the 2024 net loss after tax of NT\$600,253,264 and reversing the rotary special reserve of NT\$389,705 in accordance with the law, the loss to be covered is NT\$339,006,994. It is proposed, in accordance with Article 239 of the Company Act, to offset the loss with a legal reserve of NT\$76,099,640 and capital surplus from common share premium of NT\$262,907,354, resulting in an ending undistributed earnings balance of NT\$0.
- II. Please refer to Attachment 5 (Page44) of the handbook for the 2024 Profit and Loss Appropriation Table.

Resolution:

## **Discussions**

### **Proposal 1 (Proposed by the Board of Directors)**

Subject: Propose amendments to certain provisions of The Company's "Procedures for Acquiring or Disposing of Assets" for deliberation.

Description:

- I. In response to the amendment of the regulations by the competent authority and The Company's operational needs, it is proposed to amend certain provisions of The Company's "Procedures for Acquiring or Disposing of Assets." Please refer to Attachment 6 (Page 45~46) of the handbook for the comparative table of the amendments.

Resolution:

### **Proposal 2 (Proposed by the Board of Directors)**

Subject: Propose amendments to The Company's Articles of Incorporation for deliberation.

Description:

- I. In response to the amendment of the regulations by the competent authority, it is proposed to amend certain provisions of The Company's Articles of Incorporation. Please refer to Attachment 7 (Page 47~48) of the handbook for the comparative table of the amendments.

Resolution:

# **Election Matters**

## **Proposal 1. (Proposed by the Board of Directors)**

Subject: Proposal for the re-election of The Company's directors, submitted for election.

Description:

- I. The term of the current Board of Directors of the Company will expire on June 8, 2025, and a re-election shall be conducted in accordance with the law.
- II. According to Article 16 of the Company's Articles of Incorporation, the Company has seven to eleven directors and adopts a candidate nomination system. The term of service is three years, and they can be re-elected. In this re-election, eight directors, including three independent directors, should be elected. For relevant candidates, please refer to Attachment 8 of this handbook (Page 49~51).
- III. The professional qualifications and other compliance matters regarding the aforementioned independent directors shall be handled in accordance with the Company Act and the relevant regulations of the securities authority.
- IV. The new directors will assume office immediately after the conclusion of the 2025 Shareholder Meeting, with their term beginning on May 23, 2025, and ending on May 23, 2028. The current directors will be dismissed immediately after the conclusion of the 2025 Shareholder Meeting.
- V. The list of candidates for Directors and Independent Directors has been reviewed and approved by the Company's Board of Directors. For their education, experience, and other relevant information, please refer to Attachment 8 of this handbook (Page 49~51).

Election results:

## **Other Matters**

### **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 (Page 47~48) for the content of relieving directors from the non-competition restrictions.

Resolution:

## **Extraordinary Motions**

### **Dismissal**

# 2024 Business Report

## I. 2024 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 total module sales in 2024 are expected to be 389MW, compared to 656.58MW in 2023, representing a decrease of approximately 40.7%. The main reasons include the transition between old and new governments and the massive dumping of overseas modules, resulting in a weaker market momentum, with about 65% of the existing market being occupied by cheap overseas products. The Company's average market share in Taiwan has decreased from 30% to approximately 24%. Amidst the uncertainties in the domestic market, the Company actively expanded its export market opportunities in early 2024, extending its reach to the United States, Japan, and parts of Europe, hoping to gradually see results by the end of 2024 to stabilize the healthy development of the Company's diverse market. Market momentum in 2024 is generally insufficient, but several large-scale project shipments provided a solid foundation, resulting in positive performance for the first three quarters. However, the Taiwanese market continued to be weak due to unclear policies and the invasion of overseas modules, leading to a less favorable performance in the fourth quarter compared to the previous three quarters. Below is an analysis of the Company's 2024 operational strategy performance:

## (1) Connecting to the international market and enhancing sales volume

To avoid over-reliance on the domestic market, TSEC began cultivating the Japanese market as early as 2023 and has successfully engaged with a major Japanese power company. The two parties are drafting a module agency contract aimed at national sales throughout Japan, with hopes to jointly expand the Japanese market starting in 2025. Additionally, since the start of the U.S.-China trade war, the United States has imposed high anti-dumping and countervailing duties on China, which also encompass four Southeast Asian countries. Through the Inflation Reduction Act of 2022 (IRA), the U.S. subsidized local photovoltaic manufacturing costs to induce and compel foreign module manufacturers to relocate and invest in establishing factories in the United States. However, due to the higher and more complex production costs of solar cells, the market is experiencing an excess of module production capacity compared to cell production capacity. Apart from its long-term cooperation with Company T in the U.S., the company is in discussions with several U.S. module manufacturers, focusing primarily on TOPCon cells as the main sales product. We hope to commence multifaceted cooperative transactions in 2025, but the overall outcomes will still depend on the final determination of U.S. tariffs.

TOPCon will be officially introduced into production in the second half of 2024. The US-based company has collaborated with TSEC for many years. Due to the long certification and testing time, coupled with the COVID-19 pandemic and the continuous change in product specifications from G1 to M10, 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. While there is a global oversupply, the Company implemented a product efficiency improvement plan, introducing the new TOPCon process to enhance market competitive advantage, and obtained domestic VPC cell/module certification to start production and shipment in the third quarter of 2024. Although the market still concurrently has both M6 and M10 PERC products, it is estimated that starting from the first quarter of 2025, the global photovoltaic market will fully transition to mainly TOPCon N-type products. This move will eliminate half of the old production lines in the market, and the new production line layout will better enable the Company to capture sales opportunities in both the domestic and overseas cell/module markets.

### (3) Performance of Financial Improvement Strategy Execution

#### (I) Reduce the cost of debt

Under the global interest rate hike trend, as of 2024, the NT dollar has increased by 0.125%, with the rediscount rate at 2%. Although the U.S. Federal Reserve has slightly lowered interest rates, the base rate remains around 5.00%. Due to the interest rate spread between NT dollar and foreign currency loans reaching about 3% or more, borrowing for imported materials abroad has been switched to primarily using NT dollars to reduce interest costs.

The short-term loan interest rates for 2024 range between 2.29% and 2.34%, and the long-term loan interest rates range between 1.72% and 3.02%. Compared to the 2023 short-term and long-term rates of 2.39% to 2.58% and 1.60% to 3.09%, respectively, the control over borrowing costs has been effective.

In terms of financial scheduling, the borrowing amount is adjusted according to the Company's operational condition. The debt ratio for 2024 is approximately 34%, compared to 37% in 2023, which helps to reduce financial risk and alleviate the interest burden.

#### (II) Reduce dependence on borrowings and strengthen the financial structure.

Due to the impact of international circumstances on the renewable energy industry, including the emphasis on fossil fuels by the new U.S. government energy policy and withdrawal from the "Paris Agreement," China's solar overcapacity, and the lack of recovery momentum in domestic green energy policies, the syndicated loan restructuring for the Hsinchu plant was completed in December 2024 to stabilize the company's financial structure and strengthen investor confidence. At the same time, it also demonstrates the support from the banking group for the company's solar manufacturing business and future investment endeavors.

#### (4) Enhance Synergy of Reinvestment

##### (I) Solar photovoltaic project sites

Due to geopolitical reasons affecting foreign-owned solar project sites or domestic developers facing funding backlogs due to approval delays, there is a wave of sell-offs at Solar photovoltaic project sites. The evaluation includes more than 100 MW of solar sites and other development projects. In order to ensure investment returns and feasibility of development, careful evaluation will be conducted before execution.

##### (II) Obtained an electricity sales license

Hengli Energy Corporation, a wholly-owned subsidiary, obtained an electricity sales license in 2024 to operate the green electricity purchase and sales business, aiming towards the Group's diversification goals.

2. Budget execution: According to the current laws and regulations, the Company does not disclose the 2024 financial budgets.

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

##### (1) Financial income

Unit: NT\$ thousand

Item \ Year	2023	2024
Pre-tax net income	521,906	(598,275)
Net cash generated by operating activities	1,370,696	712,253
Net cash used in investing activities	(1,527,421)	(628,506)
Net cash inflow used in financing activities	516,268	(656,633)
Effect of exchange rate changes on cash and cash equivalents	(2,993)	714
Net cash inflows (outflows) of cash and cash equivalents	356,550	(572,172)
Opening balance of cash and cash equivalents	837,804	1,194,354
Cash and cash equivalents, end of period	1,194,354	622,182

## (2) Profitability analysis

Unit: %

Item \ Year	2023	2024
Return on assets	4.95	(4.97)
Return on shareholders' equity	7.64	(8.29)
Operating Income to paid-in capital ratio	9.22	(11.34)
Profit margin	6.38	(13.30)
After-tax earnings per share (NT\$)	1.07	(1.17)

## 4. Status of research and development

The Bureau of Energy of the Ministry of Economic Affairs has organized the nomination of high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won awards for eleven consecutive years (2014 to 2023). In response to the domestic VPC demand, we are committed to improving the production quality of monocrystalline V-cells, while taking into account the improvements in conversion efficiency and yield, in order to optimize the manufacturing process and reduce production costs. We have developed multi-busbar (MBB) technology, thereby improving battery efficiency. Additionally, we have actively developed various niche solar cell products, including the introduction of large-sized N-type battery technology equipment and the development of M10 size batteries to increase the total battery wattage. For the 108-cell, 120-cell, 132-cell, and 144-cell M10 modules, we have introduced new materials to optimize the module packaging, further increasing the output wattage of modules, and evaluating the feasibility of 0BB module technology. Moreover, in response to the needs of low-orbit satellites, we have developed solar cell packaging technology for space applications, and also developed N-type solar cell technology with a passivation layer that can withstand high radiation for space environments.

## II. Summary of 2025 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 2025, 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 2025 financial forecasts.
3. Important manufacturing and sales policies

(1) Accelerate the elimination of M6/M10 PERC and introduce the TOPCon process based on market conditions.

The global solar cell/module production capacity has exceeded 1,600 GW. After excluding 50% PERC P-type products, TOPCon occupies approximately 800 GW. Although this is still higher than the international demand of 600 GW, at this stage, high-efficiency products are mainly based on monocrystalline N-type process. Coupled with the current state of closures and consolidation among international photovoltaic manufacturers, for the medium to long-term market, in addition to cost savings, the Company can secure more orders by investing in advanced TOPCon processes. Moreover, by investing in TOPCon capacity, each cell's wattage can increase by 7%, leading to cost-saving benefits in production.

(2) Continuously improve the conversion efficiency and commercial yield of TOPCon cells.

Overall, besides increasing capacity through order intake, amid the frozen state of the domestic and international markets, improving the commercial yield of battery output from the current 94% to over 96% can enhance the overall company profit by nearly 2%. This is the most direct and effective way to reduce costs and increase revenue and profits. Furthermore, the continuous improvement of TOPCon conversion efficiency not only meets market needs but also offers an advantage in reducing production costs to compete with imported modules and expand the overseas market. When battery efficiency increases from 25% to 25.5%, each battery can increase by 0.17W to 8.54W, calculated with a daily output of 140,000 pieces per line, resulting in an annual increase of 8.7MW. Assuming no consideration of modules in 5W sales increments and a calculation of \$0.28 per watt, this could add \$2.43 million in annual revenue, providing a noticeable benefit to the company's real earnings and cost reduction efforts.

(3) Implement procurement bargaining to reduce production costs.

The Company will continue to utilize the procurement negotiation team introduced in June 2024, personally led by the Chair, to conduct a cost-performance (CP) value comparison for the procurement of critical materials, implementing the three principles of "inquiry, comparison, negotiation" for procurement. To implement cost reduction through procurement negotiation, the factory and procurement unit supervisors will review the cost and yield of procurement materials for the next quarter at the end of each quarter, comparing the unit prices and supply quality of key materials each season. Besides effectively reducing costs, this places positive negotiating pressure on excellent suppliers. If a cost saving of 1 cent per watt can be achieved, with an annual sales volume of 500 MW, it is estimated that NT\$150 million of expenses can be saved annually.

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

Although The Company has been operating in the US and Japanese markets for more than two years, it takes time to yield results. It is hoped that by the third and fourth quarters of 2025, at least one-third of the sales volume can be captured to compensate for the sales gap caused by insufficient market momentum domestically.

## U.S. market

Due to the U.S. tariffs on Southeast Asia and the IRA's subsidy of up to 7¢/W for domestic module manufacturing in the United States, the domestic module manufacturing capacity in the U.S. continues to increase, with existing and planned module capacity exceeding 50 GW. However, there is almost no significant cell capacity in the U.S., thus providing an opportunity for the company to export cells to the U.S. Currently, 15 module manufacturers are in contact for discussions, and several have already begun sample testing. At the same time, due to the anti-dumping tariff issues in the U.S., it is necessary to avoid triggering U.S. dumping issues and seek to reduce the current 7.89% anti-dumping tax imposed on the company by the U.S.

## Japanese market

The Japanese module market sees an installation volume of around 4GW annually. Large-scale ground power plants have long been dominated by imported modules from mainland China, while high-priced Japanese brand products occupy the rooftop module market. The company aims to enter the high-quality Japanese module market with a quality image superior to Chinese products and pricing more competitive than Japanese products. There are two main target niche markets: the first is to leverage the superior image of Taiwanese products to penetrate the high-priced rooftop product market that appeals to Japanese end consumers; the second is to use TSEC's products' advantages in weather resistance and reliability to enter the ground market in challenging environments such as coastal and even water areas. We have been in contact with Japanese large power companies and other downstream distributors for over two years and continue to reach out to other potential customers. Additionally, with the support of local Japanese government policies mandating the installation of solar modules in new residential buildings, the company is poised to establish a foothold in the Kanto region of Japan and gradually achieve a certain market share. If investment in modifying the production line for small rooftop modules is confirmed, the sales target for 2025 is set to exceed 20MW. There has already been a record of small-volume exports starting in December 2024.

## (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**

After the presidential elections in Taiwan and the United States in 2024, the changes in green energy policies have been too significant, leading the entire industry into a downturn. Other major aspects include the aggressive influx of overseas module imports 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, due to the gaps in domestic policies that accelerated the opening for the import of low-price modules with inconsistent quality, even though domestic manufacturing quality and reputation are better, they are still unable to compete with the inferior and unguaranteed imported products, making this VPC certification weaker than in previous years.

## 2. Transition from old to new products

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. Even Japanese businesses that used to rely on Chinese products are turning to Taiwanese manufacturers for cooperation.

## V. Conclusion

For 2025, 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

Chair: Wei Jen Investment Co Ltd.

Representative: Kuo-Ron, Liao

President: Hung, Chen-Ren

Principal Accounting Officer: Chang Wei-Che

March 5, 2025

## Audit Committee Report

The board of directors has produced the Company's 2024 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 Meng-Kuei Yu 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 2025 Annual General Meeting of The Company

Convener of the Audit Committee: Gu-Tong, Lin  
March 5, 2025

## Director Remuneration Policy Report

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.

**I. The breakdown of 2024 remuneration to each director is detailed in the following table.**

Unit: NT\$ thousand; %

Designation	Name	Remunerations to directors										Sum of A, B, C, D, E, F, and G as a percentage of net income after tax	Sum of A, B, C, D, E, F, and G as a percentage of net income after tax	Remuneration from investees other than subsidiaries or the parent company			
		Remunerations to directors				Sum of A, B, C, and D as a percentage of net income after tax	Remuneration from concurrently serving as employees			The Company	Companies included in the financial statements						
		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)								
Chair	Wei Jen Investment Co Ltd. Representative: Kuo-Ron, Liao	1,080	1,080	—	—	—	1,080	6,823	—	The Company	Share Amount	—	—	—	—		
Director	Representative: Wei-Jan, Liao of An Chuang Industrial Corporation	1,080	1,080	—	—	—	1,080	4,283	—	108	Cash Amount (Note 1)	—	—	—	—		
Director	Representative: Cheng-Ji, Hsu of Cheng Hsi Investment Corporation	1,080	1,080	—	—	—	1,080	—	—	The Company	Share Amount	—	—	—	—		
Director	Representative: Weng-Cheng, Liu of Yu Sheng Energy Corporation	1,080	1,080	—	—	—	1,080	—	—	The Company	Cash Amount (Note 1)	—	—	—	—		
Director	National Development Fund Management Committee of the Executive Yuan	994	994	—	—	—	—	—	—	The Company	Companies included in the financial statements	—	—	—	—		

Direct or	Representative: Yang Shu-Ling	86	86	—	—	—	—	—	—	86	86	—	—	—	—	—	—	—	—	86	86	—
Independent Director	Xian-Zhi, Zheng	1,200	1,200	—	—	—	—	—	—	1,200	1,200	—	—	—	—	—	—	—	—	1,200	1,200	—
Independent Director	Qian-Ru, Shen	1,200	1,200	—	—	—	—	—	—	1,200	1,200	—	—	—	—	—	—	—	—	1,200	1,200	—
Independent Director	Gu-Tong, Lin	1,200	1,200	—	—	—	—	—	—	1,200	1,200	—	—	—	—	—	—	—	—	1,200	1,200	—

1. Please state the remuneration policies, systems, standards and packages for independent directors, and the connection of the factors, such as responsibilities, risk 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: \_0\_

Note 1: The 2023 Employee Compensation will be actually distributed in 2024.

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, TSEC Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TSEC CORPORATION

By

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ELLICK LIAO  
Chairman

March 5, 2025

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TSEC Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of TSEC Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 is described as follows:

#### Validity of Sales revenue to Newly Added Major Customers

The sales revenue from newly added major customers for the year ended December 31, 2024 was \$2,073,246 thousand, which accounted for 45.93% 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, please refer to Note 4 of the consolidated financial statements.

We obtained an understanding of the Group's internal controls over sales transactions with newly added major customers 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 newly added major customers 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 newly added major customers 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, 2024 and 2023, the investment balance in investee companies in the aforementioned accounted for \$552,725 thousand and \$549,725 thousand, respectively, representing 5.4% and 4.6% of the total consolidated assets. The share of profit or loss recognized under the equity method for associated enterprises for the years ended December 31, 2024 and 2023, amounted to \$6,630 thousand and \$39,055 thousand, respectively, accounting for (1.1%) and 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, 2024 and 2023 on which we have issued an unmodified opinion with other matters paragraph.

#### **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, 2024 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 Meng-Kuei Yu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 622,182	6	\$ 1,194,354	10
Financial assets at amortized cost - current (Notes 4, 8 and 33)	128,087	1	139,120	1
Notes receivable (Notes 4, 9 and 25)	507,276	5	83,894	1
Accounts receivable (Notes 4, 9 and 25)	785,407	8	1,487,008	12
Accounts receivable from related parties (Notes 4, 9, 25 and 32)	8	-	42,437	-
Other receivables (Notes 4 and 9)	1,375	-	2,640	-
Other receivables from related parties (Notes 4 and 32)	147	-	1,385	-
Current tax assets (Notes 4 and 26)	3,535	-	2,340	-
Inventories (Notes 4 and 10)	1,165,372	11	1,274,866	11
Other current assets (Note 18)	25,548	-	97,134	-1
Total current assets	<u>3,238,937</u>	<u>31</u>	<u>4,325,178</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4, 8 and 33)	65,717	1	63,698	1
Investments accounted for using the equity method (Notes 4, 13 and 33)	780,621	8	781,105	6
Property, plant and equipment (Notes 4, 5, 14 and 33)	5,661,295	55	6,229,578	52
Right-of-use assets (Notes 4 and 15)	5,780	-	16,216	-
Investment properties (Notes 4, 16 and 33)	4,453	-	-	-
Other intangible assets (Notes 4 and 17)	8,760	-	7,800	-
Deferred tax assets (Notes 4 and 26)	246,460	2	244,812	2
Other non-current assets (Notes 18 and 32)	310,695	3	398,284	3
Total non-current assets	<u>7,083,781</u>	<u>69</u>	<u>7,741,493</u>	<u>64</u>
<b>TOTAL</b>	<u><u>\$ 10,322,718</u></u>	<u><u>100</u></u>	<u><u>\$ 12,066,671</u></u>	<u><u>100</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 19 and 33)	\$ 150,204	2	\$ 341,836	3
Short-term bills payable (Note 19)	129,842	1	79,904	1
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	724	-
Contract liabilities (Notes 4, 25 and 32)	47,582	1	90,007	1
Notes payable (Note 20)	10	-	23	-
Accounts payable (Note 20)	213,989	2	525,327	4
Other payables (Note 21)	294,690	3	442,012	4
Lease liabilities - current (Notes 4 and 15)	4,781	-	11,736	-
Current portion of long-term borrowings (Notes 19 and 33)	446,345	4	518,933	4
Other current liabilities (Note 21)	23,500	-	17,862	-
Total current liabilities	<u>1,310,943</u>	<u>13</u>	<u>2,028,364</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19 and 33)	1,852,453	18	2,068,284	17
Provisions (Note 4)	28,604	-	25,021	-
Deferred tax liabilities (Notes 4 and 26)	7,048	-	3,346	-
Lease liabilities - non-current (Notes 4 and 15)	1,060	-	4,684	-
Preferred stock liabilities - non-current (Notes 4 and 23)	287,949	3	287,949	3
Other non-current liabilities (Note 21)	1,080	-	-	-
Total non-current liabilities	<u>2,178,194</u>	<u>21</u>	<u>2,389,284</u>	<u>20</u>
<b>Total liabilities</b>	<u><u>3,489,137</u></u>	<u><u>34</u></u>	<u><u>4,417,648</u></u>	<u><u>37</u></u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Share capital	<u>5,127,967</u>	<u>50</u>	<u>5,127,967</u>	<u>42</u>
Capital surplus	<u>1,965,641</u>	<u>19</u>	<u>1,965,635</u>	<u>16</u>
(Accumulated deficit) Retained earnings				
Legal reserve	76,100	1	23,373	-
Special reserve	170,900	1	171,049	2
(Accumulated deficit) Unappropriated earnings	(339,398)	(3)	528,910	4
Total (accumulated deficit) retained earnings	(92,398)	(1)	723,332	6
Other equity	<u>(170,510)</u>	<u>(2)</u>	<u>(170,900)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>6,830,700</u>	<u>66</u>	<u>7,646,034</u>	<u>63</u>
<b>NON-CONTROLLING INTERESTS</b>				
<b>Total equity</b>	<u><u>2,881</u></u>	<u><u>-</u></u>	<u><u>2,989</u></u>	<u><u>-</u></u>
<b>TOTAL</b>	<u><u>\$ 10,322,718</u></u>	<u><u>100</u></u>	<u><u>\$ 12,066,671</u></u>	<u><u>100</u></u>

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

# TSEC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25, 32 and 38)	\$ 4,514,018	100	\$ 8,260,947	100
OPERATING COSTS (Notes 10 and 25)	<u>4,195,036</u>	<u>93</u>	<u>6,986,706</u>	<u>84</u>
GROSS PROFIT	318,982	7	1,274,241	16
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	1,165	-	5,329	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>940</u>	<u>-</u>	<u>155</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>321,087</u>	<u>7</u>	<u>1,279,725</u>	<u>16</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing	79,274	2	110,181	1
General and administrative	196,600	4	302,002	4
Research and development	72,225	1	68,103	1
Expected credit loss (reversed) (Note 9)	<u>(15,858)</u>	<u>-</u>	<u>1,669</u>	<u>-</u>
Total operating expenses	<u>332,241</u>	<u>7</u>	<u>481,955</u>	<u>6</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>(570,254)</u>	<u>(13)</u>	<u>(325,143)</u>	<u>(4)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(581,408)</u>	<u>(13)</u>	<u>472,627</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 25 and 32)	26,312	1	49,256	1
Other gains and losses (Note 25)	7,005	-	2,011	-
Finance costs (Note 25)	<u>(77,648)</u>	<u>(2)</u>	<u>(72,170)</u>	<u>(1)</u>
Share of profit or loss of associates (Note 13)	10,159	-	46,851	-
Interest income (Note 25)	<u>17,305</u>	<u>1</u>	<u>23,331</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,867)</u>	<u>-</u>	<u>49,279</u>	<u>-</u>
(LOSS) INCOME BEFORE INCOME TAX	<u>(598,275)</u>	<u>(13)</u>	<u>521,906</u>	<u>6</u>
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 26)	<u>(1,996)</u>	<u>-</u>	<u>5,356</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(600,271)</u>	<u>(13)</u>	<u>527,262</u>	<u>6</u>

(Continued)

# TSEC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Gain on hedging instruments subject to basis adjustment (Note 24)	-	-	119	-
Income tax relating to items that will not be reclassified to profit or loss (Note 26)	-	-	(44)	-
Share of other comprehensive loss of associates accounted for using the equity method	(51)	-	(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)	547	-	(2)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	(110)	-	1	-
Other comprehensive income for the year, net of income tax	386	-	50	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b><u>\$ (599,885)</u></b>	<b><u>(13)</u></b>	<b><u>\$ 527,312</u></b>	<b><u>6</u></b>
<b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (600,253)	(13)	\$ 527,268	6
Non-controlling interests	(18)	-	(6)	-
	<b><u>\$ (600,271)</u></b>	<b><u>(13)</u></b>	<b><u>\$ 527,262</u></b>	<b><u>6</u></b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (599,867)	(13)	\$ 527,318	6
Non-controlling interests	(18)	-	(6)	-
	<b><u>\$ (599,885)</u></b>	<b><u>(13)</u></b>	<b><u>\$ 527,312</u></b>	<b><u>6</u></b>

(Continued)

# **TSEC CORPORATION AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

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	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>(LOSS) EARNINGS PER SHARE (Note 27)</b>				
Basic	<u>\$ (1.17)</u>		<u>\$ 1.07</u>	
Diluted	<u>\$ (1.17)</u>		<u>\$ 1.04</u>	

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

(Concluded)

## TSEC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 24)										Other Equity		
						Retained Earnings (Accumulated deficit)		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Other Equity		
	Share Capital		Retained Earnings (Accumulated deficit)			Retained Earnings (Accumulated deficit)	Unrealized Valuation				Non-controlling Interests (Note 24)		
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated deficit)					Total	Non-controlling Interests (Note 24)	Total Equity
BALANCE AT JANUARY 1, 2023	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 (Note 28)	-	-	29,016	-	-	-	-	-	-	29,016	-	-	29,016
Increase in non-controlling interests, net	-	-	-	-	-	-	-	-	-	-	2,900	-	2,900
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	-	99	99	-	-	99
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268	(6)	-	527,262
Other comprehensive income (loss) 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
Appropriation of the 2023 earnings													
Legal reserve	-	-	-	52,727	-	(52,727)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(215,477)	-	-	-	(215,477)	-	-	(215,477)
Reversal of Sspecial reserve	-	-	-	-	(149)	149	-	-	-	-	-	-	-
Gain from exercising the Company's call rights	-	-	6	-	-	-	-	-	-	6	-	-	6
Disposal of subsidiaries	-	-	-	-	-	-	4	-	-	4	(90)	-	(86)
Net loss for the year ended December 31, 2024	-	-	-	-	-	(600,253)	-	-	-	(600,253)	(18)	-	(600,271)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	437	(51)	-	386	-	-	386
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	(600,253)	437	(51)	-	(599,867)	(18)	-	(599,885)
BALANCE AT DECEMBER 31, 2024	512,797	\$ 5,127,967	\$ 1,965,641	\$ 76,100	\$ 170,900	\$ (339,398)	\$ 206	\$ (170,716)	\$ -	\$ 6,830,700	\$ 2,881	-	\$ 6,833,581

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

# TSEC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) income before income tax	\$ (598,275)	\$ 521,906
Adjustments for:		
Depreciation	706,786	888,946
Amortization	4,938	3,495
Expected credit loss recognized (reversed)	(15,858)	1,669
Net gain on fair value changes of financial instruments at fair value through profit or loss	(1,706)	(2,667)
Finance costs	77,648	72,170
Interest income	(17,305)	(23,331)
Shared-based payment expenses	-	29,016
Share profit of associates	(10,159)	(46,851)
(Gain) Loss on disposal of property, plant and equipment	(11)	318,921
Impairment loss recognized on non-financial assets	586,008	69,196
Unrealized loss on transactions with associates	(1,165)	(5,329)
Realized gain on transactions with associates	(940)	(155)
Net unrealized loss (gain) on foreign currency exchange	1,003	(3,619)
Loss on disposal of subsidiaries	4	-
Gain on modification of lease	(60)	(13)
Provisions for liabilities	4,256	7,881
Prepayments for equipment transferred to loss	-	4,000
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,739	2,754
Notes receivable	(423,382)	(83,894)
Accounts receivable	717,492	(323,764)
Accounts receivable from related parties	42,429	(32,939)
Other receivables	427	13,402
Other receivables from related parties	1,238	31
Inventories	92,681	355,259
Other current assets	71,586	62,466
Financial liabilities held for trading	(757)	-
Contract liabilities	(42,425)	(27,738)
Notes payable	(13)	(1)
Accounts payable	(312,541)	(366,463)
Other payables	(102,629)	7,744
Other current liabilities	<u>5,638</u>	<u>10,283</u>
Cash generated from operations	786,647	1,452,375
Interest received	18,143	22,738
Finance costs paid	(91,290)	(102,522)
Income tax paid	<u>(1,247)</u>	<u>(1,895)</u>
Net cash generated from operating activities	<u>712,253</u>	<u>1,370,696</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		

(Continued)

# TSEC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Purchase of financial assets at amortized cost	(4,640)	(8,310)
Proceeds from sale of financial assets at amortized cost	14,167	63,328
Proceeds from sale of financial assets for hedging	-	(99)
Acquisition of associates (Note 13)	-	(432,000)
Disposal of subsidiaries	(90)	-
Payments for property, plant and equipment (Note 29)	(645,130)	(1,196,177)
Proceeds from disposal of property, plant and equipment	58	16,931
Decrease in refundable deposits	330	6,665
Payments for other intangible assets	(5,898)	(6,587)
Dividends received from investments accounted for using equity method	<u>12,697</u>	<u>28,828</u>
Net cash used in investing activities	<u>(628,506)</u>	<u>(1,527,421)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(191,632)	(514,777)
Proceeds from short-term bills payable	49,938	-
Repayments of short-term bills payable	-	(249,609)
Proceeds from long-term borrowings	951,750	536,332
Repayments of long-term borrowings	(1,240,169)	(182,414)
Proceeds from guarantee deposits received	1,080	-
Refund of guarantee deposits received	-	(3,705)
Repayments of the principal portion of lease liabilities	(12,129)	(11,390)
Dividends paid to owners of the company	(215,477)	(50,219)
Proceeds from issuance of ordinary shares	-	989,150
Increase in non-controlling interests, net	-	2,900
Exercise of vesting rights	<u>6</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(656,633)</u>	<u>516,268</u>
 EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>714</u>	<u>(2,993)</u>
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>(572,172)</u>	<u>356,550</u>
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>1,194,354</u>	<u>837,804</u>
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 622,182</u>	<u>\$ 1,194,354</u>

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
TSEC Corporation

### Opinion

We have audited the accompanying parent company only financial statements of TSEC Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023 and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is described as follows:

#### Validity of Sales revenue to Newly Added Major Customers

The sales revenue from newly added major customers for the year ended December 31, 2024 was \$2,073,246 thousand, which accounted for 46.1% of the Company's operating revenue, and is material to the Company's parent company only 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, please refer to Note 4 of the parent company only financial statements.

We obtained an understanding of the Company's internal controls over sales transactions with newly added major customers 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 newly added major customers 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 newly added major customers is free from material misstatements.

#### **Other Matter**

Among the investments accounted for using the equity method, the parent company only 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 parent company only financial statements of investee companies in the aforementioned consolidated parent company only financial statements are based on the audit results of the other auditors. As of December 31, 2024, and 2023, the investment balance in investee companies in the aforementioned accounted for \$552,725 thousand and \$549,725 thousand, respectively, representing 5.5% and 4.6% of the total assets. The share of profit or loss recognized under the equity method for associated enterprises for the years ended December 31, 2024 and 2023, amounted to \$6,630 thousand and \$39,055 thousand, respectively, accounting for (1.1%) and 7.4% of the total comprehensive income.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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 Meng-Kuei Yu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2025

#### Notice to Readers

*The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

## TSEC CORPORATION

### PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 558,333	6	\$ 1,151,345	10
Financial assets at amortized cost - current (Notes 4, 8 and 32)	128,087	1	139,120	1
Notes receivable (Notes 4, 9 and 24)	507,276	5	83,894	1
Accounts receivable (Notes 4, 9 and 24)	782,827	8	1,477,993	12
Accounts receivable from related parties (Notes 4, 9, 24 and 31)	8	-	42,437	-
Other receivables (Notes 4 and 9)	1,375	-	2,640	-
Other receivables from related parties (Notes 4 and 31)	147	-	1,385	-
Current tax assets (Notes 4 and 25)	3,535	-	2,340	-
Inventories (Notes 4 and 10)	1,165,372	11	1,274,866	11
Other current assets (Note 17)	20,154	-	81,077	-1
Total current assets	<u>3,167,114</u>	<u>31</u>	<u>4,257,097</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	52,767	1	55,388	1
Investments accounted for using the equity method (Notes 4, 12 and 32)	954,785	9	937,177	8
Property, plant and equipment (Notes 4, 5, 13 and 32)	5,401,208	53	5,943,366	50
Right-of-use assets (Notes 4 and 14)	5,780	-	16,216	-
Investment properties (Notes 4, 15 and 32)	13,465	-	9,012	-
Other intangible assets (Notes 4 and 16)	8,760	-	7,800	-
Deferred tax assets (Notes 4 and 25)	246,460	3	244,812	2
Other non-current assets (Note 17)	292,554	3	396,511	3
Total non-current assets	<u>6,975,779</u>	<u>69</u>	<u>7,610,282</u>	<u>64</u>
<b>TOTAL</b>	<u><u>\$ 10,142,893</u></u>	<u><u>100</u></u>	<u><u>\$ 11,867,379</u></u>	<u><u>100</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 32)	\$ 150,204	2	\$ 341,836	3
Short-term bills payable (Notes 18 and 32)	129,842	1	79,904	1
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	724	-
Contract liabilities (Notes 4, 24 and 31)	47,582	1	90,007	1
Notes payable (Note 19)	10	-	23	-
Accounts payable (Note 19)	213,989	2	525,327	4
Other payables (Note 20)	289,870	3	441,637	4
Lease liabilities - current (Notes 4 and 14)	4,781	-	11,736	-
Current portion of long-term borrowings (Notes 18 and 32)	418,562	4	491,150	4
Other current liabilities (Note 20)	23,475	-	17,862	-
Total current liabilities	<u>1,278,315</u>	<u>13</u>	<u>2,000,206</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Preferred stock liabilities - non-current (Notes 4 and 22)	287,949	3	287,949	3
Long-term borrowings (Notes 18 and 32)	1,713,538	17	1,901,586	16
Provisions (Note 4)	28,604	-	25,021	-
Deferred tax liabilities (Notes 4 and 25)	1,647	-	1,899	-
Lease liabilities - non-current (Notes 4 and 14)	1,060	-	4,684	-
Other non-current liabilities (Note 20)	1,080	-	-	-
Total non-current liabilities	<u>2,033,878</u>	<u>20</u>	<u>2,221,139</u>	<u>19</u>
Total liabilities	<u><u>3,312,193</u></u>	<u><u>33</u></u>	<u><u>4,221,345</u></u>	<u><u>36</u></u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Share capital	<u>5,127,967</u>	<u>51</u>	<u>5,127,967</u>	<u>43</u>
Capital surplus	<u>1,965,641</u>	<u>19</u>	<u>1,965,635</u>	<u>17</u>
(Accumulated deficit) retained earnings				
Legal reserve	76,100	1	23,373	-
Special reserve	170,900	2	171,049	1
(Accumulated deficit) unappropriated earnings	(339,398)	(4)	528,910	5
Total (accumulated deficit) retained earnings	(92,398)	(1)	723,332	6
Other equity	(170,510)	(2)	(170,900)	(2)
Total equity attributable to owners of the Company	<u>6,830,700</u>	<u>67</u>	<u>7,646,034</u>	<u>64</u>
<b>TOTAL</b>	<u><u>\$ 10,142,893</u></u>	<u><u>100</u></u>	<u><u>\$ 11,867,379</u></u>	<u><u>100</u></u>

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

# TSEC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, (Loss) Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 31)	\$ 4,496,880	100	\$ 8,242,495	100
OPERATING COSTS (Notes 10 and 24)	<u>4,164,626</u>	<u>92</u>	<u>6,978,100</u>	<u>85</u>
GROSS PROFIT	332,254	8	1,264,395	15
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	1,165	-	5,329	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>940</u>	<u>-</u>	<u>155</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>334,359</u>	<u>8</u>	<u>1,269,879</u>	<u>15</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing	79,274	2	110,181	1
General and administrative	192,697	4	300,280	4
Research and development	72,225	1	68,103	1
Expected credit loss (reversed) (Note 9)	<u>(15,858)</u>	<u>-</u>	<u>1,669</u>	<u>-</u>
Total operating expenses	<u>328,338</u>	<u>7</u>	<u>480,233</u>	<u>6</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>(570,254)</u>	<u>(13)</u>	<u>(325,143)</u>	<u>(4)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(564,233)</u>	<u>(12)</u>	<u>464,503</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 31)	27,870	1	50,706	1
Other gains and losses (Note 24)	7,005	-	2,009	-
Finance costs (Note 24)	<u>(72,933)</u>	<u>(2)</u>	<u>(68,190)</u>	<u>(1)</u>
Share of profit or loss of subsidiaries and associates	<u>(16,833)</u>	<u>-</u>	<u>48,343</u>	<u>1</u>
Interest income (Note 24)	<u>16,913</u>	<u>-</u>	<u>23,094</u>	<u>-</u>
Total non-operating income and expenses	<u>(37,978)</u>	<u>(1)</u>	<u>55,962</u>	<u>1</u>
(LOSS) INCOME BEFORE INCOME TAX	<u>(602,211)</u>	<u>(13)</u>	<u>520,465</u>	<u>6</u>
INCOME TAX BENEFIT (Notes 4 and 25)	<u>1,958</u>	<u>-</u>	<u>6,803</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(600,253)</u>	<u>(13)</u>	<u>527,268</u>	<u>6</u>

(Continued)

# TSEC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, (Loss) Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Gain on hedging instruments subject to basis adjustment (Note 23)	-	-	119	-
Share of other comprehensive loss of associates accounted for using the equity method	(51)	-	(24)	-
Income tax relating to items that will not be reclassified subsequently to loss or profit (Note 25)	-	-	(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)	547	-	(2)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	(110)	-	1	-
Other comprehensive income for the year, net of income tax	386	-	50	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b>\$ (599,867)</b>	<b>(13)</b>	<b>\$ 527,318</b>	<b>6</b>
<b>(LOSS) EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ (1.17)</u>		<u>\$ 1.07</u>	
Diluted	<u>\$ (1.17)</u>		<u>\$ 1.04</u>	

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

(Concluded)

# TSEC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital						Retained Earnings (Accumulated Deficit)			Other Equity		
	Shares (In Thousands)		Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	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	Gain (Loss) on Hedging Instruments	Total Equity	
	BALANCE AT JANUARY 1, 2023	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 (Note 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	
Appropriation of 2023 earnings												
Legal reserve	-	-	-	52,727	-	(52,727)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(215,477)	-	-	-	-	(215,477)	
Reversal of special reserve	-	-	-	-	(149)	149	-	-	-	-	-	
Gain from exercising the Company's call rights	-	-	6	-	-	-	-	-	-	-	6	
Disposal of subsidiary	-	-	-	-	-	-	-	4	-	-	4	
Net loss for the year ended December 31, 2024	-	-	-	-	-	(600,253)	-	-	-	-	(600,253)	
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	437	(51)	-	-	386	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	(600,253)	437	(51)	-	-	(599,867)	
BALANCE AT DECEMBER 31, 2024	512,797	\$ 5,127,967	\$ 1,965,641	\$ 76,100	\$ 170,900	\$ (339,398)	\$ 206	\$ (170,716)	\$ -	\$ -	\$ 6,830,700	

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

# TSEC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) income before income tax	\$ (602,211)	\$ 520,465
Adjustments for:		
Depreciation	680,661	880,361
Amortization	4,938	3,495
Expected credit loss (reversed)	(15,858)	1,669
Net gain on fair value changes of financial instruments at fair value through profit or loss	(1,706)	(2,667)
Finance costs	72,933	68,190
Interest income	(16,913)	(23,094)
Shared-based payment expenses	-	29,016
Share of profit or loss of subsidiaries and associates	16,833	(48,343)
(Gain) loss on disposal of property, plant and equipment	(11)	318,921
Impairment loss recognized on non-financial assets	586,008	69,196
Unrealized loss on transactions with associates	(1,165)	(5,329)
Realized gain on transactions with associates	(940)	(155)
Net unrealized loss (gain) on foreign currency exchange	1,003	(3,619)
Loss on disposal of subsidiary	4	-
Prepayments for equipment transferred to loss	-	4,000
Provisions for liabilities	4,256	7,881
Gain on modification of lease	(60)	(13)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,739	2,754
Notes receivable	(423,382)	(83,894)
Accounts receivable	711,057	(314,749)
Accounts receivable from related parties	42,429	(32,939)
Other receivables	427	13,402
Other receivables from related parties	1,238	31
Inventories	92,681	355,259
Other current assets	60,923	68,589
Financial liabilities held for trading	(757)	-
Contract liabilities	(42,425)	(27,738)
Notes payable	(13)	(1)
Accounts payable	(312,541)	(366,463)
Other payables	(107,074)	7,376
Other current liabilities	5,613	10,293
Cash generated from operations	757,687	1,451,894
Interest received	17,751	22,501
Finance costs paid	(86,575)	(98,542)
Income tax paid	(1,247)	(1,895)
Net cash generated from operating activities	<u>687,616</u>	<u>1,373,958</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		

**TSEC CORPORATION****PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
Proceeds from sale of financial assets at amortized cost	14,167	63,328
Proceeds from sale of financial assets for hedging	-	(99)
Acquisition of associates	-	(432,000)
Disposal of subsidiaries	363	-
Payments for property, plant and equipment (Note 28)	(628,762)	(1,100,025)
Proceeds from disposal of property, plant and equipment	58	16,931
Decrease in refundable deposits	330	8,438
Payments for other intangible assets	(5,898)	(6,587)
Dividends received from investments accounted for using equity method	<u>12,697</u>	<u>28,828</u>
Net cash used in investing activities	<u>(607,045)</u>	<u>(1,421,186)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(191,632)	(514,777)
Proceeds from short-term bills payable	49,938	-
Repayments of short-term bills payable	-	(249,609)
Proceeds from long-term borrowings	951,750	425,200
Repayments of long-term borrowings	(1,212,386)	(182,414)
Increase in guarantee deposits received	1,080	-
Refund of guarantee deposits received	-	(3,705)
Repayments of the principal portion of lease liabilities	(12,129)	(11,390)
Dividends paid to owners of the Company	(215,477)	(50,219)
Proceeds from issuance of ordinary shares	-	989,150
Acquisition of additional interests in subsidiaries	(44,900)	(26,150)
Exercise of vesting rights	<u>6</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(673,750)</u>	<u>376,086</u>
 <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>167</u>	<u>(2,991)</u>
 <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<u>(593,012)</u>	<u>325,867</u>
 <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>1,151,345</u>	<u>825,478</u>
 <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 558,333</u>	<u>\$ 1,151,345</u>

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

(With Deloitte & Touche auditors' report dated March 5, 2025)

(Concluded)

**TSEC Corporation**  
**2024 Profit and Loss Appropriation Table**

Unit: NT\$

<b>Item</b>	<b>Amount</b>
Beginning undistributed earnings	260,856,565
Less: Net loss after tax	(600,253,264)
Add: Rotary special reserve	389,705
Subtotal	(339,006,994)
Add: Legal reserve to make up for losses.	76,099,640
Add: Capital reserve to make up for losses.	262,907,354
Accumulated undistributed earnings at the end of the period	0

Chair: Wei Jen Investment Co Ltd

President: Hung, Chen-Ren

Principal Accounting Officer: Chang Wei-Che

Director Representative: Kuo-Ron, Liao

# TSEC Corporation

## Comparison of Amendments to the Procedures

### for Acquiring or Disposing of Assets

Article	Before Amendment	After Amendment	Description
Article 7	<p>2. The procedure for determining transaction conditions and authorized limits.</p> <p>For the trading of marketable securities conducted on the centralized trading market or at the business premises of a securities firm, the responsible unit should make decisions based on market conditions. If the Amount is ten million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds ten million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding. Among them, money market funds, due to their financial operation and low risk, unless timeliness is not pursued, only single investments exceeding five hundred million New Taiwan Dollars need to be submitted for board approval before proceeding.</p> <p>For the trading of marketable securities not conducted on the centralized trading market or at the business premises of a securities firm, one must first obtain the most recent financial statements of the target company, audited or reviewed by an accountant, as a reference for evaluating the transaction price. Factors such as net asset value per share, profitability, and future development potential should be considered. If the Amount is ten million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds ten million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding.</p>	<p>2. The procedure for determining transaction conditions and authorized limits.</p> <p>For the trading of marketable securities conducted on the centralized trading market or at the business premises of a securities firm, the responsible unit should make decisions based on market conditions. If the Amount is fifty million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds fifty million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding. Among them, money market funds and securities that represent funds (such as ETF stocks), due to their financial operation and low risk, unless timeliness is not pursued, only single investments exceeding five hundred million New Taiwan Dollars need to be submitted for board approval before proceeding.</p> <p>For the trading of marketable securities not conducted on the centralized trading market or at the business premises of a securities firm, one must first obtain the most recent financial statements of the target company, audited or reviewed by an accountant, as a reference for evaluating the transaction price. Factors such as net asset value per share, profitability, and future development potential should be considered. If the Amount is fifty million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds fifty million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding.</p>	<p>To adjust the authorized Amount</p>

Article	Before Amendment	After Amendment	Description
Article 27	<p>After being approved by the board of directors, this procedure is submitted to the audit committee and reported to the shareholder meeting for approval. The same applies to any amendments. If any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.</p> <p>When submitting the acquisition or disposal of assets procedure to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.</p> <p>These procedures were established on October 12, 2010.</p> <p>The 1st amendment was conducted on June 30, 2011.</p> <p>The 2nd amendment was conducted on April 28, 2014.</p> <p>The 3rd amendment was conducted on March 29, 2019.</p>	<p>After being approved by the board of directors, this procedure is submitted to the audit committee and reported to the shareholder meeting for approval. The same applies to any amendments. If any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.</p> <p>When submitting the acquisition or disposal of assets procedure to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.</p> <p>These procedures were established on October 12, 2010.</p> <p>The 1st amendment was conducted on June 30, 2011.</p> <p>The 2nd amendment was conducted on April 28, 2014.</p> <p>The 3rd amendment was conducted on March 29, 2019.</p> <p><u>The 4th amendment was conducted on March 5, 2025</u></p>	<p>Added revision dates.</p>

# TSEC Corporation

## Comparison of Amendments to the Articles of Incorporation

Article	Before Amendment	After Amendment	Description:
Article 24-1	<p>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.</p> <p>Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>The Company may contribute a maximum of 5% from the abovementioned profit as the directors' remunerations.</p> <p>Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.</p> <p>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.</p> <p><u>If there is a profit for the year, no less than 1% shall be allocated for salary adjustments or distribution of remuneration for grassroots employees.</u></p> <p><u>However, profits must first be taken to offset against cumulative losses, if any.</u></p> <p>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.</p>	<p>The Company in accordance with Article 14, Paragraph 6 of the Securities and Exchange Act.7</p>
Article 27	<p>The Articles of Incorporation were established in June 17, 2010.</p> <p>The 1st revision was conducted on June 30, 2011.</p> <p>The 2nd amendment was conducted on June 15, 2012.</p> <p>The 3rd amendment was conducted on June 20, 2013.</p> <p>The 4th amendment was conducted on April 28, 2014.</p> <p>The 5th amendment was conducted on May 20, 2015.</p> <p>The 6th amendment was conducted on May 9, 2016.</p>	<p>The Articles of Incorporation were established on June 17, 2010.</p> <p>The 1st amendment was conducted on June 30, 2011.</p> <p>The 2nd amendment was conducted on June 15, 2012.</p> <p>The 3rd amendment was conducted on June 20, 2013.</p> <p>The 4th amendment was conducted on April 28, 2014.</p> <p>The 5th amendment was conducted on May 25, 2015.</p> <p>The 6th amendment was conducted on May 9, 2016.</p>	<p>Coordinate with the article revision dates.</p>

Article	Before Amendment	After Amendment	Description:
	<p>The 7th amendment was conducted on June 15, 2017.</p> <p>The 8th amendment was conducted on March 20, 2019.</p> <p>The 9th amendment was conducted on June 12, 2020.</p> <p>The 10th amendment is conducted on April 7, 2021.</p> <p>The 11th amendment was conducted on June 9, 2022.</p>	<p>The 7th amendment was conducted on June 15, 2017.</p> <p>The 8th amendment was conducted on March 29, 2019.</p> <p>The 9th amendment was conducted on June 12, 2020.</p> <p>The 10th amendment is conducted on April 7, 2021.</p> <p>The 11th amendment was conducted on June 9, 2022.</p> <p><u>The 12th amendment was conducted on May 23, 2025.</u></p>	

## TSEC Corporation

### List of Candidates for Directors

Serial Number	Name	Highest Education	Experience	Current Designation
1	Wei Jen Investment Co Ltd.			Director and Chair of TSEC Corporation
2	An Chuang Industrial Corporation Representative: Wei-Jan, Liao	Master's degree from New York State, USA.	DBS Associate Director Standard Chartered Associate Director ABN AMRO Associate Director	Director of Wei Jen Investment Co Ltd, Chair of An Chuang Industrial Corporation, director of Yuan Yu Solar Power Co., Ltd., director of Hou Chang Energy Co., Ltd., director of Heng Li Energy Co., Ltd., director of Heng Yong Energy Co., Ltd., director of Yong Li Energy Co., Ltd., director of Yun Sheng Optoelectronics Co., Ltd., director of Yun Xing Optoelectronics Co., Ltd., director of Yuan Jin Chuang Neng Co., Ltd., director of Feng Xin Sen Sunshine Energy Co., Ltd., director of Yu Sheng Energy Corporation, Chair of Jin Jing Power Co., Ltd.
3	Cheng Hsi Investment Corporation Representative: Cheng-Ji, Hsu	National Taiwan University EMBA	Director of Hou Sheng Corporation	Director and General Manager of Hou Sheng Corporation, Director of Cheng Hsi Investment Corporation, Chair of Rui Fu Development Corporation, Director of Rui Fu Investment Corporation, Director of Yamasita Gain Collaboration Corporation, Director of Rui Fu International Corporation, Director of Yu Ji Venture Capital Corporation
4	Yu Sheng Energy Corporation Representative: Weng-Cheng, Liu	Bachelor's degree from Tamkang University.	Director of Production Business Unit and Director of Marketing Department at Hou Sheng Corporation, Associate Manager and Project Supervisor of Silergy Corp, Audit Supervisor. Consultant of Hou Sheng Corporation	Chair of Yu Sheng Energy Corporation

Serial Number	Name	Highest Education	Experience	Current Designation
5	National Development Fund Management Committee of the Executive Yuan Representative: Ming-Hsin Kung	Ph.D. from the Institute of Economics at National Chung Hsing University.	Deputy Director of the Taiwan Institute of Economic Research. Deputy Minister of the National Development Council Deputy Minister of Economic Affairs Minister without Portfolio of the Executive Yuan and Minister of the National Development Council Convener of the National Development Fund Management Committee of the Executive Yuan Corporate Director Representative of Taiwan Semiconductor Manufacturing Co., Ltd.	Corporate Director Representative of Vanguard International Semiconductor Corporation Secretary-General of the Executive Yuan

# TSEC Corporation

## List of Candidates for Independent Directors

Serial Number	Name	Highest Education	Experience	Current Designation
1	Gu-Tong, Lin	Master's degree in Business Administration from the University of Tennessee, USA.	Chair of Deloitte Taiwan	Independent Director of Tai Ray Biotech Corporation, Independent Director of Yi Xin Industrial Corporation, Independent Director of Inhwa Biotech & Pharmaceutical Corporation
2	Xian-Zhi, Zheng	National Cheng Kung University	President of Aratek Co., Ltd., Greater China President of DuPont Electronics & Communications, Global Business President of the Microcircuit Materials Division, Chair of the Taiwan Branch	Independent Director of Tunglien Chemical Corporation, Chair of Yangsheng Investment Company, Director of Si-Wei InnoTech, Fubon Energy Corporation
3	Qian-Ru, Shen	Master's degree in Chemical Engineering from National Taiwan University.	Business Manager for Southeast Asia and Taiwan at DuPont Taiwan, Ownership, and APAC Head of CHASM Advanced Materials, Inc.	Supervisor of Qingyu International Co., Ltd. Person in Charge of Jiu Xing Xiu Biotechnology Co., Ltd.

**TSEC Corporation**  
**Proposal to Relieve the Company's Directors**  
**(Including Independent Directors)**  
**from the Non-Competition Restrictions.**

Name of Corporate Director/Corporate Director Representative/Independent Director	Other Companies in Which Concurrent Positions are Held	Positions
An Chuang Industrial Corporation Representative: Wei-Jan, Liao	Wei Jen Investment Co Ltd.	Director
	An Chuang Industrial Corporation	Chair
	Hou Chang Energy Co., Ltd.	Director
	Yuan Yu Solar Power Co., Ltd.	Director
	Feng Xin Sen Sunshine Energy Co., Ltd.	Director
	Heng Li Energy Co., Ltd.	Director
	Heng Yong Energy Co., Ltd.	Director
	Yong Li Energy Co., Ltd.	Director
	Yuan Jin Chuang Neng Co., Ltd.	Director
	Yun Sheng Optoelectronics Co., Ltd.	Director
Cheng Hsi Investment Corporation Representative: Cheng-Ji, Hsu	Yun Xing Optoelectronics Co., Ltd.	Director
	Hou Sheng Corporation	Director and General Manager
	Cheng Hsi Investment Corporation	Director
	Rui Fu Development Corporation	Chair
	Rui Fu Investment Corporation	Director
	Yamasita Gain Collaboration Corporation	Director
	Rui Fu International Corporation	Director
Yu Sheng Energy Corporation Representative: Weng-Cheng, Liu	Director of Yu Ji Venture Capital Corporation	Director
	Yu Sheng Energy Corporation	Chair
National Development Fund Management Committee of the Executive Yuan: Ming-Hsin Kung	Vanguard International Semiconductor Corporation	Director
National Development Fund Management Committee of the Executive Yuan	United Renewable Energy Co., Ltd.	Director
	Shi Feng Electric Power Co., Ltd.	Director
Gu-Tong, Lin	Tai Ray Biotech Corporation	Independent Director
	Yi Xin Industrial Corporation	Independent Director
	Independent Director of Inhwa Biotech & Pharmaceutical Corporation	Independent Director
Xian-Zhi, Zheng	Fubon Energy Corporation	Director
	Yangsheng Investment Company	Chair
	Si-Wei InnoTech	Director
	Tunglien Chemical Corporation	Independent Director
Qian-Ru, Shen	Jiu Xing Xiu Biotechnology Co., Ltd.	Person in Charge
	Qingyu International Co., Ltd.	Supervisor

# Procedures for Acquiring or Disposing of Assets (Before Amendment)

## Chapter 1. General Provisions

### Article 1: Purpose

To protect assets and ensure information transparency, this procedure is established.

### Article 2: Scope of assets

- I. Securities: investments such as stocks, government bonds, corporate bonds, financial bonds, securities representing funds, depositary receipts, subscription (sale) warrants, beneficiary certificates, and asset-backed securities.
- II. Real estate (including land, houses and buildings, investment property, inventory of the construction industry) and equipment.
- III. Membership card.
- IV. Intangible assets: including patent rights, copyrights, trademark rights, franchise rights, etc.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, foreign exchange discounting and loans, collection items).
- VII. Derivatives.
- VIII. Acquisition or disposal of assets through legal mergers, demergers, acquisitions, or transfer of ownership.
- IX. Other important assets.

### Article 3: Definition of Terms

- I. Derivative products: Refers to forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts derived from the value of specific interest rates, prices of financial instruments, commodity prices, interest rates, price or exchange rate indices, credit ratings or credit indices, or other variables, combinations of the aforementioned contracts, or composite contracts or structured products embedded with derivative products. The term forward contracts does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) contracts.

- II. Acquisition or disposal of assets through legal mergers, demergers, acquisitions, or transfer of ownership: Refers to the acquisition or disposal of assets through mergers, demergers, or acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act, or other laws, or the transfer of another company's ownership through issuing new shares in accordance with Article 156-3 of the Company Act (hereinafter referred to as transfer of ownership).
- III. Related parties and subsidiaries shall be determined in accordance with the financial reporting standards for securities issuers.
- IV. Professional appraiser: Refers to real estate appraisers or other individuals legally authorized to engage in the valuation of real estate or other fixed assets.
- V. The Date of Occurrence: refers to the earlier of the transaction signing date, payment date, entrustment completion date, transfer date, the date of the board of directors' resolution, or any other date sufficient to determine the transaction party and transaction amount. However, for investments requiring approval from the competent authority, it refers to the earlier of the aforementioned dates or the date of receiving approval from the authority.
- VI. Mainland Area Investment: Refers to investments or technical cooperation carried out in accordance with the regulations set by the Investment Commission of the Ministry of Economic Affairs for investment in Mainland China.
- VII. Investment professionals: Refers to financial holding companies, banks, insurance companies, bills finance companies, trust enterprises, securities firms operating proprietary or underwriting business, futures firms operating proprietary business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, which are established in accordance with the law and regulated by the local financial authority.
- VIII. Stock Exchange: A domestic stock exchange refers to the Taiwan Stock Exchange Corporation; a foreign stock exchange refers to any organized securities trading market regulated by the securities authority of that country.
- IX. Business Premises of Securities Firms: A domestic business premise of securities firms refers to the trading counters specifically set up by securities firms in accordance with the Regulations Governing Securities Firms' Business Premises for trading securities; a foreign business premise of securities firms refers to the business premises of financial institutions engaged in securities business that are regulated by the securities authority of that country.
- X. The term "within one year" is based on the date of occurrence of this transaction and is calculated retrospectively for one year. Parts that have been announced are exempt from inclusion.
- XI. The term "most recent financial statements" refers to the financial statements of the company that have been publicly certified or reviewed by an accountant before the acquisition or disposal of assets in accordance with the law.

Article 4: Investment limits for non-business real estate and marketable securities

The acquisition limits for the aforementioned assets by The Company and each subsidiary are set as follows:

- (I) The total amount of non-business real estate shall not exceed 20% of the net value.
- (II) The total amount of investment in long-term and short-term marketable securities shall not exceed 40% of the net value.
- (III) The amount of investment in individual securities shall not exceed 20% of the net value.

Article 5: Principle of interest avoidance

The appraisal report obtained by The Company or the opinion letter from accountants, attorneys, or underwriters must ensure that the professional appraisers and their appraisal personnel, accountants, attorneys, or underwriters are not related parties to the transaction counterparties.

## **Chapter 2. Acquisition or disposal of assets.**

Article 6: Procedures for Handling the Acquisition or Disposal of Real Estate, Equipment, or Right-of-use Assets.

I. Evaluation and operation procedures

The Company shall handle the acquisition or disposal of real estate, equipment, or right-of-use assets in accordance with the Company's internal control system for the fixed asset cycle.

II. The procedure for determining transaction conditions and authorized limits.

(I) The acquisition or disposal of real estate or right-of-use assets should reference the publicly announced current value, appraised value, actual transaction prices of nearby real estate, etc., to decide on the transaction terms and price. An analysis report should be made and submitted to the Chair. If the Amount is ten million New Taiwan Dollars or below, it should be submitted for approval by the General Manager. If it exceeds ten million New Taiwan Dollars, it must be approved by the Chair before proceeding.

(II) The acquisition or disposal of other fixed assets should be conducted through inquiry, price comparison, price negotiation, or tendering. If the Amount is ten million New Taiwan Dollars or below, it should be approved progressively according to the table of authority. If it exceeds ten million New Taiwan Dollars, it must be approved by the Chair before proceeding.

(III) If the acquisition or disposal of assets referred to in the preceding two items involves special resolutions concerning important matters as stipulated in Article 185 of the Company Law, it must first be approved by a resolution of the board of directors, and then submitted to the shareholder meeting for approval before proceeding.

(IV) If the Company's acquisition or disposal of assets requires approval by the board of directors according to prescribed procedures or other legal regulations, and if any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.

When submitting the acquisition or disposal of assets transaction to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes. Significant asset transactions of the Company must be approved with the consent of more than half of all members of the audit committee and submitted for a resolution by the board of directors.

### III. Executing Unit

When The Company acquires or disposes of real estate or other fixed assets, it should submit for approval according to the aforementioned approval authority, and then the procurement department is responsible for execution.

### IV. Valuation report of real estate or other fixed assets.

The Company shall handle the acquisition or disposal of real estate, other fixed assets, or right-of-use assets, except for transactions with government agencies, land development and construction on self-owned land, lease of land for construction, or the acquisition or disposal of machinery and equipment or right-of-use assets for business use. If the transaction Amount reaches 20% of the Company's paid-in capital or 300 million New Taiwan Dollars or more, a valuation report from a professional appraiser must first be obtained and comply with the following provisions:

- (I) For transactions that for special reasons use a limited, specific, or special price as the reference for the transaction price, such transactions must first be approved by a resolution of the board of directors. This also applies if there are subsequent changes to the transaction terms.
- (II) If the transaction Amount reaches ten billion New Taiwan Dollars or more, valuations should be conducted by two or more professional appraisers.
- (III) If the valuation results from professional appraisers fall under any of the following situations, accountants should be consulted to handle the matter in accordance with Statement No. 20 of the Auditing Standards Bulletin issued by the Accounting Research and Development Foundation, and to provide specific opinions on the reasons for the discrepancies and the appropriateness of the transaction price:
  1. If the discrepancy between the valuation results and the transaction Amount exceeds 20% of the transaction Amount.
  2. If the discrepancy between the valuation results of two or more professional appraisers exceeds 10% of the transaction Amount.

(IV) For appraisers prior to the contract establishment date, the date of the report issuance and the contract establishment date must not exceed three months. However, if the same current market value announced for the period remains applicable and does not exceed six months, an opinion letter may be issued by the original professional appraiser.

Article 7: Procedures for Handling the Acquisition or Disposal of Marketable Securities Investments.

I. Evaluation and operation procedures

The purchase and sale of The Company's long-term and short-term marketable securities shall be handled in accordance with the Company's internal control system for the investment cycle.

II. The procedure for determining transaction conditions and authorized limits.

(I) For the trading of marketable securities conducted on the centralized trading market or at the business premises of a securities firm, the responsible unit should make decisions based on market conditions. If the Amount is ten million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds ten million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding. As for money market funds, due to their financial operation and relatively low risk, to ensure timeliness, only single investments exceeding five hundred million New Taiwan Dollars need to be submitted for board approval before proceeding.

(II) For the trading of marketable securities not conducted on the centralized trading market or at the business premises of a securities firm, one must first obtain the most recent financial statements of the target company, audited or reviewed by an accountant, as a reference for evaluating the transaction price. Factors such as net asset value per share, profitability, and future development potential should be considered. If the Amount is ten million New Taiwan Dollars or below, it should be approved by the Chair and reported at the next board of Directors meeting, along with an analysis report on the unrealized gains or losses of long-term and short-term marketable securities. If the Amount exceeds ten million New Taiwan Dollars, it must be submitted for approval by the board of Directors before proceeding.

(III) If the Company's acquisition or disposal of assets requires approval by the board of directors according to prescribed procedures or other legal regulations, and if any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.

When submitting the acquisition or disposal of assets transaction to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.

### III. Executing Unit

When The Company invests in long-term and short-term marketable securities, it should submit for approval according to the aforementioned approval authority, and then the finance department is responsible for execution.

### IV. Obtain an accountant's opinion

The Company shall handle the acquisition or disposal of marketable securities, except under the following circumstances, by first obtaining the most recent financial statements of the target company, audited or reviewed by an accountant, as a reference for evaluating the transaction price. Additionally, if the transaction Amount reaches 20% of the Company's paid-in capital or 300 million New Taiwan Dollars or more, an accountant's opinion on the reasonableness of the transaction price must be obtained.

- (I) Those who acquire securities through cash contributions in the initiation or raising of establishment.
- (II) Participation in subscribing to the securities issued at face value by the target company for a cash capital increase handled in accordance with relevant laws and regulations.
- (III) Participation in subscribing to the securities issued for a cash capital increase by an investee company with 100% reinvestment.
- (IV) Listed securities traded on a stock exchange or at the business premises of securities firms, including those listed on the OTC and emerging stock markets.
- (V) Government bonds and bonds with repurchase and reverse repurchase conditions.
- (VI) Domestic and foreign funds.
- (VII) Acquisition or disposal of listed company stocks in accordance with auction or tender regulations of a stock exchange or OTC center.
- (VIII) Participation in subscribing to a public company's cash capital increase and acquiring securities that are not privately placed securities.
- (IX) Those who subscribe to the fund before its establishment according to Article 11, Paragraph 1 of the Securities Investment Trust and Consulting Act and the FSC Order No. 0930005249 of the year 2004.
- (X) The subscription or redemption of domestic private placement funds, if the investment strategy stated in the trust agreement is the same as that of public offering funds, except for securities margin transactions and unsettled securities-related products.

Article 8: Procedures for Handling the Acquisition or Disposal of Intangible Assets, Their Right-of-use Assets, or Membership Certificates.

I. Evaluation and operation procedures

The acquisition or disposal of intangible assets, their right-of-use assets, or membership certificates by The Company shall be handled in accordance with the Company's internal control system for the fixed asset cycle.

II. The procedure for determining transaction conditions and authorized limits.

(I) Procedures for Handling the Acquisition or Disposal of Intangible Assets, Their Right-of-use Assets, or Membership Certificates.

The organizer should reference relevant assessment reports or market conditions and prepare an analysis report, which should then be submitted to the board of Directors to approve the transaction terms and price.

(II) If the Company's acquisition or disposal of assets requires approval by the board of directors according to prescribed procedures or other legal regulations, and if any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.

When submitting the acquisition or disposal of assets transaction to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.

III. Executing Unit

When The Company acquires or disposes of intangible assets, their right-of-use assets, or membership certificates, it should submit for approval according to the aforementioned approval authority, and then the finance department or management department is responsible for execution.

IV. Intangible asset expert evaluation opinion report

If the transaction Amount of The Company's acquisition or disposal of intangible assets, their right-of-use assets, or membership certificates reaches 20% of the Company's paid-in capital or 300 million New Taiwan Dollars or more, except for transactions with government agencies, an accountant's opinion on the reasonableness of the transaction price must be obtained. The accountant should also handle the matter in accordance with Statement No. 20 of the Auditing Standards Bulletin issued by the Accounting Research and Development Foundation.

Article 9: Procedures for Handling the Acquisition or Disposal of Financial Institution Claims.

The Company, in principle, does not engage in transactions for the acquisition or disposal of financial institution claims. If it intends to engage in such transactions in the future, it will submit the matter for approval by the board of Directors before establishing its evaluation and operation procedures.

### **Chapter 3. Acquiring real estate from related parties.**

#### **Article 10: Procedures for Handling the Acquisition of Real Estate from Related Parties.**

When The Company acquires real estate through purchase or exchange from related parties, in addition to handling the acquisition process according to Article 6 of Chapter 2, it must also handle related resolution procedures and assess the reasonableness of transaction terms according to Chapter 3. Furthermore, when determining whether the transaction party is a related party, consideration should be given not only to its legal form but also to the substantive relationship. The following information must be submitted and approved by the audit committee and the board of directors before proceeding:

- I. The purpose, necessity, and expected benefits of acquiring real estate.
- II. Reasons for selecting related parties as transaction counterparts.
- III. Evaluate relevant information on the reasonableness of the proposed transaction terms in accordance with Article 11 of this chapter.
- IV. The date and price of the original acquisition by the related parties, the transaction counterparts, and the relationship between them and the company and the related parties.
- V. Cash flow forecast for each month in the upcoming year starting from the expected contract month, and evaluate the necessity of the transaction and the reasonableness of the use of funds.
- VI. Restrictions and other important covenants of this transaction.

When submitting the acquisition or disposal of assets transaction to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered. If an Independent Director has objections or reservations, they should be stated in the minutes of the board of directors meeting.

When submitting to the audit committee as per the first paragraph, it must be approved with the consent of more than half of all members of the audit committee and submitted for a resolution by the board of directors.

If the preceding item is not approved by more than half of all members of the audit committee, it may be carried out with the consent of more than two-thirds of all directors, and the resolution of the audit committee should be stated in the minutes of the board of directors meeting.

The total number of all members of the audit committee mentioned in the preceding paragraph and the total number of directors mentioned in the preceding paragraph shall be calculated based on the actual number of directors in office.

Article 11: Evaluation of the reasonableness of transaction costs for acquiring real estate from related parties.

When The Company acquires real estate or right-of-use assets from related parties, the reasonableness of transaction costs should be evaluated using the following methods:

- I. Based on the related party transaction price plus the necessary interest on capital and the costs that the buyer is legally obligated to bear. The necessary interest on capital is calculated using the weighted average interest rate of the loans obtained by the company in the year the asset was purchased, and it must not exceed the highest borrowing rate for non-financial industries announced by the Ministry of Finance.
- II. If a related party has previously used the subject matter as collateral for a mortgage loan from a financial institution, the institution's assessed total lending value for the item should be considered. However, the actual accumulated lending value by the financial institution on the item must reach at least 70% of the assessed total lending value and the lending period must exceed one year. This does not apply if the financial institution and one party of the transaction are related parties.
- III. For the combined purchase of land and buildings of the same subject, the transaction cost may be evaluated separately for land and buildings using any of the methods listed in the preceding paragraph.
- IV. When The Company acquires real estate or right-of-use assets from related parties, the costs of real estate or right-of-use assets should be evaluated according to the provisions of the first and second items, and an accountant should be consulted for review and to provide specific opinions.
- V. When The Company acquires real estate or right-of-use assets from related parties and any of the following circumstances occur, Article 10 shall apply, and the preceding three provisions shall not apply:
  - (I) The related party acquired the real estate through inheritance or gift.
  - (II) The time between the related party's contract to acquire the real estate and the date of this transaction contract exceeds five years.
  - (III) Signing a joint construction contract with a related party to acquire real estate, or commissioning a related party to construct real estate through self-owned land construction, land lease construction, or similar arrangements.

Article 12: When The Company acquires real estate or right-of-use assets from related parties and the evaluation results according to Article 11, items 1 and 2, are lower than the transaction price, procedures should be followed according to Article 13. However, this does not apply if objective evidence is provided and specific reasonable opinions from professional real estate appraisers and accountants are obtained due to the following circumstances.

- I. If a related party has acquired undeveloped land or leased land for construction, they may provide evidence to meet one of the following conditions:
  - (I) The bare land is evaluated using the method specified in the preceding article, while the buildings are assessed based on the related party's construction cost plus a reasonable construction profit. If the total exceeds the actual transaction price, the reasonable construction profit should be based on the lower of either the average gross profit margin of the related party's construction department over the past three years or the most recent gross profit margin for the construction industry announced by the Ministry of Finance.
  - (II) Other transactions involving unrelated parties for the same subject property in other floors or in nearby areas, within one year, with similar area sizes and transaction terms that have been evaluated according to customary real estate sale practices to account for reasonable floor or area price differences, should be considered equivalent.
  - (III) Other leasing cases involving unrelated parties for the same subject property in other floors within one year, with transaction terms that have been estimated to account for reasonable floor price differences according to customary real estate leasing practices, should be considered equivalent.
- II. The Company shall provide evidence that the transaction terms and the area of the real estate or right-of-use assets acquired from related parties are equivalent to other transactions involving unrelated parties in nearby areas within one year with similar area sizes. The aforementioned nearby area transaction cases are based on the same or adjacent blocks and within a radius not exceeding 500 meters from the transaction subject, or with similar announced current value. The term "similar area sizes" refers to the principle that the area of other unrelated parties' transaction cases is not less than 50% of the area of the transaction subject. The term "within one year" is based on the date of acquisition of the real estate in this instance and is calculated retrospectively for one year.

Article 13: When The Company acquires real estate or right-of-use assets from related parties, and the evaluation results according to Articles 11 and 12 are both lower than the transaction price, the following matters should be processed:

- I. The Company shall allocate a special reserve for the difference between the transaction price and the assessed cost of real estate or right-of-use assets in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act, and it shall not be distributed or capitalized for share distribution. Investors who evaluate the Company's investment using the equity method, if they are public companies, shall also allocate a special reserve proportionate to their shareholding according to Article 41, Paragraph 1 of the Securities and Exchange Act.
- II. The audit committee shall handle matters in accordance with the provisions of Article 218 of the Company Act.
- III. The handling situation of items one and two shall be reported to the Shareholder Meeting, and the detailed content of the transaction shall be disclosed in the annual report and public prospectus.

The Company and any public companies that evaluate the Company's investment using the equity method, which have allocated a special reserve according to the aforementioned regulations, may only utilize this special reserve after the high-priced purchased asset has either been recognized for impairment loss, disposed of, appropriately compensated, or restored to its original state, or if there is other evidence confirming no unreasonable conditions, and with the consent of the Financial Supervisory Commission of the Ministry of Finance.

When The Company acquires real estate or right-of-use assets from related parties, if there is other evidence indicating that the transaction is not in line with business norms, it should also be handled in accordance with the provisions of the first and second items of this article.

#### **Chapter 4. Engaging in derivatives transactions.**

Article 14: Principles and Guidelines for the Acquisition or Disposal of Derivatives Transactions.

- I. Types of transactions
  - (I) The types of derivatives financial product transactions engaged in by The Company are limited to those derived from interest rates and exchange rates.
  - (II) Matters related to bond margin trading should be handled in accordance with the relevant provisions of this processing procedure. Bonds traded with repurchase conditions may be exempt from the provisions of this procedure.

## II. Business (Hedging) Strategy

- (I) The Company engages in derivatives financial product transactions for the purpose of hedging. The selected trading products should primarily be those that mitigate risks arising from the company's business operations. The currencies held must match the company's actual foreign currency needs for import and export transactions, with the principle of internally offsetting overall company positions (i.e., foreign currency income and expenditure) in order to reduce overall foreign exchange risk and save on foreign exchange operation costs.
- (II) However, when the company's net position in US dollars exceeds five million, and the primary currency is expected to continue appreciating, foreign currency hedging transactions may be executed.
- (III) Transactions for other specific purposes must undergo careful evaluation and be submitted for approval by the board of Directors before proceeding.

## III. Division of powers and responsibilities.

### (I) Finance department.

#### 1. Traders

- (1) Responsible for formulating the entire company's financial product transaction strategies.
- (2) Traders should regularly calculate positions every two weeks, gather market information, conduct trend analysis and risk assessment, and formulate operational strategies. After obtaining approval according to the authorized decision-making power, these serve as the basis for conducting transactions.
- (3) Execute transactions according to the authorized decision-making power and established strategies.
- (4) When there are significant changes in the financial market or traders judge that the established strategies are no longer applicable, an evaluation report should be submitted at any time, new strategies should be formulated, and after obtaining approval from the General Manager, these will serve as the basis for conducting transactions.

#### 2. Accounting personnel

- (1) Execute transaction confirmation.
- (2) Review whether the transactions are conducted according to the authorized decision-making power and established strategies.
- (3) A monthly evaluation is conducted, and the evaluation report is submitted to the General Manager for approval.
- (4) Accounting transaction processing.
- (5) Announcements and declarations are made in accordance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.

3. Delivery personnel: Execute delivery tasks.
4. Authorization for Derivatives
  - (1) The authorized decision-making power for hedging transactions allows transactions to be executed according to the "Division of powers and responsibilities" and established hedging strategies. If traders judge that the established hedging strategy is not applicable, they must promptly submit an evaluation report and formulate a new hedging strategy, which will serve as the basis for transactions after obtaining approval from the General Manager.
  - (2) Transactions for other specific purposes must undergo careful evaluation and be submitted for approval by the board of Directors before proceeding.
  - (3) If the Company's acquisition or disposal of assets requires approval by the board of directors according to prescribed procedures or other legal regulations, and if any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.

When submitting the acquisition or disposal of assets transaction to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.

5. Establish a registry to document and review the types and amounts of engaging in derivatives transactions, the date of board approval, and the results of periodic performance evaluations.

(II) Audit department.

Responsible for understanding the adequacy of internal controls for derivatives transactions and checking the compliance of the trading department with operating procedures, as well as analyzing the transaction cycle, preparing an audit report, and reporting to the board of Directors in case of significant deficiencies.

(III) Continuous effectiveness evaluation

1. Hedging transactions
  - (1) Using the gains and losses arising from the company's book exchange rate costs and engaging in derivatives transactions as the basis for performance evaluation.
  - (2) In order to fully understand and express the valuation risk of transactions, The Company uses a monthly closing valuation method to assess gains and losses.
  - (3) The Finance Department should provide the foreign exchange position valuation, foreign exchange market trends, and market analysis to the general manager for management reference and guidance.

2. Transactions for specific purposes.

Using the actual gains and losses as the basis for performance evaluation, accounting personnel must regularly prepare position reports to provide management with reference.

(IV) The determination of the total contract amount and loss limits.

1. Total contract amount

(1) Hedging transaction limits

The finance department should manage the company's overall positions to mitigate trading risks. The Amount of hedging transactions should not exceed two-thirds of the company's overall net position. If it exceeds two-thirds, it must be reported for approval by the General Manager.

(2) Transactions for specific purposes.

Based on predictions of market changes, the finance department may formulate strategies as needed, which can only be implemented upon approval by the General Manager and Chair. For The Company's transactions for specific purposes, the total contract amount for the overall net accumulated position is limited to USD 50 million and must be submitted for approval by the board of directors before proceeding.

2. The determination of the loss limits.

For hedging transactions or transactions with specific purposes, after establishing the position, a stop-loss point should be set to prevent excessive losses. The stop-loss point should not exceed 15% of the total contract amount, and the loss amount for an individual contract should not exceed 12% of the contract amount. If the loss amount exceeds the above limits, it must be immediately reported to the General Manager and Chair, and reported to the board of directors to discuss necessary countermeasures.

Article 15: Risk management measures for engaging in derivatives transactions.

I. Credit risk management:

Based on the fluctuations in the market due to various factors, which can easily lead to operational risks in derivative financial products, market risk management is carried out according to the following principles:

Transaction counterparts: Primarily well-known domestic and foreign financial institutions.

Transaction products: Limited to those provided by well-known domestic and foreign financial institutions.

Transaction Amount: The outstanding transaction Amount with the same counterparty should not exceed 10% of the total authorized amount. However, this limit does not apply if approved by the General Manager.

**II. Market risk management:**

Primarily based on the public foreign exchange market provided by banks, with the futures market not being considered for the time being.

**III. Liquidity risk management:**

To ensure market liquidity, financial products with higher liquidity (i.e., those that can be offset in the market at any time) should be prioritized when selecting financial products. The entrusted financial institutions must have sufficient information and the ability to conduct transactions in any market at any time.

**IV. Cash flow risk management.**

To ensure the stability of the company's operating capital turnover, the source of funds for The Company's engaging in derivatives transactions is limited to its own funds. The operation amount should also take into account the cash flow forecast for the next three months' funding needs.

**V. Operational risk management**

- (I) The company's authorization limits, operating procedures, and inclusion in internal audits should be strictly followed to avoid operational risks.
- (II) Personnel engaging in derivatives transactions, as well as those responsible for confirmation and settlement operations, must not hold concurrent positions.
- (III) Risk measurement, supervision, and control personnel should belong to different departments from the aforementioned personnel and should report to the board of Directors or senior executives who are not responsible for transaction or position decision-making.
- (IV) The positions held in derivatives transactions should be evaluated at least once a week. However, for hedging transactions carried out due to business needs, evaluations should occur at least twice a month. The evaluation report should be submitted to senior executives authorized by the board of Directors.

**VI. Product risk management.**

Internal traders should possess comprehensive and accurate professional knowledge of financial products, and banks are required to fully disclose risks to avoid misuse of financial product risks.

**VII. Legal risk management.**

Documents signed with financial institutions should be reviewed by specialized personnel from foreign exchange and legal affairs or legal advisors before formal signing to avoid legal risks.

Article 16: Internal audit system for engaging in derivatives transactions.

- I. Internal auditors should regularly understand the adequacy of internal controls for derivatives transactions, conduct monthly checks on the trading department's compliance with procedures for engaging in derivatives transactions, analyze the transaction cycle, and prepare an audit report. In case of significant violations, they should notify the Audit Committee in writing.
- II. Internal auditors should submit the audit report along with the annual internal audit operation status to the Securities and Futures Bureau of the Financial Supervisory Commission by the end of February of the following year, and report the status of improvements for any abnormalities to the Securities and Futures Bureau of the Financial Supervisory Commission for record by the end of May of the following year at the latest.

Article 17: The method for periodic evaluation of engaging in derivatives transactions.

- I. The board of directors should authorize senior executives to regularly supervise and evaluate whether engaging in derivatives transactions is conducted in accordance with the company's established trading procedures and whether the risks undertaken are within acceptable limits. If there are anomalies in the market price evaluation report, such as if the held positions exceed the loss limit, it should be immediately reported to the board of directors, and appropriate measures should be taken.
- II. The positions held in derivatives transactions should be evaluated at least once a week. However, for hedging transactions carried out due to business needs, evaluations should occur at least twice a month. The evaluation report should be submitted to senior executives authorized by the board of Directors.

Article 18: Supervision and Management Principles of the Board of Directors for Engaging in Derivatives Transactions

- I. The board of directors should designate senior executives to continuously monitor and control the risks of engaging in derivatives transactions. The management principles are as follows:
  - (I) Regularly assess whether the current risk management measures are appropriate and are being carried out in accordance with this procedure.
  - (II) Supervise the transactions and profit and loss situations. If any abnormalities are found, necessary countermeasures should be taken, and it should be immediately reported to the board of directors. The board of directors should have Independent Directors present and express their opinions.
- II. Regularly evaluate whether the performance of engaging in derivatives transactions aligns with the established business strategy and whether the risks undertaken are within the company's acceptable range.
- III. When The Company engages in derivatives transactions and authorizes relevant personnel to handle them according to this processing procedure, it should subsequently report to the most recent board of directors.

IV. When The Company engages in derivatives transactions, it should establish a registry to document the types and amounts of engaging in derivatives transactions, the date of board approval, and the matters that should be carefully evaluated according to Paragraph 2 of Article 17 and Items 1 and 2 of this article, for thorough recording in the registry.

## **Chapter 5. Mergers, demergers, acquisitions, or transfer of ownership by enterprises**

Article 19: Procedures for Handling Mergers, Demergers, Acquisitions, or Transfer of Ownership.

### **I. Evaluation and operation procedures**

(I) When the Company handles mergers, demergers, acquisitions, or transfer of ownership, it is advisable to jointly engage lawyers, accountants, and underwriters to discuss the statutory procedures and anticipated timeline, and organize a project team to execute according to the statutory procedures. Before convening the board of directors to make a resolution, accountants, lawyers, or underwriters should be engaged to provide opinions on the reasonableness of the share swap ratio, acquisition price, or cash or other property distribution to shareholders, and submit these for discussion and approval by the board of directors.

(II) The Company should prepare a public document for shareholders containing the important terms and related matters of the merger, division, or acquisition prior to the Shareholder Meeting. This document should be delivered to shareholders along with the expert opinion mentioned in Item (1) of Paragraph 1 of this article and the notice of the Shareholder Meeting, to serve as a reference for deciding whether to approve the merger, division, or acquisition. However, this does not apply if other laws provide that a Shareholder Meeting resolution for the merger, division, or acquisition is not required. Additionally, if the Shareholder Meeting of any party participating in the merger, division, or acquisition cannot convene or resolve due to insufficient attendance, voting rights, or other legal restrictions, or if the proposal is rejected by the Shareholder Meeting, the involved company must immediately publicly explain the reasons for the occurrence, the follow-up handling operations, and the expected date of the Shareholder Meeting.

II. Other matters that should be noted.

(I) Board Meeting Date: The Company and other companies involved in the merger, division, or acquisition, unless otherwise provided by other laws or with special factors previously approved by the competent authority, should hold the board meeting and the Shareholder Meeting on the same day to resolve matters related to the merger, division, or acquisition. The Company and other companies involved in the transfer of ownership, unless otherwise provided by other laws or with special factors previously approved by the competent authority, should hold the board meeting on the same day.

When The Company participates in mergers, demergers, acquisitions, or transfer of ownership, the following information should be documented in a complete written record and retained for five years for auditing purposes.

1. Basic Personnel Information: This includes the designation, name, and identification number (passport number for foreign nationals) of all individuals involved in the mergers, demergers, acquisitions, or transfer of ownership projects or their execution prior to the disclosure of the information.
2. Important Dates: Including the dates of signing letters of intent or memorandums, appointing financial or legal advisors, signing contracts, and the board of directors meetings.
3. Important Documents and Minutes: Including documents such as plans for mergers, demergers, acquisitions, or transfer of ownership, letters of intent or memorandums, significant contracts, and minutes of the board of directors meetings.

When The Company participates in mergers, demergers, acquisitions, or transfer of ownership, within two days from the date the resolution is passed by the board of directors, the information specified in Items (1) and (2) of the preceding paragraph should be inputted into the internet information system in the prescribed format.

Jointly report to the association for record.

When The Company participates in mergers, demergers, acquisitions, or transfer of ownership involving companies that are not listed or whose stocks are not traded at the business premises of securities firms, The Company should enter into an agreement with them and handle the matter in accordance with the provisions of Paragraphs 3 and 4.

(II) Confidentiality Undertaking: All individuals involved in or aware of the company's merger, demerger, acquisition, or transfer of ownership plans must provide a written confidentiality undertaking. They must not disclose the contents of the plan before the information is made public, nor should they buy or sell, in their own name or through others, any stocks and other equity-related securities of all companies related to the merger, demerger, acquisition, or transfer of ownership cases.

(III) Principles for Setting and Changing the Share Swap Ratio or Acquisition Price:

Companies involved in mergers, demergers, acquisitions, or transfer of ownership should engage accountants, lawyers, or underwriters to provide opinions on the reasonableness of the share swap ratio, acquisition price, or cash or other property distribution to shareholders before the board meetings of both parties and submit these for the Shareholder Meeting. In principle, the share swap ratio or acquisition price should not be arbitrarily changed, except in cases where changes are stipulated in the contract and have been publicly disclosed. The circumstances under which the share swap ratio or acquisition price may be changed are as follows:

1. Handling cash capital increase, issuing convertible bonds, distributing bonus shares, issuing corporate bonds with warrants, preferred shares with warrants, warrant certificates, and other equity nature securities.
2. Actions affecting the company's financial business, such as the disposal of major company assets.
3. Occurrence of significant disasters, major technological changes, or other events affecting shareholders' rights or the price of securities.
4. Adjustment for the repurchase of treasury stock by any party involved in mergers, demergers, acquisitions, or transfer of ownership in accordance with the law.
5. The entities or number of entities involved in mergers, demergers, acquisitions, or transfer of ownership have increased or decreased.
6. Other conditions stipulated in the contract that allow for changes and have been publicly disclosed.

(IV) The contract should contain: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, contracts for mergers, demergers, acquisitions, or transfer of ownership should specify the following items.

1. The rights and obligations of the participating company and the handling of breaches.
2. The handling principles for equity nature securities issued or treasury stocks repurchased by a company that has been dissolved due to a merger or has been split.
3. The quantity of treasury stock that a participating company may repurchase in accordance with the law after the base date for calculating the stock exchange ratio and the handling principles thereof.
4. The handling of the increase or decrease in the entities or number of entities involved.
5. Estimated project execution progress and expected completion schedule.
6. If the plan is not completed on schedule, the relevant procedures such as the scheduled date for convening a Shareholder Meeting as required by law.

- (V) When there is a change in the number of companies involved in mergers, demergers, acquisitions, or transfer of ownership: If any party involved, after publicly disclosing information, intends to further engage in mergers, demergers, acquisitions, or transfer of ownership with other companies, unless the number of participants decreases, and the Shareholder Meeting has resolved and authorized the board of directors with the power to make changes, participating companies may be exempt from reconvening the Shareholder Meeting for a new resolution. Otherwise, any completed procedures or legal actions in the original merger, demerger, acquisition, or transfer of ownership case must be re-executed by all participating companies.
- (VI) When the companies involved in mergers, demergers, acquisitions, or transfer of ownership include those that are not public companies, The Company should enter into an agreement with them and handle the matter in accordance with Item (1) of Paragraph 2 regarding holding the board meeting date, Item (2) regarding prior confidentiality commitments, and Item (5) regarding changes in the number of companies involved in mergers, demergers, acquisitions, or transfer of ownership.

## **Chapter 6. information transparency**

Article 20: When The Company acquires or disposes of assets under the following circumstances, relevant information should be publicly announced and declared on the website designated by the Financial Supervisory Commission in the prescribed format within two days from the date of occurrence:

- I. Acquiring real estate or right-of-use assets from related parties, or acquiring or disposing of other assets with related parties, where the transaction Amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or 300 million New Taiwan Dollars or more.
- II. Engage in Mainland Area Investment.
- III. Engage in mergers, demergers, acquisitions, or transfer of ownership.
- IV. The loss from engaging in derivatives transactions reaches the total or individual contract loss limits as stipulated by the handling procedures.
- V. Asset transactions other than the first four items or financial institutions disposing of claims, where the transaction Amount reaches 20% of the Company's paid-in capital or 300 million New Taiwan Dollars or more. However, the following circumstances are not subject to this limit:
  - (I) Trading of domestic government bonds.
  - (II) Trading bonds with repurchase and reverse repurchase conditions.
  - (III) The subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (IV) The type of assets acquired or disposed of is machinery and equipment for business use, and the transaction counterpart is not a related party, with the transaction Amount not reaching 500 million New Taiwan Dollars.
- (V) The Company plans to invest in the acquisition of real estate through methods such as land development and construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of shares, or joint construction and sale, with the transaction Amount not reaching 500 million New Taiwan Dollars.
- (VI) The calculation method for the aforementioned transaction Amount is as follows, and the term "within one year" is based on the date of occurrence of this transaction and is calculated retrospectively for one year. Parts that have been announced are exempt from inclusion.
  - 1. The Amount of each transaction.
  - 2. The accumulated transaction Amount within one year for acquiring or disposing of the same nature target with the same counterparty.
  - 3. The accumulated amount within one year for acquiring or disposing of real estate of the same development project (separately accumulated for acquisition and disposal).
  - 4. The accumulated amount within one year for acquiring or disposing of the same marketable securities (separately accumulated for acquisition and disposal).

Article 21: After The Company makes an announcement and declaration of a transaction in accordance with Article 20, if any of the following circumstances occur, relevant information should be publicly announced and declared on the website designated by the Financial Supervisory Commission within two days from the date of occurrence:

- I. Any changes, termination, or cancellation of the related contract of the original transaction.
- II. The mergers, demergers, acquisitions, or transfer of ownership were not completed according to the scheduled timeline of the contract.

Article 22: The Company should, on a monthly basis, input the derivatives transactions of both itself and its non-domestically publicly issued subsidiaries up until the end of the previous month into the information declaration website designated by the competent authority in the prescribed format by the 10th of each month.

Article 23: If there are errors or omissions in the items that The Company is required to announce in accordance with the regulations, and corrections are needed, all items should be re-announced and reported.

Article 24: The Company shall keep the relevant contracts, meeting minutes, memorandum books, appraisal reports, and opinion letters from accountants, attorneys, or underwriters at the Company for at least five years, unless otherwise provided by other laws.

## Chapter 7 Supplementary Provisions

Article 25: The Company's subsidiaries shall comply with the following regulations:

- I. Subsidiaries shall also establish "Procedures for Acquiring or Disposing of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
- II. If a subsidiary is not a public company and the acquisition or disposal of assets meets the announcement and declaration standards set in Article 20 of these procedures, The Company shall handle the announcement and declaration matters on behalf of the subsidiary.
- III. In the announcement and declaration standards for subsidiaries, "reaching 20% of the Company's paid-in capital" is based on The Company's paid-in capital.

Article 26: Penalties

If any personnel of The Company violates the provisions of this processing procedure, they will be punished according to The Company's regulations.

Article 27: Implementation and Amendment

After being approved by the board of directors, this procedure is submitted to the audit committee and reported to the shareholder meeting for approval. The same applies to any amendments. If any director expresses objections with records or written statements, the Company shall also submit the director's objection information to the audit committee.

When submitting the acquisition or disposal of assets procedure to the board of directors for discussion in accordance with the preceding provisions, the opinions of each Independent Director should be fully considered, and their opinions and reasons for agreement or disagreement should be included in the meeting minutes.

These procedures were established on October 12, 2010.

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

The 2nd revision was conducted on April 28, 2014.

The 3rd revision was conducted on March 29, 2019.

# Articles of Incorporation (Before Amendment)

## Chapter 1. General Provisions

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:

01. I501010	Product Designing
02. IG03010	Energy Technical Services
03. F106030	Wholesale of Molds
04. F113110	Wholesale of Batteries
05. F119010	Wholesale of Electronic Materials
06. F113010	Wholesale of Machinery
07. F113020	Wholesale of Electrical Appliances
08. F113030	Wholesale of Precision Instruments
09. 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 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.

Distributed 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 there is no surplus or insufficient surplus to distribute preferred stock dividends, 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.

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. 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 Chairman 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 Chairmanperson.

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 Chairman 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 Chair is elected from the directors in accordance with Article 208 of the Company Act to represent the Company. A vice Chair 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 Chair should Chair the shareholders' and board meetings and represent the Company in public. The Chair 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 Chairman, 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 Chair 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 22-2: 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 amendment was conducted on June 15, 2012.

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

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

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

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

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

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

The 9th amendment 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

### 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 21,547,659 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 25, 2025), the shares held by the directors are as the following:

Designation	Name	Types of Shares	Shares Held	% of Total Issued Shares	
Chair	Wei Jen Investment Co Ltd. Representative: Kuo-Ron, Liao	Common shares	2,816,817	0.55%	
		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	1,613,338	0.31%	
		A-Preferred shares	0	0.00%	
Director	National Development Fund Management Committee of the Executive Yuan Representative: Ming-Hsin Kung	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	Xian-Zhi, Zheng	Common shares	0	0.00%	
		A-Preferred shares	0	0.00%	
Independent Director	Qian-Ru, Shen	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	5,424,935	1.05%	
		A-Preferred shares	25,894,736	100%	

## Rules of Procedure for Shareholders' Meetings

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to 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 Paragraph 1.

Shareholders who wish to attend by teleconferencing shall 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.

The Company shall begin accepting shareholder check-ins for the Shareholder Meeting at least 30 minutes before the meeting starts. For a Shareholder Meeting held via teleconference, check-ins must be processed on the teleconferencing platform at least 30 minutes prior to the meeting, and shareholders who have completed the check-in process shall be deemed to have attended the meeting in person. For shareholder meetings held via teleconference, the Company shall, at least 30 minutes before the meeting starts, upload the number of shares obtained by proxy solicitors, the number of shares represented by proxy agents, the number of shareholders attending in writing or electronically, the meeting agenda, the annual report, and other relevant information to the teleconferencing platform. This information shall remain accessible until the meeting concludes.

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 Chair. When the Chair is on leave or for any reason unable to exercise the powers of the Chair, the Chair shall designate one director as the deputy. Where the Chair 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 uninterruptedly 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.

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 Chairman 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.

Before the conclusion of the meeting, if the shares represented by the attending shareholders constitute a majority of the total issued shares, the Chairman may resubmit the provisional resolution for voting at the shareholders' meeting in accordance with Article 174 of the Company Act.

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 Chairman 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.

Before the conclusion of the meeting, if the shares represented by the attending shareholders constitute a majority of the total issued shares, the Chairman may resubmit the provisional resolution for voting at the shareholders' meeting in accordance with 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 Chairperson 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 Chairman 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 Chairman.

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 Chairman and the shareholder that has the floor; the Chairman shall stop any violation.

Article 13: Except with the consent of the Chairman, 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 Chairman 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 Chairman announces the start of the meeting and before the Chairman 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 Chairman 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 Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 17: The voting of a proposal shall be passed with the consent of the majority of the voting rights of the attending shareholders, unless otherwise specified by related laws, regulations, or the Articles of Incorporation. When voting, shareholders shall cast their votes on the proposal. Shareholders who exercise their voting rights in writing or by electronic means are deemed to have attended the shareholders' meeting in person. This shall be considered a waiver with respect to extraordinary motions and amendments to the original proposal of that meeting. After a shareholder has exercised voting rights by correspondence or electronic means, if 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 shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted late, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights by correspondence or electronic means and appointed a proxy to attend

the shareholders' meeting, the voting rights exercised by the proxy shall prevail. Those who exercise their voting rights by correspondence or 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 Chairman announces the start of the meeting, 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 Chairman announces the close of voting. Those who do not complete the voting before the announced ending time are considered abstentions. For shareholder meetings that are held by teleconferencing, the Company shall immediately disclose the voting results of motions and election results to the teleconferencing platform of the shareholder meeting in accordance with the regulations, and keep them disclosed for at least 15 minutes after the Chairman announces the ending of the meeting. If the Chairman inquires and there are no objections, it shall be deemed approved, carrying the same effect as a resolution passed by voting.

Article 18: When there are amendments or substitutions to the same motion, the Chairman shall determine the order of voting based on the original motion. 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 Chairman, 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 Chairman 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 Chairman pursuant to the Rules or related laws and regulations; in addition, the Chairman 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 Chairman 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: The 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.

## Method for the Selection of Directors

### Article 1: Purpose and Basis

In order to fairly, impartially, and openly select Directors, this Method for the Selection of Directors (hereinafter referred to as this method) is formulated with reference to Article 21 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

### Article 2: Scope of application

The election of the Company's Directors (Independent Directors), unless otherwise stipulated by law or the Company's Articles of Incorporation, shall be conducted in accordance with these procedures.

### Article 3: Selection of Directors

- I. The selection of the Company's directors should consider the overall configuration of the board of directors. The composition of the board should take into account diversity, using basic qualifications, value, and professional knowledge and skills as the criteria.
- II. Members of the board of Directors should generally possess the knowledge, skills, and qualities necessary for performing their duties, such as operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, an international market perspective, leadership, and decision-making abilities.
- III. More than half of the seats among directors shall not have spousal or second-degree kinship relationships.

### Article 4: Selection of Independent Directors

- I. The qualifications and election of the Company's Independent Directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and shall be conducted in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."
- II. The election of the Company's Independent Directors shall be conducted in accordance with the candidate nomination procedures stipulated in Article 192-1 of the Company Act.

## Article 5: Voting methods

- I. The election of the Company's directors shall adopt the candidate nomination system and cumulative voting method. Each share shall have the same number of votes as the number of directors to be elected. Ballots equal to the number of directors to be elected will be prepared by the Board of Directors and distributed to each shareholder.
- II. In the preceding provision, 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 identification of the elector can be substituted with the printed attendance certificate number on the ballot.
- III. The election of the Company's Directors allows shareholders to exercise their voting rights either by electronic means or by voting in person.
- IV. Shareholders who exercise their voting rights by electronic means under the preceding paragraph will not be issued separate ballots and should cast their votes on the electronic voting platform designated by the Company.

## Article 6: Principles of counting votes

- I. The election rights of the independent directors and non-independent directors of the Company shall be calculated separately based on the number of directors specified in the Company's Articles of Incorporation. Those who obtain more votes shall be elected successively. If two or more persons have the same number of votes exceeding the specified quota, the decision shall be made by drawing lots among those with the same number of votes. If any of them is not present, the Chairperson will draw lots on their behalf.
- II. The number of voting rights in the preceding election is calculated based on the voting rights exercised at the Shareholder Meeting, combined with those exercised via electronic voting.
- III. The electronic voting results from the preceding section should be confirmed regarding shareholder identity and the number of voting rights in accordance with Article 44-6 of the Guidelines for Handling Stock Affairs before the Shareholder Meeting, and statistical verification should be completed.

## Article 7: Scrutinizing and verifying votes

Before the election begins, the Chairman shall appoint several scrutineers and counting personnel to perform various related duties. The scrutineers must have the status of shareholders.

## Article 8: Methods of filling out ballots

If the candidate is a shareholder, the elector must write the candidate's Name and shareholder account number in the ballot's "candidate" section. If the candidate is not a shareholder, the candidate's Name and ID number should be entered. However, if the candidate is a government or corporate shareholder, the candidate section of the ballot should include the name of the government or corporation. It may also include the name of the representative; if there are multiple representatives, their names should be added separately.

## Article 9: Invalid ballot

At the Shareholder Meeting, a ballot will be invalid if any of the following situations occur:

- I. Not using the ballots prescribed by these procedures.
- II. Casting a blank ballot into the ballot box.
- III. Indecipherable handwriting or alterations.
- IV. If the candidate filled in is a shareholder, the account name and shareholder account number do not match the shareholder registry. If the candidate is not a shareholder, the Name and ID number do not match upon verification.
- V. The Name of the candidate filled in is the same as another shareholder, but the shareholder account number or ID number for identification is not provided.
- VI. Except for writing the candidate's Name and shareholder account number or unified number/ID number, including other symbols, drawings, or text.
- VII. The number of voting rights filled in exceeds those recorded in the shareholder registry.

## Article 10: Vote counting.

- I. The votes shall be counted on-site immediately after voting is completed, and the results shall be announced on-site by the Chairman or a person designated by the Chairman, including the names of those elected as Directors (Independent Directors) and the numbers of votes with which they were elected.
- II. 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 11: Any matters not specified in these procedures are to be handled in accordance with the Company Act, the related regulations, and the Articles of Incorporation of the Company.

## Article 12: The rules, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

These procedures were established on October 12, 2010.

The first amendment was conducted on March 29, 2019.

The second amendment was conducted on June 12, 2020.