

泰詠電子股份有限公司

TOP UNION ELECTRONICS CORP.

Handbook for the 2024 Annual Meeting of Shareholders

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

Place: No. 480, Niupu East Road, Hsinchu City

Type of the Meeting: Physical Shareholders' Meeting



TOP UNION ELECTRONICS CORP.

Table of Contents

I. Meeting Procedure.....	2
II. Meeting Agenda.....	3
1. Report Items.....	4
2. Ratification Items.....	5
3. Discussion Items.....	7
4. Questions and Motions.....	8
III. Attachments	
Attachment I. 2023 Business Report.....	9
Attachment II. Audit Committee Audit Reports.....	10
Attachment III. 2023 Individual Financial Statements and Audit Reports.....	11
Attachment IV. 2023 Consolidated Financial Statements and Audit Reports.....	21
Attachment V. Comparison Table for Revised Procedures for Making of Endorsement and Guarantee.....	31
IV. Appendices	
Appendix I. Corporate Charter.....	36
Appendix II. Rules of Procedure for Shareholder Meetings.....	40
Appendix III. The Number of Shares Held by All Directors of the Company and the Minimum Number of Shares Held.....	43
Appendix IV. The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate.....	43
Appendix V. Other Notes	45

TOP UNION ELECTRONICS CORP.
Procedure for the 2024 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Takes Chair
3. Chairperson Remarks
4. Report Items
5. Ratification Items
6. Discussion Items
7. Questions and Motions
8. Adjournment

TOP UNION ELECTRONICS CORP.

Year 2024 Agenda of Annual Meeting of Shareholders

1. **Time:** 9:00 a.m. on Friday, May 24th, 2024
2. **Place:** No. 480, Niupu East Road, Hsinchu City (Mode of meeting: offline)
3. **Attendees:** All Shareholders and Equity Representatives
4. **Chairperson:** Vincent Tsuei, Chairman of the Board
5. **Chairperson Remarks**
6. **Report Items** (Reports on Company Affairs)
 - (1) 2023 Report on Distribution of compensation for Employees, Directors and Supervisors
 - (2) 2023 Business Report
 - (3) 2023 Audit Committee Audit Reports
 - (4) 2023 Profits Distribution and Cash Dividend Status Report
7. **Ratification Items**
 - (1) 2023 Business Report and Financial Statements
 - (2) 2023 Profits Distribution
8. **Discussion Items**
 - (1) Proposal for a new share issue through capitalization of earnings
 - (2) Proposal for Amending the "Endorsement Guarantee Operation Procedure" for Resolution
9. **Questions and Motions**
10. **Adjournment**

Report Items (Reports on Company Affairs)

1.

Proposal: 2023 The Status of Report on Distribution of compensation for Employees

Explanation: 1. According to Article 20 of the Corporate Charter, if there are profits in the year, 6% should be set aside as employee compensation and no more than 2.3% as director and supervisor compensation.

2. After reporting to the 4th meeting of the 5th Compensation Committee, it is proposed to set aside 6% of employee compensation at NT\$24,823,469 and 2.3% of directors' compensation at NT\$9,515,663 which will be distributed in cash.

2.

Proposal: 2023 Business Report

Explanation: For the 2023 Business Report, please refer to page 9 (Attachment I) for detail.

3.

Proposal: 2023 Audit Committee Audit Reports

Explanation: For the 2023 Audit Committee Audit Reports, please refer to page 10 (Attachment II) for details.

4.

Proposal: 2023 Profits Distribution and Cash Dividend Status Report

Explanation: 1. According to Article 21-2 of the Corporate Charter and Article 240, Paragraph 5 of Company Act, the Company authorizes the Board of Directors to vote with more than two-thirds of the directors present and a majority of the directors present. Dividends and bonuses or all or part of the legal reserve and capital reserve in accordance with Paragraph 1 of Article 241 of the Company Act shall be distributed in the form of cash and reported to the shareholders' meeting.

2. Set aside shareholder dividends of NT\$203,203,088 to distribute cash dividends, and distribute NT\$1.47 per share.

Ratification Items

1. (Proposed by the Board)

Proposal: Adoption of the 2023 Business Report and Financial Statements

Explanation: 1. The 2023 Business Report and Financial Statements were approved by the board of directors on February 29th, 2024, and submitted to the audit committee for audit review.
2. The above-mentioned Business Report and Financial Statements are attached in the meeting agenda, page 9 (Attachment I) and 11-30 (Attachment III-IV).

Resolution:

2. (Proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2023 Profits

Explanation: The net profit after-tax of 2023 is NT\$296,739,166. After consideration by the Board of Directors of the Company's long term capital planning and meeting cash flow requirements, the distribution is as follow in accordance with the Corporate Charter:

1. Legal reserve is NT\$30,609,526.
2. Based on the number of outstanding shares on the Board of Directors' resolution date, NT\$270,937,458 is set aside for the distribution of shareholder dividends, among which stock dividends are NT\$67,734,370 and cash dividends are NT\$203,203,088. The distribution ratio of stock dividends is 25% at NT \$0.49 per share, i.e., 49 shares are issued for every one thousand shares. The cash dividend distribution ratio is 75% at NT \$1.47 per share.
3. If the number of shares in circulation and the dividend ratio of shareholders are affected by changes in the company's shares subsequently, it is proposed that Shareholder Meeting should authorize the Board of Directors to adjust the ratio according to the shareholding ratio of shareholders in the register of shareholders on the record date of ex-right and ex-dividend.
4. The distribution of cash dividends to shareholders is calculated up to NT\$1. Any amount less than NT\$1 will be treated as other income of the company.
5. Propose for the distribution of 2023 profits for the meeting and authorize the chairman to set the report date for dividend distribution and other related matters.

TOP UNION ELECTRONICS CORP.
Profits Distribution
2023

Unit: NT\$

Items	Value	Distributable items		Distribution principle
		Stock	Cash	
Unappropriated retained earnings of prior years	98,540,128			
Plus: 2023 net profit	296,739,166			
Plus: actuarial losses included in retained earnings	9,356,094			
Minus: appropriate legal reserve	(30,609,526)			
Distributable net profit of current year	275,485,734			
Distributable net profit of current period	374,025,862			
Distributed item: Dividend to shareholders	270,937,458	67,734,370	203,203,088	Stock: 49 shares/thousand shares Cash: NT\$1,470/thousand shares
Unappropriated retained earnings	103,088,404			

Chairman: Vincent Tsuei

Manager: James Wang

Accounting supervisor: Vicky Chou

Resolution:

Discussion Items

1. (Proposed by the Board)

Proposal: Proposal for a new share issue through capitalization of earnings

Explanation: 1. New share issue through capitalization of earnings:

- (1) It is proposed to issue 6,773,437 new shares with NT\$67,734,370, shareholder bonus of 2023 profit distribution, each with a par value of NT\$10, and 49 shares are issued for every one thousand shares.
 - (2) If the number of shares in circulation and the dividend ratio of shareholders are affected by changes in the company's shares subsequently, it is proposed that Shareholder Meeting should authorize the Board of Directors to adjust the ratio according to the shareholding ratio of shareholders in the register of shareholders on the record date of ex-right and ex-dividend.
2. Shareholding of less than one share after reduction of the new share issue should be assembled by the shareholders themselves and registered with the stock agency of the company within five days from the book closure date. Fractional shares or shareholding of less than one share will be exchanged as cash until NT\$1, and will be purchased by persons arranged by the Chairman as authorized by the Board. Shareholders participating in the allocation of stocks through bookkeeping will have their fractional share amounts, less than one whole share, treated as expenses for handling the bookkeeping allocation.
3. The right and obligation of this new share issue through capitalization of earnings are the same as those of the original shares. After being proposed to the Shareholder Meeting and approved by the competent authorities, the Board of Directors will set another record date for allotment. It is proposed that the Board of Directors be authorized to take any action that may be required in connection with the new share issue as a result of any amendment required by the competent authorities.

Resolution:

2. (Proposed by the Board)

Proposal: Proposal for Amending the "Endorsement Guarantee Operation Procedure" for Resolution

Explanation: Pursuant to the regulations outlined in the announcement numbered 1080304826 by the Financial Supervisory Commission and other relevant provisions, it is proposed to amend the "Procedures for Making of Endorsement and Guarantee." For a comparison of the revised articles, please refer to page 31 of this handbook (Attachment V)."

Resolution:

Questions and Motions

Adjournment

Attachment I

TOP UNION ELECTRONICS CORP. Business Report

In 2023, the Company attained a new annual revenue peak, yet regrettably, profitability did not follow suit.

The world is in turmoil, lacking universal love... Protectionism is on the rise, populism is in power, and there's a loud and misleading display seeking active polarization and opposition. This approach involves extreme measures to exclude those who are different. The anticipated yet unknown major variables and impacts are no surprise! Reading the situation and promptly adapting to it is key to the company's long-term sustainability and profitability! It's absolutely critical!

In 2023, the Company's revenue grew by 10%, yet profits amounted to less than 90%. Discussions and actions about forging new paths between the U.S. and China are prevalent. However, the world's factory, poised to unleash its potential, possesses formidable capabilities in response, development, and overcoming obstacles. Should we fear "fear" itself, or the inadequacy of comprehensive alternative solutions? Among the three factories, operations in Taiwan remain the most stable. The Suzhou and Shanghai factories inherently lack a leading role in vitality, coupled with demands for OOC (Out Of China), resulting in a significant revenue decline. A complete transformation of market positioning and operations is urgently required, with an accelerated and deepened approach to promptly implement local orders and provide top-tier services on-site! In 2023 compared to 2022, annual revenue increased slightly to approximately NT\$3.66 billion, representing a 11% growth. After-tax profits for the year were approximately NT\$297 million, with a decrease of about 10%, and an ROE of approximately 13.31%.

In 2024, advancing with the lighter pace of populism, amidst the continuing standoff and rigidity in U.S.-China relations, and the intractable conflict between Russia and Ukraine... Geopolitical uncertainties persist, exacerbated by rising prices, increasing interest rates, and the lingering yet unabated pandemic... While the economy will evolve naturally, it will take time, and a complete recovery remains uncertain! The Company's operations primarily target quality customers, staying abreast of rapid changes, and actively seizing opportunities, fully understanding and exploring future prospects!

We sincerely thank you for your interest and support in Top Union Electronics. With an unwavering belief, the Company remains focused on continually improving our service capabilities, knowing that staying ahead is essential for playing an outstanding role! Serving long-term and excellent customers is a testament to our professional management and forms a solid basis for rewarding you with the fruits of our operations. Once again, thank you for your ongoing support and concern!

Sincerely,

Chairman: Vincent Tsuei
Manager: James Wang
Accounting supervisor: Vicky Chou

Attachment II

TOP UNION ELECTRONICS CORP. Audit Committee Audit Reports

The board of directors submit the Business Report, Financial Statements and Proposal of Profits Distribution of the Company for the year 2023; Among them, the company's Financial Statements were audited by Deloitte Touche Tohmatsu Limited, and the audit report has been issued.

The above Business Report, Financial Statements, and Proposal of Profits Distribution have been reviewed by the Audit Committee and found to be consistent. Please check and approve the above reports in accordance with the relevant provisions of the Securities Exchange Law and the Company Act.

Sincerely,
Top Union Electronics Corp.

Convenor of Audit Committee: Yan, Wei-Qun

February 29th, 2024

Attachment III: 2023 Individual Financial Statements and Audit Reports

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Top Union Electronics Corp.

Opinion

We have audited the accompanying parent company only financial statements of Top Union Electronics Corp. (hereinafter referred to as the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, 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 Auditing and Attestation of Financial Statements by 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.

Key Audit Matters

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

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

The net operating revenue of the Company for the year ended December 31, 2023 is in the amount of NT\$3,461,767 thousand, the revenue of which majorly depends on the business of PCB Assembly and Manufacturing, etc., bringing the significant effect on the parent company

only financial statements. Please refer to Notes 4 and 19 to the parent company only financial statements for the relevant accounting policies and information on revenue recognition.

The Company's sales businesses are concentrated on the major customers. As there is risk in the authenticity of revenue recognition for the sales revenue from customers with specific growth compared with the revenue in 2022, revenue recognition has been listed as the key audit matter of the year.

We performed the following key audit procedures in respect of the above key audit matter:

1. Understand and examine the major internal control design on the process related to sales revenue and the execution effectiveness thereof.
2. Sample from the sales revenue list, check over the original orders, the signed delivery receipt or export declaration and Taiwan uniform invoice or commercial invoice, and verify the correspondence between the remittance proof slip reflecting to the actual amount received and the amount recognized on the revenue; for those whose accounts payable have not been received, check whether the relevant documents of the accounts are within the credit period.

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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 and 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 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shin-Tong Lin and Ming-Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 29, 2024

Financial-Supervisory-Securities-Auditing-1110348898

Taiwan-Finance-Securities-VI-0930128050

TOP UNION ELECTRONICS CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code	ASSETS	December 31, 2023		December 31, 2022		Code	LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 4, 6 and 25)	\$ 929,335	28	\$ 509,134	16	2100	Short-term loans (Notes 4, 15, 25 and 27)	100,000	3	\$ 58,000	2
1136	Current financial assets at amortized cost (Notes 4, 7 and 25)	84,746	3	84,760	3	2130	Current contract liabilities (Notes 4 and 19)	149,124	5	167,343	5
1170	Accounts receivable, net (Notes 4, 5, 8, 19 and 25)	288,813	9	293,788	9	2170	Accounts payable (Note 25)	372,208	11	473,507	15
1180	Receivables from related parties (Notes 4, 5, 25 and 26)	34,317	1	6,562	-	2180	Payables to related parties (Notes 25 and 26)	18,227	1	43,775	1
130X	Inventories (Notes 4, 5 and 9)	719,534	22	1,111,639	35	2206	Accrued profit sharing bonus to employees and compensation to directors (Note 20)	35,378	1	36,788	1
1470	Other current assets (Note 14)	70,267	2	29,697	1	2230	Current income tax liabilities (Notes 4 and 21)	44,924	1	49,538	2
11XX	Total current assets	<u>2,127,012</u>	<u>65</u>	<u>2,035,580</u>	<u>64</u>	2280	Current lease liabilities (Notes 4, 12 and 25)	6,774	-	5,850	-
	NON-CURRENT ASSETS					2399	Other payables and other current liabilities (Notes 16 and 25)	142,646	4	103,020	3
1550	Investments accounted for using equity method (Notes 4 and 10)	613,942	18	649,034	21	21XX	Total current liabilities	<u>869,281</u>	<u>26</u>	<u>937,821</u>	<u>29</u>
1600	Property, plant and equipment (Notes 4, 11 and 27)	520,060	16	450,565	14		NON-CURRENT LIABILITIES				
1755	Right-of-use assets (Notes 4 and 12)	23,616	1	26,234	1	2570	Deferred income tax liabilities (Notes 4 and 21)	17,050	1	16,278	1
1780	Intangible assets (Notes 4 and 13)	2,995	-	4,599	-	2580	Non-current lease liabilities (Notes 4, 12 and 25)	17,073	1	20,469	1
1840	Deferred income tax assets (Notes 4 and 21)	7,730	-	7,716	-	2640	Net defined benefit liability (Notes 4 and 17)	8,808	-	13,521	-
1915	Prepayments for business facilities	-	-	956	-	2645	Guarantee deposits (Note 25)	81,422	2	31,454	1
1920	Refundable deposits (Notes 4 and 25)	1,063	-	900	-	25XX	Total non-current liabilities	<u>124,353</u>	<u>4</u>	<u>81,722</u>	<u>3</u>
15XX	Total non-current assets	<u>1,169,406</u>	<u>35</u>	<u>1,140,004</u>	<u>36</u>	2XXX	Total liabilities	<u>993,634</u>	<u>30</u>	<u>1,019,543</u>	<u>32</u>
							EQUITY (Notes 4, 18 and 23)				
							Share capital				
						3110	Common stock	1,382,333	42	1,234,226	39
						3200	Capital surplus	257,983	8	257,983	8
							Retained earnings				
						3310	Appropriated as legal capital reserve	231,475	7	198,419	6
						3350	Unappropriated earnings	404,635	12	427,810	14
						3300	Total retained earnings	636,110	19	626,229	20
						3400	Other equity interest	26,358	1	37,603	1
						3XXX	Total equity	<u>2,302,784</u>	<u>70</u>	<u>2,156,041</u>	<u>68</u>
1XXX	Total assets	<u>\$ 3,296,418</u>	<u>100</u>	<u>\$ 3,175,584</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,296,418</u>	<u>100</u>	<u>\$ 3,175,584</u>	<u>100</u>

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Code		Years Ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4, 19 and 26)	\$ 3,461,767	100	\$ 3,059,992	100
5000	OPERATING COSTS (Notes 4, 9, 17, 20 and 26)	<u>2,942,847</u>	<u>85</u>	<u>2,571,140</u>	<u>84</u>
5900	GROSS PROFIT	518,920	15	488,852	16
5910	REALIZED (UNREALIZED) GAIN (LOSS) FROM AFFILIATE ACCOUNTS	<u>856</u>	<u>-</u>	<u>(1,548)</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>519,776</u>	<u>15</u>	<u>487,304</u>	<u>16</u>
	OPERATING EXPENSES (Notes 4, 8, 17 and 20)				
6100	Sales and marketing	31,232	1	27,791	1
6200	General and administrative	96,646	3	93,660	3
6300	Research and development	22,469	-	21,276	1
6450	Gains on reversal of expected credit impairment losses	<u>(4,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>145,765</u>	<u>4</u>	<u>142,727</u>	<u>5</u>
6900	INCOME FROM OPERATIONS	<u>374,011</u>	<u>11</u>	<u>344,577</u>	<u>11</u>
	NON-OPERATING INCOME AND EXPENSES (Note 20)				
7100	Interest income	21,956	1	1,708	-
7010	Other income	1,142	-	1,140	-
7020	Other gains and losses	8,519	-	9,955	-
7050	Finance costs	<u>(1,540)</u>	<u>-</u>	<u>(5,131)</u>	<u>-</u>
7070	Share of profit (loss) of subsidiaries accounted for using equity method	<u>(24,703)</u>	<u>(1)</u>	<u>54,195</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>5,374</u>	<u>-</u>	<u>61,867</u>	<u>2</u>

(Continued)

(Continued)

Code		Years Ended December 31			
		2023		2022	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	\$ 379,385	11	\$ 406,444	13
7950	INCOME TAX EXPENSE (Notes 4 and 21)	<u>82,646</u>	<u>2</u>	<u>77,018</u>	<u>2</u>
8200	NET INCOME	<u>296,739</u>	<u>9</u>	<u>329,426</u>	<u>11</u>
	OTHER COMPREHENSIVE INCOME (Notes 4, 17 and 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	9,356	-	1,129	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(<u>11,245</u>)	<u>-</u>	<u>8,137</u>	<u>-</u>
8300	Other comprehensive income, net of income tax	(<u>1,889</u>)	<u>-</u>	<u>9,266</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 294,850</u>	<u>9</u>	<u>\$ 338,692</u>	<u>11</u>
	EARNINGS PER SHARE (NT\$, Note 22)				
9750	Basic earnings per share	<u>\$ 2.15</u>		<u>\$ 2.38</u>	
9850	Diluted earnings per share	<u>\$ 2.13</u>		<u>\$ 2.36</u>	

(Concluded)

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

Chairman: Vincent Tsuei Managerial Officer: James Wang Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code		Share Capital – Common Stock		Capital Surplus	Retained Earnings		Other Equity Interest	Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	
A1	BALANCE, JANUARY 1, 2022	102,360	\$ 1,023,598	\$ 138,283	\$ 182,652	\$ 254,278	\$ 29,466	\$ 1,628,277
	Appropriations of 2021 retained earnings							
B1	Legal capital reserve	-	-	-	15,767	(15,767)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(70,628)	-	(70,628)
B9	Stock dividends to the Company's shareholders	7,063	70,628	-	-	(70,628)	-	-
D1	Net income in 2022	-	-	-	-	329,426	-	329,426
D3	Other comprehensive income in 2022, net of income tax	-	-	-	-	1,129	8,137	9,266
D5	Total comprehensive income in 2022	-	-	-	-	330,555	8,137	338,692
N1	Share-based compensation	-	-	7,700	-	-	-	7,700
E1	Seasoned equity offerings	14,000	140,000	112,000	-	-	-	252,000
Z1	BALANCE, DECEMBER 31, 2022	123,423	1,234,226	257,983	198,419	427,810	37,603	2,156,041
	Appropriations of 2022 retained earnings							
B1	Legal capital reserve	-	-	-	33,056	(33,056)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(148,107)	-	(148,107)
B9	Stock dividends to the Company's shareholders	14,810	148,107	-	-	(148,107)	-	-
D1	Net income in 2023	-	-	-	-	296,739	-	296,739
D3	Other comprehensive income in 2023, net of income tax	-	-	-	-	9,356	(11,245)	(1,889)
D5	Total comprehensive income in 2023	-	-	-	-	306,095	(11,245)	294,850
Z1	BALANCE, DECEMBER 31, 2023	138,233	\$ 1,382,333	\$ 257,983	\$ 231,475	\$ 404,635	\$ 26,358	\$ 2,302,784

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 379,385	\$ 406,444
A20000	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	84,115	77,395
A20200	Amortization expense	2,303	3,086
A20300	Gains on reversal of expected credit impairment losses	(4,582)	-
A20900	Finance costs	1,540	5,131
A21200	Interest income	(21,956)	(1,708)
A21900	Share-based compensation	-	7,700
A22400	Share of loss (gain) of subsidiaries accounted for using equity method	24,703	(54,195)
A20400	Gains on financial assets at fair value through profit or loss	-	(908)
A22500	Loss (gain) on disposal of property, plant and equipment, net	(4,608)	103
A23700	Loss for market price decline and obsolete and slow-moving inventories (reversal gain)	(6,028)	8,218
A23900	Unrealized (realized) gain from inter-affiliate accounts	(856)	1,548
A24100	Loss (gain) on foreign exchange, net	24,469	(14,387)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	1,535	141,900
A31160	Receivables from related parties	(27,755)	(4,568)
A31200	Inventories	398,133	60,445
A31240	Other current assets	(39,683)	19,757
A32125	Contract liabilities	(18,219)	64,888
A32150	Accounts payable	(97,739)	(99,871)
A32160	Payables to related parties	(25,548)	(1,094)
A32180	Accrued profit sharing bonus to employees and compensation to directors	(1,410)	18,613
A32230	Accrued expenses and other current liabilities	39,509	6,960
A32240	Net defined benefit liability	<u>4,643</u>	<u>(14,706)</u>
A33000	Cash generated from operations	711,951	630,751
A33100	Interest received	\$ 21,069	\$ 1,152
A33300	Interest paid	(1,514)	(5,231)
A33500	Income tax paid	<u>(86,502)</u>	<u>(35,374)</u>
AAAA	Net cash generated by operating activities	<u>645,004</u>	<u>591,298</u>

(Continued)

(Continued)

Code		2023	2022
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(84,746)	-
B00050	Disposal of financial assets at amortized cost	80,013	-
B00100	Acquisition of financial assets at fair value through profit or loss	-	(10,000)
B00200	Sale of financial assets at fair value through profit or loss	-	10,908
B02700	Acquisition of property, plant and equipment	(146,243)	(22,573)
B02800	Proceeds from disposal of property, plant and equipment	4,969	-
B03800	Refundable deposits refunded	(163)	(884)
B04500	Acquisition of intangible assets	(699)	(6,264)
BBBB	Net cash used in investing activities	(<u>146,869</u>)	(<u>28,813</u>)
	CASH FLOWS FROM FINANCING		
	ACTIVITIES		
C00100	Increase in short-term loans	255,000	1,048,000
C00200	Decrease in short-term loans	(213,000)	(1,390,000)
C03000	Increase in guarantee deposits received	49,968	22,186
C04020	Repayment of the principal portion of lease liabilities	(6,535)	(2,093)
C04500	Cash dividends paid	(148,107)	(70,628)
C04600	Seasoned equity offerings	<u>-</u>	<u>252,000</u>
CCCC	Net cash generated by (used in) financing activities	(<u>62,674</u>)	(<u>140,535</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(<u>15,260</u>)	<u>333</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	420,201	422,283
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>509,134</u>	<u>86,851</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 929,335</u>	<u>\$ 509,134</u>

(Concluded)

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

Chairman: Vincent Tsuei Managerial Officer: James Wang Accounting Officer: Vicky Cho

Attachment IV. 2023 Consolidated Financial Statements and Audit Reports

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Top Union Electronics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Top Union Electronics Corp. and its subsidiaries (hereinafter referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

The net operating revenue of the Company for the year ended December 31, 2023 is in the amount of NT\$3,660,315 thousand, the revenue of which majorly depends on the business of PCB Assembly and Manufacturing, etc., bringing the significant effect on the consolidated financial statements. Please refer to Notes 4 and 19 to the consolidated financial statements for the relevant accounting policies and information on revenue recognition.

The Company's sales businesses are concentrated on the major customers. As there is risk in the authenticity of revenue recognition for the sales revenue from customers with specific growth compared with the revenue in 2022, revenue recognition has been listed as the key audit matter of the year.

We performed the following key audit procedures in respect of the above key audit matter:

1. Understand and examine the major internal control design on the process related to sales revenue and the execution effectiveness thereof.
2. Sample from the sales revenue list, check over the original orders, the signed delivery receipt or export declaration and Taiwan uniform invoice or commercial invoice, and verify the correspondence between the remittance proof slip reflecting to the actual amount received and the amount recognized on the revenue; for those whose accounts payable have not been received, check whether the relevant documents of the accounts are within the credit period.

Other Matter

We have also audited the parent company only financial statements of Top Union Electronics Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 members of the Audit Committee) are responsible for overseeing the Company'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 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 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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shin-Tong Lin and Ming-Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 29, 2024

Financial-Supervisory-Securities-Auditing-1110348898

Taiwan-Finance-Securities-VI-0930128050

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code	ASSETS	December 31, 2023		December 31, 2022		Code	LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 4, 6 and 25)	\$ 999,529	30	\$ 693,248	22	2100	Short-term loans (Notes 4, 15, 25 and 27)	\$ 100,000	3	\$ 58,000	2
1136	Current financial assets at amortized cost (Notes 4, 7, 25 and 27)	264,524	8	94,677	3	2130	Current contract liabilities (Notes 4 and 19)	151,426	5	167,343	5
1150	Notes receivable (Notes 4, 8 and 25)	14,857	-	15,019	-	2170	Accounts payable (Note 25)	384,936	12	491,811	15
1170	Accounts receivable, net (Notes 4, 5, 8, 19 and 25)	377,955	11	344,682	11	2206	Accrued profit sharing bonus to employees and compensation to directors (Note 20)	35,378	1	36,788	1
1220	Current income tax assets (Notes 21)	394	-	-	-	2230	Current income tax liabilities (Notes 4 and 21)	44,924	1	50,678	2
130X	Inventories (Notes 4, 5 and 9)	733,246	22	1,143,502	36	2280	Current lease liabilities (Notes 4, 12 and 25)	15,399	-	14,769	1
1479	Other current assets (Note 14)	88,578	3	43,826	1	2399	Other payables and other current liabilities (Notes 16 and 25)	163,207	5	128,537	4
11XX	Total current assets	2,479,083	74	2,334,954	73	21XX	Total current liabilities	895,270	27	947,926	30
	NON-CURRENT ASSETS						NON-CURRENT LIABILITIES				
1535	Non-current financial assets at amortized cost (Notes 4, 7 and 25)	187,143	6	242,440	8	2570	Deferred income tax liabilities (Notes 4 and 21)	17,050	1	16,278	-
1600	Property, plant and equipment (Notes 4, 11 27 and 30)	607,919	18	553,750	18	2580	Non-current lease liabilities (Notes 4, 12 and 25)	28,302	1	22,643	1
1755	Right-of-use assets (Notes 4, 12 and 30)	43,030	2	37,551	1	2640	Net defined benefit liability (Notes 4 and 17)	8,808	-	13,521	-
1780	Intangible assets (Notes 4, 13 and 30)	3,087	-	4,726	-	2645	Guarantee deposits (Note 25)	81,422	2	31,454	1
1840	Deferred income tax assets (Notes 4 and 21)	7,844	-	7,942	-	25XX	Total non-current liabilities	135,582	4	83,896	2
1915	Prepayments for business facilities (Note 30)	-	-	1,055	-	2XXX	Total liabilities	1,030,852	31	1,031,822	32
1920	Refundable deposits (Notes 4 and 25)	5,530	-	5,445	-		EQUITY (Notes 4, 18 and 23)				
15XX	Total non-current assets	854,553	26	852,909	27		Share capital				
						3110	Common stock	1,382,333	41	1,234,226	39
						3200	Capital surplus	257,983	8	257,983	8
							Retained earnings				
						3310	Appropriated as legal capital reserve	231,475	7	198,419	6
						3350	Unappropriated earnings	404,635	12	427,810	14
						3300	Total retained earnings	636,110	19	626,229	20
						3400	Other equity interest	26,358	1	37,603	1
						3XXX	Total equity	2,302,784	69	2,156,041	68
1XXX	Total assets	\$ 3,333,636	100	\$ 3,187,863	100		Total liabilities and equity	\$ 3,333,636	100	\$ 3,187,863	100

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Code		Years Ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4, 19 and 30)	\$ 3,660,315	100	\$ 3,294,689	100
5000	OPERATING COSTS (Notes 4, 9, 17 and 20)	<u>3,110,327</u>	<u>85</u>	<u>2,705,401</u>	<u>82</u>
5900	GROSS PROFIT	<u>549,988</u>	<u>15</u>	<u>589,288</u>	<u>18</u>
	OPERATING EXPENSES (Notes 4, 8, 17 and 20)				
6100	Sales and marketing	50,116	1	45,661	1
6200	General and administrative	138,166	4	132,919	4
6300	Research and development	22,770	-	21,684	1
6450	Gains on reversal of expected credit impairment losses	(4,582)	-	-	-
6000	Total operating expenses	<u>206,470</u>	<u>5</u>	<u>200,264</u>	<u>6</u>
6900	INCOME FROM OPERATIONS	<u>343,518</u>	<u>10</u>	<u>389,024</u>	<u>12</u>
	NON-OPERATING INCOME AND EXPENSES (Note 20)				
7100	Interest income	32,384	1	8,695	-
7010	Other income	1,142	-	1,140	-
7020	Other gains and losses	13,116	-	34,590	1
7050	Finance costs	(2,587)	-	(5,799)	-
7000	Total non-operating income and expenses	<u>44,055</u>	<u>1</u>	<u>38,626</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	387,573	11	427,650	13
7950	INCOME TAX EXPENSE (Notes 4 and 21)	<u>90,834</u>	<u>3</u>	<u>98,224</u>	<u>3</u>
8200	NET INCOME	<u>296,739</u>	<u>8</u>	<u>329,426</u>	<u>10</u>

(Continued)

(Continued)

Code		Years Ended December 31			
		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (Notes 4, 17 and 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	\$ 9,356	-	\$ 1,129	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(11,245)	-	8,137	-
8300	Other comprehensive income, net of income tax	(1,889)	-	9,266	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 294,850	8	\$ 338,692	10
	EARNINGS PER SHARE (NT\$, Note 22)				
9750	Basic earnings per share	\$ 2.15		\$ 2.38	
9850	Diluted earnings per share	\$ 2.13		\$ 2.36	

(Concluded)

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

Chairman: Vincent Tsuei Managerial Officer: James Wang Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code		Share Capital – Common Stock		Capital Surplus	Retained Earnings		Other Equity Interest	Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	
A1	BALANCE, JANUARY 1, 2022	102,360	\$ 1,023,598	\$ 138,283	\$ 182,652	\$ 254,278	\$ 29,466	\$ 1,628,277
	Appropriations of 2021 retained earnings							
B1	Legal capital reserve	-	-	-	15,767	(15,767)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(70,628)	-	(70,628)
B9	Stock dividends to the Company's shareholders	7,063	70,628	-	-	(70,628)	-	-
D1	Net income in 2022	-	-	-	-	329,426	-	329,426
D3	Other comprehensive income in 2022, net of income tax	-	-	-	-	1,129	8,137	9,266
D5	Total comprehensive income in 2022	-	-	-	-	330,555	8,137	338,692
N1	Share-based compensation	-	-	7,700	-	-	-	7,700
E1	Seasoned equity offerings	14,000	140,000	112,000	-	-	-	252,000
Z1	BALANCE, DECEMBER 31, 2022	123,423	1,234,226	257,983	198,419	427,810	37,603	2,156,041
	Appropriations of 2022 retained earnings							
B1	Legal capital reserve	-	-	-	33,056	(33,056)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(148,107)	-	(148,107)
B9	Stock dividends to the Company's shareholders	14,810	148,107	-	-	(148,107)	-	-
D1	Net income in 2023	-	-	-	-	296,739	-	296,739
D3	Other comprehensive income in 2023, net of income tax	-	-	-	-	9,356	(11,245)	(1,889)
D5	Total comprehensive income in 2023	-	-	-	-	306,095	(11,245)	294,850
Z1	BALANCE, DECEMBER 31, 2023	138,233	\$ 1,382,333	\$ 257,983	\$ 231,475	\$ 404,635	\$ 26,358	\$ 2,302,784

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 387,573	\$ 427,650
A20000	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	127,555	116,359
A20200	Amortization expense	2,411	3,195
A20300	Gains on reversal of expected credit impairment losses	(4,582)	-
A20400	Gains on financial assets at fair value through profit or loss	-	(908)
A20900	Finance costs	2,587	5,799
A21200	Interest income	(32,384)	(8,695)
A21900	Share-based compensation	-	7,700
A22500	Loss (gain) on disposal of property, plant and equipment, net	(8,318)	(832)
A23700	Loss for market price decline and obsolete and slow-moving inventories (reversal gain)	(6,595)	7,331
A24100	Loss (gain) on foreign exchange, net	23,630	(4,579)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	162	3,515
A31150	Accounts receivable	(35,238)	192,833
A31200	Inventories	416,858	41,851
A31240	Other current assets	(40,468)	25,809
A32125	Contract liabilities	(15,917)	64,888
A32150	Accounts payable	(103,368)	(111,371)
A32180	Accrued profit sharing bonus to employees and compensation to directors	(1,410)	18,613
A32230	Accrued expenses and other current liabilities	34,554	4,085
A32240	Net defined benefit liability	4,643	(14,706)
A33000	Cash generated from operations	751,693	778,537
A33100	Interest received	27,106	5,132
A33300	Interest paid	(2,561)	(5,899)
A33500	Income tax paid	(96,112)	(48,538)
AAAA	Net cash generated by operating activities	<u>680,126</u>	<u>729,232</u>

(Continued)

(Continued)

Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 309,739)	(\$ 66,747)
B00050	Disposal of financial assets at amortized cost	167,794	-
B00100	Acquisition of financial assets at fair value through profit or loss	-	(10,000)
B00200	Sale of financial assets at fair value through profit or loss	-	10,908
B02700	Acquisition of property, plant and equipment	(157,937)	(98,586)
B02800	Proceeds from disposal of property, plant and equipment	8,732	989
B03700	Refundable deposits paid	(240)	(1,303)
B03800	Refundable deposits refunded	72	19
B04500	Acquisition of intangible assets	(774)	(6,264)
BBBB	Net cash used in investing activities	(<u>292,092</u>)	(<u>170,984</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	255,000	1,048,000
C00200	Decrease in short-term loans	(213,000)	(1,390,000)
C03000	Increase in guarantee deposits received	49,968	22,186
C04020	Repayment of the principal portion of lease liabilities	(23,919)	(18,986)
C04500	Cash dividends paid	(148,107)	(70,628)
C04600	Seasoned equity offerings	-	252,000
CCCC	Net cash generated by (used in) financing activities	(<u>80,058</u>)	(<u>157,428</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(<u>1,695</u>)	(<u>8,048</u>)
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	306,281	392,772
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>693,248</u>	<u>300,476</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 999,529</u>	<u>\$ 693,248</u>

(Concluded)

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

Chairman: Vincent Tsuei Managerial Officer: James Wang Accounting Officer: Vicky Cho

Attachment V: Comparison Table for Revised Procedures for Making of Endorsement and Guarantee

Before Amendment	After Amendment	Explanation
<p>Article 3: Scope</p> <ol style="list-style-type: none"> 1. Companies engaged in business transactions with the Company. 2. Companies in which the Company directly or indirectly holds over 50% of ordinary share ownership. 3. Companies directly or indirectly holding voting rights in the Company exceeding 50%. <p>Companies in which the direct and indirect ownership of voting shares amounts to over ninety percent may offer endorsement guarantees, provided that the total amount does not exceed ten percent of the Company's net worth. However, endorsement guarantees among companies where the Company holds one hundred percent direct and indirect ownership of voting shares are not subject to this limitation. Endorsement guarantees for invested companies by all contributing shareholders based on their respective shareholding ratios due to joint investment relationships are exempt from the limitations outlined in the preceding two clauses.</p>	<p>Article 3: Scope</p> <ol style="list-style-type: none"> 1. Companies engaged in business transactions with the Company. 2. Companies in which the Company directly or indirectly holds over 50% of <u>shares with voting rights</u>. 3. Companies directly or indirectly holding voting rights in the Company exceeding 50%. <p>Companies in which the direct and indirect ownership of voting shares amounts to over ninety percent may offer endorsement guarantees, provided that the total amount does not exceed ten percent of the Company's net worth. However, endorsement guarantees among companies where the Company holds one hundred percent direct and indirect ownership of voting shares are not subject to this limitation. Endorsement guarantees for invested companies by all contributing shareholders based on their respective shareholding ratios due to joint investment relationships are exempt from the limitations outlined in the preceding two clauses.</p>	<p>Revising the wording.</p>
<p>Article 4: Responsibilities</p> <ol style="list-style-type: none"> 1. Board of Directors <ol style="list-style-type: none"> (1) For matters regarding endorsements, endorsement guarantees, or self-issuance of promissory notes undertaken by the Company for guarantees, approval must be obtained from the Board of Directors. In cases where a director dissents and provides either recorded or written objection, the Company shall document such dissent in the records of the Board of Directors. 	<p>Article 4: Responsibilities</p> <ol style="list-style-type: none"> 1. Board of Directors <ol style="list-style-type: none"> (1) For matters regarding endorsements, endorsement guarantees, or self-issuance of promissory notes undertaken by the Company for guarantees, approval must be obtained from the Board of Directors <u>and subsequently reported to the shareholders' meeting for consent</u>. In cases where a director dissents and provides either recorded or written objection, the Company shall document such dissent in the 	<p>Revising and addition of wording.</p>

Before Amendment	After Amendment	Explanation
<p>(2) In presenting matters for discussion at board meetings, it is imperative to thoroughly consider the viewpoints of each independent director. Their expressed concurrence or dissent, accompanied by the rationale behind any objections, must be documented in the record of the board meeting.</p> <p>2. Chairperson of the Board The Board of Directors may empower the Chairperson to take actions within specified limits, subject to subsequent ratification by the Board meeting, and report the relevant details to the shareholders' meeting for review.</p>	<p>records of the Board of Directors <u>and report it for discussion at the shareholders' meeting. The same applies when making revisions.</u></p> <p>(2) In presenting matters for discussion at board meetings, it is imperative to thoroughly consider the viewpoints of each independent director. Their expressed concurrence or dissent, accompanied by the rationale behind any objections, must be <u>accurately</u> documented in the <u>minutes</u> of the board meeting.</p> <p>(3) <u>The formulation or revision of "Procedures for Making of Endorsement and Guarantees" must be approved by over half of all members of the Audit Committee and resolved by the Board of Directors. If such approval from over half of all members of the Audit Committee is not obtained, it may proceed with the consent of over two-thirds of all directors, with the decision of the Audit Committee documented in the minutes of the board meeting. The terms "all members of the Audit Committee" and "all directors" refer to those currently in office.</u></p> <p>2. Chairperson of the Board The Board of Directors may empower the Chairman to take actions within a specified limit, subject to subsequent ratification by the <u>most recent</u> Board meeting.</p>	
<p>Article 5: Procedures</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 3. When engaging in endorsement guarantee activities, if the recipient of the endorsement guarantee is a subsidiary whose net worth is less than half of its paid-in capital, a thorough evaluation of its necessity, 	<p>Article 5: Procedures</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 3. When engaging in endorsement guarantee activities, if the recipient of the endorsement guarantee is a subsidiary whose net worth is less than half of its paid-in capital, a thorough evaluation of its necessity, 	<ol style="list-style-type: none"> 1. This procedure solely concerns endorsement and guarantees, therefore the provision related to conducting loans to others is deleted.

Before Amendment	After Amendment	Explanation
<p>reasonableness, risks, and its impact on the Company's operational risks, financial status, and shareholders' equity should be conducted. Upon approval by the Board of Directors, a resolution shall be made accordingly. For subsidiaries with no par value or a per-share par value other than NT\$10, the calculation of the paid-in capital under this provision shall include the total of share capital and capital surplus from premium on issuance. In cases where the Company has independent directors and engages in lending funds to third parties, careful consideration must be given to the opinions of each independent director. Their explicit agreement or dissent, along with the reasons for dissent, shall be documented in the minutes of the board meeting.</p> <p>4. (Omitted)</p> <p>5. In cases where deemed necessary by the Company, the Board of Directors may empower the Chairman to act within specified limits, subject to subsequent ratification by the Board, and provide a report on the proceedings to the shareholders' meeting for review.</p> <p>6. (Omitted)</p> <p>7. In the event of changes in circumstances leading to discrepancies in the endorsed guarantee subject or exceeding the limit, the company shall establish an improvement plan. This plan should be submitted to each supervisor, and improvements shall be carried out according to the plan's schedule.</p> <p>8. (Omitted)</p> <p>9. (Omitted)</p> <p>10. The internal audit personnel of the Company are required to audit the endorsement guarantee operations and their execution at least</p>	<p>reasonableness, risks, and its impact on the Company's operational risks, financial status, and shareholders' equity should be conducted. Upon approval by the Board of Directors, a resolution shall be made accordingly. For subsidiaries with no par value or a per-share par value other than NT\$10, the calculation of the paid-in capital under this provision shall include the total of share capital and capital surplus from premium on issuance.</p> <p>4. (Omitted)</p> <p>5. In cases where deemed necessary by the Company, the Board of Directors may empower the Chairman to act within specified limits, subject to subsequent ratification by the Board.</p> <p>6. (Omitted)</p> <p>7. In the event of changes in circumstances leading to discrepancies in the endorsed guarantee subject or exceeding the limit, the company shall establish an improvement plan. This plan should be submitted to <u>the independent directors</u>, and improvements shall be carried out according to the plan's schedule.</p> <p>8. (Omitted)</p> <p>9. (Omitted)</p> <p>10. The internal audit personnel of the company are required to audit the endorsement guarantee operations and their execution at least</p>	<p>2. Item 16 aligns with the content of Article 4 regarding the Board of Directors; therefore, it is removed.</p>

Before Amendment	After Amendment	Explanation
<p>quarterly, documenting their findings in writing. In case of identifying significant violations, they must promptly inform the supervisors in writing.</p> <p>11. (Omitted) 12. (Omitted) 13. (Omitted) 14. (Omitted) 15. (Omitted) 16. Following approval by the Board of Directors, this procedure shall be sent to each supervisor and reported to the shareholders' meeting for acknowledgement. In the event of any dissent expressed by a director with recorded objections or written statements, the company shall forward such dissent to each supervisor and report it for discussion at the shareholders' meeting. When presenting it for discussion at the board meeting, the opinions of each independent director shall be thoroughly considered, and their explicit agreement or dissent, along with the reasons for dissent, shall be documented in the minutes of the board meeting. The same process applies to revisions.</p> <p>17. Foreign companies conducting loans to others, endorsing for others, or providing guarantees shall adhere to the procedures stipulated in this policy. Foreign companies without a corporate seal may be exempted from the provisions outlined in Article V, Sections 3 and 4. The net worth of foreign companies, as calculated under this procedure, refers to the equity attributed to the owners of the parent company on the balance sheet.</p>	<p>quarterly, documenting their findings in writing. In case of identifying significant violations, they must promptly inform the <u>independent directors</u> in writing.</p> <p>11. (Omitted) 12. (Omitted) 13. (Omitted) 14. (Omitted) 15. (Omitted) 16. (Deleted)</p> <p>17. Foreign companies endorsing for others, or providing guarantees shall adhere to the procedures stipulated in this policy. Foreign companies without a corporate seal may be exempted from the provisions outlined in Article V, Sections 3 and 4. The net worth of foreign companies, as calculated under this procedure, refers to the equity attributed to the owners of the parent company on the balance sheet.</p>	
Article 6: Application Form Endorsement Guarantee Application Form	(Deleted)	
This procedure was established on April 30, 2001 First amendment: May 29, 2003.	This procedure was established on April 30, 2001 First amendment: May 29, 2003.	Revising accordingly

Before Amendment	After Amendment	Explanation
Second amendment: June 9, 2006. Third amendment: June 25, 2008. Fourth amendment: June 10, 2009. Fifth amendment: May 28, 2010. Sixth amendment: May 24, 2013. Seventh amendment: May 28, 2020.	Second amendment: June 9, 2006. Third amendment: June 25, 2008. Fourth amendment: June 10, 2009. Fifth amendment: May 28, 2010. Sixth amendment: May 24, 2013. Seventh amendment: May 28, 2020. <u>Eighth amendment: February 29, 2024.</u>	

Appendix I: Corporate Charter

Chapter 1 General Provisions

Article 1: The company is organized in accordance with the provisions of the Company Act, and named TOP UNION ELECTRONICS CORP.

Article 2: The business of the company:

- (1).CC01030 Manufacturing of electrical and audio-visual electronic products
- (2).CC01060 Manufacturing of wired communication machinery
- (3).CC01070 Manufacturing of wireless communication machinery
- (4).CC01080 Manufacturing of electronic component
- (5).CC01990 Manufacturing of other electrical and electronic machinery
- (6).F119010 Electronic materials wholesale
- (7).F219010 Electronic materials retail
- (8).F401010 International trade
- (9).I599990 Other design
- (10).CC01101 Manufacturing of radio frequency equipment for telecommunication control
- (11).ZZ99999 In addition to the permitted business, the business that is not prohibited or restricted by law can be operated

Article 3: The head office of the company is located in Hsinchu. If necessary, branches may be established at home and abroad by the resolution of the Board and with the consent of the competent authorities.

Article 4: The company can invest and guarantee externally, and is not subject to the restrictions stipulated in Article 13 of the Company Act that "the total investment shall not exceed 40% of the company's paid-in share capital". Any reinvestment matters shall be handled by resolution of the Board.

Chapter 2 Shares

Article 5: The company's total capital is rated at NT\$1.8 billion, divided into 180 million shares with an amount of NT\$10 per share, to be issued in installments. Unissued shares will be issued by the Board according to the actual needs, among which NT\$38 million shall be divided into 3.8 million shares with a face value of NT\$1 per share, which shall be reserved for the exercise of stock rights warrants.

Article 6: When issuing new shares, the company shall authorize the Board to decide whether to print stock in accordance with Article 162, Article 162-1, and Article 162-2 of the Company Act. Shares to be issued may be exempted from stock printing, and shall be registered with the institution for centralized depository institution of securities.

Article 7: The name change and transfer of shares shall be closed within 60 days before the shareholder meeting, within 30 days before the temporary meeting of shareholders, or within 5 days before the company decides to distribute dividends, bonuses or other benefits.

Chapter 3 Shareholder Meeting

Article 8: The regular meeting is convened at least once a year, and is convened by the Board within six months after the end of each fiscal year. The temporary meeting shall be convened according to law when necessary.

Article 9: The regular shareholder meeting shall be called 30 days before the meeting, and the temporary meeting shall be called 15 days before the meeting. The shareholders shall be notified of the time, place and proposals of the meeting.

Article 10: If a shareholder is unable to attend the shareholder meeting due to certain circumstances, he/she shall present a power of attorney issued by the company, indicating the scope of authorization to entrust an agent to attend the meeting. However, if one person is entrusted by two or more shareholders at the same time, the voting rights of his proxy shall not exceed 3% of the voting rights of the total number of shares issued, and if so, the excess voting rights shall not be counted.

Unless otherwise provided for in the Company Act, it shall be handled in accordance with the "Rules on the Use of power of Attorney in the Attendance of Shareholder Meetings by publicly issued stock companies" enacted by the competent authority.

Article 11: Each shareholder of the company shall have one vote per share, except in the case of non-voting shares stipulated in Article 179 of the Company Act.

Article 12: Unless otherwise provided for in the Company Act, resolutions of shareholder meetings shall be made with the consent of more than half of the total number of shares issued and shall be made with the consent of more than half of the votes of the shareholders present.

Article 12-1: The shareholder meeting of the company may be held by video conference or by announcement of the central competent authority.

Article 12-2: Matters decided by the shareholder meeting shall be made into a record, and signed or sealed by the chairman of the shareholder meeting.

Chapter 4 Directors and Supervisors

Article 13: The company shall have seven to eleven directors, including at least three independent directors, who shall serve a three-year term and be eligible for re-election. The election of all directors adopts a candidate nomination system, and shareholders select the candidates from the list. Independent directors and non-independent directors shall be elected together and the number of elected directors shall be calculated separately.

Article 13-1: The audit committee shall be established in accordance with Article 14-4 of the Securities Exchange Law since the 11th reelection of the directors. The audit committee shall replace the authority of the supervisor on the date of its establishment. The provisions concerning the supervisor shall cease to apply during the term of the audit committee, and audit committee and its members shall be responsible for implementing the duties and powers of the supervisor stipulated in the relevant laws and this Chapter. The Audit Committee shall consist of all independent directors, not less than three of whom shall be the convenor and at least one of whom shall have accounting or financial expertise. This Charter, the Securities and Exchange Law, the Company Act and other laws shall apply to the Audit Committee. The term of office, duties and powers of the audit committee, rules of procedure and resources provided by the company when exercising its duties and powers are separately stipulated in the organizational regulations of the audit committee.

Article 14: The Board of Directors is organized by the directors. One chairman is elected when more than two-thirds of the directors are present and more than half of the directors present agree to elect a chairman. The chairman is the president of the shareholder meetings and the board of directors internally and is the representative of the company externally.

The convening of the Board shall be notified to all directors in written, email or fax seven days in advance. In case of emergency, the company may convene the Board at any time, and may also do so in written, e-mail or fax.

Article 15: If the chairman asks for leave or is unable to perform his duties for some reason, his agency shall be handled in accordance with Article 208 of the Company Act. If a director is unable to attend for any reason, in accordance with Article 205 of the Company Act, he may entrust one other director to attend on his behalf.

Article 16: The compensation of all directors shall be amended by the shareholder meeting. And liability insurance may be purchased for the director during his term of office.

Article 17: The duties and responsibilities of the board of directors are as follows:

1. Review and approval of the company's business policy and mid-term and long-term development plan.

2. Review of the annual budget and final accounts.
3. Audit of surplus distribution or deficit offset.
4. Approval of endorsements, acceptances, warranties and undertakings in the name of the company.
5. Apply to financial institutions for approval of financing, guarantees, acceptances and other external advances and borrowings.
6. Acquisition, transfer, grant of expertise and patent rights, and approval and amendment of contracts for technical cooperation.
7. Reinvestment in related businesses.
8. Appointment and removal of managers.
9. Holding of shareholder and Board of Directors meetings and confirmation of business reports.
10. Other business to be handled.

Chapter 5 Manager

Article 18: The company may appoint a general manager, deputy general managers or other managers by resolution of the Board to meet the operation or management needs of the company, and each of these managers may have one or more persons.

Chapter 6 Accountant

Article 19: At the end of each fiscal year, the company shall submit the following reports prepared by the Board to the shareholder meeting for approval by the board of directors:

1. Business Report
2. Financial Statements
3. Profits Distribution or Deficit Appropriation

Article 20: If the company has profit in the year (the profit refers to the profit before pre-tax deducting the compensation of employees and directors), it shall set aside 6% for the compensation of employees and no more than 2.3% for the compensation of directors and supervisors. However, if the company has accumulated deficit (including adjustment of undistributed profits), it shall reserve the compensatory amount in advance.

The above-mentioned employee compensation should be paid in stock or cash and the payee should include the employees of the subsidiary company who meet the conditions resolved by the Board. The above-mentioned compensation of directors and supervisors shall only be paid in cash. The first two items shall be acted upon by resolution of the Board and reported to the shareholder meeting.

Article 21-1: If the company's annual final accounts have net profit after tax for the current period, it should first offset the accumulated deficit (including adjusted amount of undistributed profits), and set aside 10% of the legal profit reserve according to law; however, the accumulated legal profit reserve that reached the company's total paid-in capital is not subject to this limitation. The special profit reserve shall be appropriated or reversed according to the law or the regulations of the competent authority. If there are remaining profits, together with the beginning undistributed profits (including adjustments to the amount of undistributed profit), shall be drafted by the Board to formulate a profits distribution proposal, and proposed to the shareholder meeting for a resolution on the distribution of shareholder dividends.

Based on profit sharing of the dividend policy, the company distributes no less than 50% of the profits available for distribution in the current year to shareholders. Among the dividends distributed, no more than 50% shall be paid as stock dividends, and the rest shall be paid in cash dividends.

Article 21-2: According to Article 240, Paragraph 5 of the Company Act, the company authorizes the Board of Directors to distribute all or part of dividends, bonuses and the legal profits and capital reserves stipulated in Paragraph 1, Article 241

of the Company Act with at least two thirds of the directors present and a resolution of more than half of the directors present. The dividends should be paid in cash and reported to the shareholder meetings.

Chapter 7 Supplementary provisions

Article 22: The Corporate Charter shall be stipulated separately.

Article 23: Matters not stipulated in Articles of this Charter shall be handled in accordance with the provisions of the Company Act.

Article 24: This Charter was established on 01/23/1990

The first amendment was on 08/25/1990

The second amendment was on 12/07/1990

The third amendment was on 06/22/1991

The fourth amendment was on 06/27/1992

The fifth amendment was on 05/02/1993

The sixth amendment was on 06/22/1995

The seventh amendment was on 01/25/1996

The eighth amendment was on 05/23/1996

The ninth amendment was on 06/28/1996

The tenth amendment was on 04/30/1998

The eleventh amendment was on 04/01/1998

The twelfth amendment was on 06/04/1999

The thirteenth amendment was on 04/25/2000

The fourteenth amendment was on 04/30/2001

The fifteenth amendment was on 06/28/2001

The sixteenth amendment was on 05/29/2003

The seventeenth amendment was on 06/18/2004

The eighteenth amendment was on 06/14/2005

The nineteenth amendment was on 06/09/2006

The twentieth amendment was on 05/24/2007

The twenty-first amendment was on 05/28/2010

The twenty-second amendment was on 05/25/2012

The twenty-third amendment was on 05/29/2015

The twenty-fourth amendment was on 05/27/2016

The twenty-fifth amendment was on 05/24/2019

The twenty-sixth amendment was on 05/20/2022

Appendix II: Rules of Procedure for Shareholder Meetings

- Article 1: The shareholder meeting of the company shall be handled in accordance with the rules unless stipulated by laws and regulations separately.
- Article 2: To record the attendance of shareholders, the shareholder meetings shall set up a signature book or the shareholders shall submit the attendance card for sign in, and the number of shares attended shall be calculated according to the submitted attendance card.
- Article 3: Attendance and voting at the shareholder meetings shall be calculated on the basis of shares. Shareholders shall present a power of attorney issued by the company, indicating the scope of authorization to entrust an agent to attend the meeting. A shareholder shall issue a power of attorney, limited to one person, and deliver it to the company five days before the shareholder meeting. If there are duplicate powers of attorney, the one delivered first prevails. However, this does not apply to those entrusted before the declaration is revoked. After the power of attorney is delivered to the company, if the shareholder wishes to attend the shareholder meeting in person or exercise voting rights in writing or electronically, he or she shall notify the company in written cancellation of the agency two days before the shareholder meeting; The voting rights exercised by the person present shall prevail.
- Article 4: The shareholder meetings shall be held at location of the company or a place that is convenient and suitable for shareholders. The starting time of meetings shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 5: If the shareholder meeting is convened by the Board, the chairman shall be the convenor. If the chairman is on leave or unable to perform his duties for some reason, he shall designate a director to act as his proxy.
If the shareholder meeting is convened by a person with the right to convene other than the Board, the person with the right to convene shall act as the chairman.
- Article 6: Lawyers, accountants or related personnel appointed by the company may attend the shareholder meeting.
Personnel who manages the shareholder meeting shall wear identification badges or armbands.
- Article 7: The whole process of the shareholder meeting shall be recorded or videotaped and kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the record should be kept until the end of the lawsuit. The shareholder meetings can be held by video conference or by announcement of the central competent authority.
- Article 8: The chairman shall announce the opening of the meeting immediately at the scheduled time. However, if shareholders representing more than half of the total issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total delay shall not exceed one hour. If the number of shares of shareholders present is still insufficient after two postponements, and there are shareholders representing more than one-third of the total issued shares present, the resolution of the meeting shall be seen as false in accordance with Article 175, Paragraph 1 of the Company Act.
If the number of shares of shareholders present amounts to more than half of the total number of shares issued, the Chairman may re-propose a new vote for the false resolution in accordance with Section 174 of the Company Act.
- Article 9: If the shareholder meeting is convened by the Board, its agenda shall be determined by the Board, and the meeting shall proceed in accordance with the scheduled agenda, which shall not be changed without shareholder meeting's resolution.
If the shareholder meeting is convened by anyone other than the Board who has the right to convene, the above-mentioned provisions shall apply.
The chairman shall not declare the meeting adjourned without a resolution before the conclusion of agenda (including questions and motions) of the first two agenda.
After the meeting has adjourned, a shareholder shall not appoint the Chairman to continue the meeting at the same address or at any other place; However, the Chairman, in violation of the rules of procedure, declares the meeting adjourned, and may elect a Chairman by the

consent of a majority of the voting rights of the shareholders present to continue the meeting.

Article 10: Before shareholders present make their speeches, they should first fill in the statement indicating the key points of the speech, the shareholder's account number (or attendance certificate number) and the name of the account. The chairman will decide the order of the speaker.

The present shareholder shall be deemed not to have spoken if he only presents a statement without speaking. If the contents of the speech are inconsistent with those recorded in the statement, the contents of the speech shall prevail.

When a present shareholder is making his speech, other shareholders shall not interfere with the speech unless with the consent of the chairman and the shareholder who speaks.

The chairman shall stop the person who violates this rule.

Article 11: Without the consent of the chairman, each shareholder shall make no more than two speeches, each of which shall not exceed five minutes.

If a shareholder makes a statement contrary to the provisions of the preceding paragraph or beyond the scope of the agenda, the Chairman may restrain the shareholder from making a statement.

Article 12: When a legal person is entrusted to attend a shareholder meeting, the legal person may designate only one representative to attend.

When a legal shareholder designates two or more representatives to attend the shareholder meeting, only one person may speak on the same motion.

Article 13: After shareholders present make their speeches, the chairman may reply in person or by designating relevant personnel.

Article 14: When the chairman thinks the discussed proposal is appropriate for voting, he may adjourn the discussion and put it to the vote. Shareholders shall have one vote per share; except those who are subject to restrictions or who are not entitled to vote as listed in Paragraph 2 of Article 179 of the Company Act.

When holding shareholder meetings, the company may exercise its voting right in writing or by electronic means, and the method of exercise shall be specified in the notice of the meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholder meeting in person. However, any questions and motions or amendment to the original motion at the meeting shall be regarded as a abstaining from voting.

For those who exercise the voting right in writing or electronically as above mentioned, its intention shall be delivered to the company two days before the shareholder meeting. If the expression of intention is repeated, the one who first delivered shall prevail, except for those who have expressed their intention before the declaration is revoked.

After a shareholder has exercised his voting right in writing or electronically, if he wishes to attend the meeting in person, he shall revoke the aforesaid expression of intention to exercise the voting right two days before the shareholder meeting; If the cancellation is delayed, the voting right exercised in writing or electronically shall prevail. If the voting right is exercised in writing or electronically and an agent is authorized by proxy to attend the shareholder meeting, the voting right exercised by the entrusted agent shall prevail.

Article 15: The scrutineers and counters for voting on proposals shall be designated by the chairman, while the scrutineers shall be the shareholders. The voting results shall be reported and recorded on the spot.

Article 16: The chairman may call a break at an proper time during the meeting.

Article 17: Unless otherwise stipulated in the Company Act and Corporate Charter, a motion shall be approved with the consent of more than half of the votes of shareholders present. When voting, the chairman or his designee shall announce the number of votes of shareholders present, then shareholders can vote. On the day after the shareholder meeting, the results of shareholders' consent, opposition and abstention shall be recorded in the MOPS TWSE. The resolution of shareholder meetings shall be made into a meeting minute which shall be signed or sealed by the chairman and distributed to all shareholders within 20 days after the meeting. Above-mentioned meeting minute may be prepared and distributed electronically, and the company may also distribute the meeting minute by entering the announcement

mode on MOPS TWSE. The meeting minutes shall be recorded in accordance with the year, month, day and place of the meeting, the name of the chairman, the method of decision, the key points of the meetings and their results, and shall be kept in perpetuity during the existence of the company.

Article 18: When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has been approved, the other proposals shall be deemed to be rejected, and there is no need to vote again.

Article 19: The Chairman may direct pickets or security guards to help maintain order in the meeting. Picket officers or security guards should wear "picket" armbands when they are assisting in maintaining order.

Article 20: These rules or the amended rules shall come into force after being approved by the shareholder meetings.

Appendix III: The Number of Shares Held by All Directors of the Company and the Minimum Number of Shares Held

1. The company has elected more than two independent directors, thus the shareholding ratio of all directors except independent directors is reduced to 80% according to the above-mentioned ratio. The current legal shareholding ratio of the 11th director and the number of shareholding are as follows:

The number of ordinary shares issued by the company 138,233,397 shares

The legal number of shareholding of all directors 8,294,004 shares

2. As of March 25th, 2024, the book closure date of shareholder meeting, the number of shareholding of all directors is as follow:

Position	Name	Number of Shareholding	Shareholding Ratio
Chairman	Vincent Tsuei	5,870,858	4.25%
Director	Director Omnico International Ltd.	6,487,570	4.69%
Director	Cheng Zhong Investment Co., Ltd.	4,980,869	3.60%
Director	Song, Ying-Quan	703,032	0.51%
Director	Lin, Jin-Cai	993,914	0.72%
Director	Chuang, Yung-Shun	0	0.00%
Director	James Wang	994,342	0.72%
Independent Director	Li, Qing-He	0	0.00%
Independent Director	Yan, Wei-Qun	0	0.00%
Independent Director	Huang, Xu-Nan	0	0.00%
Independent Director	Yang, Chang-Mou	0	0.00%
Shareholding Number and Shareholding Ratio of All Directors		20,030,585	14.49%

Appendix IV: The Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

Item	Year		2023 (Estimated)
Beginning Amount of Paid-in Capital (\$1000)			1,234,226
Distribution of Shares and Dividends of this year	Cash Dividend Per Share (\$1)	1.47 (Note 1)	
	Number of Distributed Shares Per Share for New Share Issue Through Capitalization of Earnings (\$1)	0.49 (Note 1)	
	Number of Distributed Shares Per Share for New Share Issue Through Capitalization of Paid-in Capital	—	
Proposed Earnings Per Share and P/E Ratio	Operating Profit	(Note 2)	
	Increase (Decrease) Ratio of Operating Profit Compared with the Same Period Last Year	(Note 2)	
	After-tax Net Profit (\$1000)	(Note 2)	
	Increase (Decrease) Ratio of Net Profit After Tax Compared with the Same Period Last Year	(Note 2)	
	Earnings Per Share (\$1)	(Note 2)	
	Increase (Decrease) Ratio of Earnings Per Share Compared with Same Period Last Year	(Note 2)	
Proposed Earnings	Average Annual Return on Investment		(Note 2)
	If Changing All the New Share Issue	Proposed Earnings Per Share (\$1)	(Note 2)

Item	Year		2023 (Estimated)
per share and P/E Ratio	Through Capitalization of Earnings to Allotment	Proposed Average Annual Return on Investment	(Note 2)
	If Not Processing New Share Issue Through Capitalization of Paid-in Capital	Proposed Earnings Per Share (\$1)	(Note 2)
		Proposed Average Annual Return on Investment	(Note 2)
	If Not Processing Paid-in Capital and New Share Issue Through Capitalization of Earnings is Paid in Cash Dividend	Proposed Earnings Per Share (\$1)	(Note 2)
Proposed Average Annual Return on Investment		(Note 2)	

Note 1. The 2023 profits distribution proposal prepared by the Board on February 29, 2024 is waiting for approval of the 2024 shareholder meeting. The actual distributed amount per share shall be the number of shares outstanding on the base date of the ex-rights and ex-dividend decided by the Board, shall be authorized to be adjusted by the Board.

Note 2. As of the date of publication of the Annual Report, the financial forecast information for the year 2024 has not been reviewed by accountants. Therefore, the impact of the proposed stock dividend issuance on the company's operating performance and earnings per share is not applicable.

Appendix V: Other Notes

Instructions on handling shareholders' proposals and electronically exercising voting rights at this shareholder meeting:

- Explanation:
1. The shareholder who holds more than 1% of the total number of shares issued may propose written motion to the company for the shareholder meetings, provided that there is no more than one motion and the proposed motion is limited to 300 words.
 2. According to Article 172-1 of the Company Act, the period for the company to accept written proposals from shareholders is from March 15 to March 25, and has been announced on TWSE MOP according to law.
 3. The company has not received any shareholder proposals as of the deadline for proposals.
 4. Shareholders will exercise their voting rights electronically at this shareholder meeting from April 24 to May 21.