

Stock code 2313

COMPEQ MANUFACTURING CO., LTD.

2024 Annual Shareholders' Meeting Handbook

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF COMPEQ MANUFACTURING CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

May 30, 2024

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COMPEQ MANUFACTURING CO., LTD.

2024 Annual Shareholders' Meeting Procedure

Time : 9:00 a.m., May 30, 2024 (Thursday)

Place : No. 91, Ln. 814, Daxin Rd., Shin-juang Vil. Luzhu Dist., Taoyuan City, Taiwan.

Shareholders' meeting will be held by means of : physical shareholders' meeting

1. Report the total number of shares represented at this Annual Shareholders' Meeting
2. Chairman's Address
3. Report Items
 - (1) 2023 Business Report
 - (2) Audit Committee's review report
 - (3) Report on the 2023 Employee Compensation Distributions
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 - (2) Adoption of the proposal for distribution of 2023 earnings
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7. Meeting Adjourned

Report Items

1. 2023 Business Report

Explanation: Please refer to the attachment. (page 6-7)

2. Audit Committee's review report

Explanation: Please refer to the attachment. (page 8)

3. Report on the 2023 Employee Compensation Distributions

Explanation:

1. According to the Articles of Incorporation adopted by the Board, 2% of the company profit (if any) is to be set aside for employee remuneration. The employee remuneration totaled NTD 107,348,783 in 2023 is distributed in cash.
2. No compensation to directors in 2023.

4. Report on the distribution of 2023 earnings

Explanation:

1. According to the Articles 29 of the Articles of Incorporation, the Company authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.
2. As for the distribution of earnings, the retained earnings for 2023 is distributed first. The cash dividends for common stocks are NT\$ 1.5 per share. In the event that the total number of outstanding shares is impacted because the Company's treasury stock is repurchased or the employee stock option is exercised, the Company shall authorize the Chairman to distribute the common stock's sum of surplus based on the resolution of the Board of Directors meeting, as well as adjusting distribution percentage based on the actual number of outstanding shares on the base date of the dividend.
3. The ex-dividend date for the cash dividend distribution is June 27, 2024.
4. The distribution of cash dividends is based on the following principles: If the cash dividends are distributed to the nearest dollar (rounded down), the amount below one dollar should be added up. The sum of the cash dividends shall be adjusted from the decimal point in a descending order, until it reaches the right amount of the total cash dividend distribution.

5. The Status of Endorsement and Guarantee

Explanation:

1. Up until December 31st, 2023, the balance for the Company's external endorsement/guarantee was US\$ 453,500,000. The entities and amounts are US\$3,500,000 for HUATON HOLDINGS LIMITED, US\$ 108,000,000 for PELICAN COVE INVESTMENT LTD., US\$ 5,000,000 for COMPEQ MANUFACTURING (SUZHOU) CO., LTD., US\$ 90,000,000 for COMPEQ TECHNOLOGY (HUIZHOU) CO., LTD., US\$ 230,000,000 for COMPEQ MANUFACTURING (CHONGQING) CO., LTD. and US\$ 17,000,000 HUABO TECHNOLOGY (HUIZHOU) CO., LTD. All the above mentioned cases are financing guarantees.

Proposals

1. Adoption of 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanation:

Please refer to the attachment. (page 6-7, page 9-30)

Resolution :

2. Adoption of the proposal for distribution of 2023 earnings

(Proposed by the Board of Directors)

Explanation:

1. The distribution of 2023 earnings was approved by the board of directors and reviewed by to the Audit Committee. Please refer to the attachment. (pages 31)

Resolution :

Election

1. Proposal to elect one additional Independent Director

(Proposed by the Board of Directors)

Explanation:

1. According to Paragraph 2, Article 4 of “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers”, it is proposed to elect one additional Independent Director at 2024 Annual Shareholders’ Meeting. The total number of Directors of the Company after the election is ten (including four Independent Directors).
2. The term of office of the Independent Director elected shall expire on the same date as the term of the existing directors, from May 30, 2024 to June 14, 2025.
3. The Candidate List for the Board of Director is as follows,

COMPEQ MANUFACTURING Co., Ltd.
Candidates for the Election of Independent Directors

Candidates category	Name	Education	Experience	Current positions	The amount of shares held (Unit: share)
Independent Directors	Ming Chuan Ko	Master's degree from George Washington University	● Vice President of First Bank ● Independent Director of COMPEQ Manufacturing Co., Ltd. ● Director of Mega International Commercial Bank Co., Ltd.	N/A	0

4. Resolution.

Election Results:

Other Business and Motions

Meeting Adjourned

Business Report

In 2023, global inflation, the impact of interest rate hikes, layoffs in the technology industry, and sluggish demand in consumer electronics market. According to the IMF statistics, the global GDP in 2023 was 3.1%. According to the Prismark statistics, the overall PCB industry decline 15.0% from 2022.

The Company's operating revenue for 2023 was NT\$67.08 billion, decline 12.2% from the NT\$76.42 billion in 2022. The net profit for 2023 was NT\$ 4.2 billion, decline NT\$3.83 billion from the net profit of NT\$8.0 billion in 2022. In response to the 5G high-frequency 、satellite communication and high-speed product applications, the customer's product specifications will be higher in the future. The Company aims to establish a competitive management model based on a sound structure with great product quality and infrastructure.

In 2024, U.S. Fed hikes interest rates to curb inflation, and U.S. protectionism, the global economic climate is uncertain. The company takes the prevention of epidemics as the first priority to ensure the health of employees and the resumption of work with local governments. Attitudes to respond to market changes in 2024 and maintain conservative and steady investment.

In the future, the Company will continue to engage in environmental protection in order to achieve the goal of exceeding the requirements of government regulations. The Company will also implement corporate social responsibility and value labor interests in order to achieve the expectations of shareholders, customers and the government, as well as moving towards sustainable development.

2023 Operating report

A.Consolidated statements of comprehensive income

Compare to 2022, our 2023 profit reached NT\$ 4.2 billion; Our 2023 EPS was NT\$ 3.50 about NT\$ 3.21 less. (see in Table 1)

Table 1. 2023 Comprehensive income summary

Description (Hundred million of NTD)	2023	2022	Variation Rate / Difference
Operating revenue	670.8	764.2	-12.2%
Income before tax	52.7	101.4	-48.7
Net income	41.7	80.0	-38.3
Earnings per share (NTD)	3.50	6.71	-3.21

B.The Implementation Statements of Budget

Our major products are PCB and SMT assemblyservice. We have PCB manufacturing sites on Taiwan (Luchu 、Tayuan) and China (Huizhou, including FPC 、Chongqing). Total PCB sales was 32 million square feet. The SMT manufacturing sitesare locatedon China (Suzhou and Huizhou), actual sales was 330 million units.

C.Technology Development

Our long-term development is to be the leading high-end PCB manufacturer. Our major enhance the ability and quality of research and development, and strengthen the industry and suppliers of informationcollection. We will continue to devote on new process development technologies, such as satellite communication 、AI server and data center products 、Optical communication 、High-frequency high-speed materials 、smart factory 、production environment safety improvement, automation improvement, waste reduction and emissions improvement...etc.

The Outlines for 2024 Business Plan

(1)Operating Guidelines

- A.Improve the factory constitution, implement refined manufacturing management, improve product quality and enhance the quality awareness of all employees. The quality of shipments can meet customer needs and achieve competitive yield levels.
- B.Continuous VE, continuous improvement (CIP), and continuous technology development in the operation management system will establish a competitive operating system to make products in all fields of the enterprise more competitive.
- C.Actively develop the business of satellite communications, AI server, data center, optical communications, automotive and other related products.
- D.Continue to accomplish our social responsibility and commitments to government, customers, share holders, and employee. Keep on environmental protection, respect human rights, and improve our employee's quality of life to become an everlasting green enterprise.

(2)Manufacturing base planning

Our company's main products are circuit boards and SMT.

- A.The circuit board manufacturing bases are Luzhu and Dayuan in Taoyuan, as well as manufacturing bases in Huizhou and Fuling in China. Manufacturing in the Thailand factory is expected to be added in the fourth quarter of this year.
- B.SMT manufacturing bases are Suzhou, Huizhou in China.

(3)The future strategic in product

- A.Rigid board products: We are actively seeking orders related to satellite communications, AI servers, data centers, optical communications, and vehicles.
- B.FPC board and Rigid-flex board products: Due to the poor market conditions, we mainly focus on improving the factory's health and improving competitiveness, accepting orders suitable for the factory, maintaining relationships with customers, and maintaining the stable operation of the factory.
- C.SMT products: In addition to continuing to develop niche products, we will improve the competitiveness of the factory in selected market products so that the factory can operate stably.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Baker Tilly Clock & Co was retained to audit COMPEQ Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of COMPEQ MANUFACTURING CO., LTD. According to relevant requirements Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Teng Ling Liu

Chairman of the Audit Committee

COMPEQ MANUFACTURING CO., LTD.

On the date of March 7, 2024

INDEPENDENT AUDITORS' REPORT

NO.00151120EA

To the Board of Directors of Compeq Manufacturing Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Compeq Manufacturing Co., Ltd. (collectively referred to as “the Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition from shipping warehouses

Description of the key audit matter

Refer to note 4(14) and 6(16) of the parent company only financial statements for the information relating to revenue recognition.

The Company's sales come in two types of direct shipping from factories and shipping from warehouses, revenue is recognized on the transfer of control of the products on an individual sales contract basis. In which the revenue from shipping warehouses is recognized when the customer picks up the products. The Company mainly recognizes its revenue in accordance with the statements or other information provided by the custodians of shipping warehouses and reconciliation with any change in recorded inventory. Given that the shipping warehouses spread many regions and the sales terms for each major customer also vary, such revenue recognition process often involves a lot of labor in operation, which is likely to result in inappropriate timing to recognize the revenue or inconsistency between physical quantity and recorded quantity of the inventory in custody. On the other hand, it requires both parties' labor judgment to determine if a shipment meets the terms for customer's acquisition of products control right and such risk is the major measurement index adopted by the report users. As such, the deadline of the recognition of the revenue of the products sold from shipping warehouses is listed as one of the key audit matters.

How the matter was addressed in our audit

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

1. Understand and assess the propriety of the accounting policy for revenue recognition, and evaluate and test the internal control in relation to the timing of revenue recognition.
2. Implement the deadline test for the revenue from shipping warehouses in the periods before or after the balance sheet date, and check if customer account statement data, change in recorded inventory, revenue and cost carry-over were recorded at appropriate times.
3. Execute document enquiry or field stock-taking observation for the quantity of inventory in shipping warehouses, and check as well as reconcile the warehouse inventory quantity with the recorded inventory quantity. In case of any inconsistency with the recorded inventory quantity found from the enquiry response or stock-taking observation, the reasons for the inconsistency will be investigated and the test for the reconciliation items shall be executed, so as to confirm if material differences are properly adjusted and recorded.

Evaluation of allowance for loss on reduction of inventory to market

Description of the key audit matter

Refer to note 4(7), 5(2) and 6(3) of the parent company only financial statements for the information relating to inventory valuation.

The Company mainly engages in manufacture and sales of PCB(Printed Circuit Boards). Due to their short life circle and severe competition in the industry, electronic products are susceptible to the volatility of market prices, so they have higher risk in losses on reduction of inventory to market and inventory obsolescence. The net realizable value adopted by The Company for invalid and obsolescent inventory often involves subjective judgment. Given that The Company's inventory and its allowance for loss on reduction of inventory to market have a vital impact on its financial statements, the valuation of the allowance for loss on reduction of inventory to market is listed as one of the key audit matters.

How the matter was addressed in our audit

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

1. Evaluate if the policy and procedure for setting aside the allowance for loss on reduction of inventory to market are appropriately and consistently adopted.
2. Understand the inventory warehouse management process, inspect the annual stock-taking plan and participate in the annual observation of stock-taking, so as to confirm the inventory management and status.
3. Acquire the statement to identify inventory obsolescence and invalidation and verify inventory aging propriety and rationality, so as to confirm the possibility for the loss of the inventory exceeding a certain inventory age and coverage of the invalid and obsolescent inventory items in the statement, and ensure the consistence of the statement information with the policy.
4. Inspect a variety of data adopted by the management for calculation of the inventory net realizable value, and give random check and calculation to evaluate the rationality of the inventory net realizable value and judge if relevant disclosures are adequate.

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 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.

Baker Tilly Clock & Co
Hsin-Liang Wu, CPA
Kuo-Fu Tseng, CPA
March 7, 2024

Notes to Readers

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

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 5,020,001	8.48	\$ 5,568,004	9.37
Accounts receivable	6(2)	7,212,219	12.18	8,383,031	14.11
Receivables from related parties	6(2)	22,471	0.04	446,942	0.75
Other receivables		2,558,945	4.32	1,791,229	3.02
Current tax assets		59,481	0.10	20,248	0.03
Inventories	6(3)	2,490,792	4.21	3,075,588	5.18
Prepayments		84,822	0.14	82,150	0.14
Other current financial assets	6(4),8	2,260,174	3.82	1,804,175	3.04
Other current assets		28,649	0.05	24,363	0.04
Total current assets		19,737,554	33.34	21,195,730	35.68
NONCURRENT ASSETS					
Investments accounted for using equity method	6(5)	30,752,649	51.94	28,811,020	48.50
Property, plant and equipment	6(6),8	8,105,097	13.69	8,828,335	14.86
Right-of-use assets	6(7)	136,619	0.23	149,161	0.25
Intangible assets	6(8)	37,435	0.06	23,369	0.04
Deferred tax assets	6(21)	418,136	0.71	386,269	0.65
Refundable deposits		16,948	0.03	11,141	0.02
Other non-current assets		1,379	—	2,619	—
Total noncurrent assets		39,468,263	66.66	38,211,914	64.32
TOTAL		\$ 59,205,817	100.00	\$ 59,407,644	100.00

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Notes payable	6(9)	\$ 962	—	\$ 1,850	—
Accounts payable	6(9)	3,128,837	5.28	2,561,467	4.31
Payable to related parties	6(9)	3,484,874	5.89	4,038,521	6.80
Other payables	6(10)	2,281,116	3.85	3,242,657	5.46
Current tax liabilities	6(21)	859,285	1.45	1,010,496	1.70
Provisions-current	6(11)	137,573	0.23	144,794	0.25
Receipts in advance		1,848	—	19	—
Current portion of long-term borrowings	6(12),8	903,251	1.53	391,084	0.66
Other current liabilities		524,849	0.89	541,732	0.91
Total current liabilities		11,322,595	19.12	11,932,620	20.09
NONCURRENT LIABILITIES					
Long-term borrowings	6(12),8	4,505,665	7.61	4,608,916	7.76
Deferred tax liabilities	6(21)	3,903,255	6.59	3,815,111	6.42
Lease liabilities-noncurrent	6(7)	100,178	0.17	113,667	0.19
Net defined pension liabilities	6(13)	121,555	0.21	220,442	0.37
Total noncurrent liabilities		8,630,653	14.58	8,758,136	14.74
Total liabilities		19,953,248	33.70	20,690,756	34.83
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	6(14)	11,918,206	20.13	11,918,206	20.06
Capital surplus	6(14)	1,060,226	1.79	1,060,226	1.78
Retained earnings	6(14)	26,614,354	44.95	25,693,999	43.25
Legal reserve		4,061,551	6.86	3,251,562	5.47
Special reserve		12,459	0.02	351,396	0.59
Unappropriated earnings		22,540,344	38.07	22,091,041	37.19
Other equity	6(14)	(340,217)	(0.57)	44,457	0.08
Exchange differences on translation of foreign operations		(326,068)	(0.55)	56,916	0.10
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(14,149)	(0.02)	(12,459)	(0.02)
Total equity		39,252,569	66.30	38,716,888	65.17
TOTAL		\$ 59,205,817	100.00	\$ 59,407,644	100.00

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

COMPEQ MANUFACTURING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6(16)	\$ 33,848,845	100.00	\$ 41,005,039	100.00
OPERATING COSTS	6(3)	(27,965,037)	(82.62)	(33,585,457)	(81.91)
GROSS PROFIT BEFORE UNREALIZED GROSS		5,883,808	17.38	7,419,582	18.09
UNREALIZED PROFIT FROM SALES		(836)	—	(13,188)	(0.03)
REALIZED PROFIT ON FROM SALES		13,188	0.04	72,733	0.18
GROSS PROFIT		5,896,160	17.42	7,479,127	18.24
OPERATING EXPENSES					
Selling and marketing expenses		(533,457)	(1.57)	(563,394)	(1.37)
General and administrative expenses		(298,632)	(0.88)	(503,297)	(1.23)
Research and development expenses		(1,018,373)	(3.01)	(1,142,649)	(2.79)
Expected credit impairment income	6(2)	7,788	0.02	(9,535)	(0.02)
Total operating expenses		(1,842,674)	(5.44)	(2,218,875)	(5.41)
INCOME FROM OPERATIONS		4,053,486	11.98	5,260,252	12.83
NON-OPERATING INCOME AND EXPENSES					
Interest income		261,292	0.77	108,011	0.26
Other income	6(17)	631,512	1.86	548,188	1.34
Other gains and losses	6(18)	(312,536)	(0.92)	198,934	0.48
Finance costs	6(19)	(84,288)	(0.25)	(89,223)	(0.22)
Share of profit of subsidiaries and associates	6(20)	710,624	2.10	3,607,464	8.80
Total non-operating income and expenses		1,206,604	3.56	4,373,374	10.66
INCOME BEFORE INCOME TAX		5,260,090	15.54	9,633,626	23.49
INCOME TAX EXPENSE	6(21)	(1,091,715)	(3.23)	(1,632,649)	(3.98)
NET INCOME		\$ 4,168,375	12.31	\$ 8,000,977	19.51
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	6(13)	(37,630)	(0.11)	123,634	0.30
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(1,690)	—	111	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(21)	7,526	0.02	(24,727)	(0.06)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(14)	(478,730)	(1.41)	494,678	1.21
Income tax relating to the components of other comprehensive income(loss)	6(21)	95,746	0.28	(98,936)	(0.24)
Other comprehensive (loss) income, net of income tax		(414,778)	(1.22)	494,760	1.21
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 3,753,597	11.09	\$ 8,495,737	20.72
EARNING PER SHARE					
Basic	6(15)	\$ 3.50		\$ 6.71	
Diluted	6(15)	\$ 3.48		\$ 6.67	

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company							Total equity
	Capital Stock	Capital surplus	Retained earnings			Other equity		
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
BALANCE, JANUARY 1, 2022	\$ 11,918,206	\$ 1,060,226	\$ 2,736,311	\$ 226,467	\$ 16,776,614	\$ (338,826)	\$ (12,570)	\$ 32,366,428
Appropriations of prior year’s earnings								
Legal reserve	—	—	515,251	—	(515,251)	—	—	—
Special reserve	—	—	—	124,929	(124,929)	—	—	—
Cash dividends	—	—	—	—	(2,145,277)	—	—	(2,145,277)
Net income in 2022	—	—	—	—	8,000,977	—	—	8,000,977
Other comprehensive income in 2022, net of income tax	—	—	—	—	98,907	395,742	111	494,760
Total comprehensive income in 2022	—	—	—	—	8,099,884	395,742	111	8,495,737
BALANCE, DECEMBER 31, 2022	11,918,206	1,060,226	3,251,562	351,396	22,091,041	56,916	(12,459)	38,716,888
Appropriations of prior year’s earnings								
Legal reserve	—	—	809,989	—	(809,989)	—	—	—
Special reserve reversed	—	—	—	(338,937)	338,937	—	—	—
Cash dividends	—	—	—	—	(3,217,916)	—	—	(3,217,916)
Net income in 2023	—	—	—	—	4,168,375	—	—	4,168,375
Other comprehensive income in 2023, net of income tax	—	—	—	—	(30,104)	(382,984)	(1,690)	(414,778)
Total comprehensive income in 2023	—	—	—	—	4,138,271	(382,984)	(1,690)	3,753,597
BALANCE, DECEMBER 31, 2023	\$ 11,918,206	\$ 1,060,226	\$ 4,061,551	\$ 12,459	\$ 22,540,344	\$ (326,068)	\$ (14,149)	\$ 39,252,569

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

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,260,090	\$ 9,633,626
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	1,443,568	1,401,287
Amortization expense	9,006	12,657
Expected credit impairment loss (income)	(7,788)	9,535
Interest expense	84,288	89,223
Interest income	(261,292)	(108,011)
Share of profit of subsidiaries and associates	(710,624)	(3,607,464)
Loss on disposal of property, plant and equipment	497	33,277
Unrealized profit from sales	707	4,614
Realized profit on from sales	(14,723)	(25,281)
Other Item	—	(162)
Changes in operating assets and liabilities		
Accounts receivable	1,178,600	(665,040)
Receivables from related parties	424,471	(108,758)
Other receivables	142,987	(20,701)
Inventories	584,796	72,049
Prepayments	(2,672)	(19,652)
Other current assets	(2,625)	857
Other current financial assets	(455,999)	(276,847)
Notes payable	(888)	1,850
Accounts payable	567,370	326,219
Payables to related parties	(553,647)	281,504
Other payables	(626,274)	612,403
Provisions	(7,221)	(13,598)
Other current liabilities	(21,742)	208,508
Accrued pension liabilities	(136,517)	(136,444)
Cash generated from operations	6,894,368	7,705,651
Interest received	179,384	84,013
Interest paid	(81,704)	(83,895)
Income taxes paid	(1,122,610)	(841,592)
Net cash generated by operating activities	\$ 5,869,438	\$ 6,864,177

(Continued)

COMPEQ MANUFACTURING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	\$ (1,694,112)	\$ (100,000)
Payments for property, plant and equipment	(1,035,651)	(1,383,921)
Proceeds from disposal of property, plant and equipment	9,150	7,036
Increase in Refundable Deposits	(54,025)	(53,108)
Decrease in Refundable Deposits	46,559	45,649
Increase in other Receivables from related parties	(828,795)	(1,474,080)
Purchase of Intangible Assets	(21,832)	(11,672)
Net cash generated by (used in) investing activities	(3,578,706)	(2,970,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term borrowings	3,600,000	5,350,000
Decrease in long-term borrowings	(3,191,084)	(6,550,000)
Increase in guarantee deposits received	9,063	10,245
Decrease in guarantee deposits received	(4,005)	(3,075)
Repayment of the principal portion of lease liabilities	(34,793)	(33,517)
Cash dividends	(3,217,916)	(2,145,277)
Net cash generated by (used in) financing activities	(2,838,735)	(3,371,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(548,003)	522,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,568,004	5,045,547
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 5,020,001	\$ 5,568,004

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

INDEPENDENT AUDITORS' REPORT

NO.00151120ECA

To the Board of Directors of Compeq Manufacturing Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Compeq Manufacturing Co., Ltd. and its subsidiaries (collectively referred to as “the Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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 Interpretation (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 matters for the Company's consolidated financial statements for the year ended December 31, 2023 are explained as follows:

Revenue recognition from shipping warehouses

Description of the key audit matter

Refer to note 4(14) and 6(18) of the consolidated financial statements for the information relating to revenue recognition.

The Company's sales come in two types of direct shipping from factories and shipping from warehouses, revenue is recognized on the transfer of control of the products on an individual sales contract basis. In which the revenue from shipping warehouses is recognized when the customer picks up the products. The Company mainly recognizes its revenue in accordance with the statements or other information provided by the custodians of shipping warehouses and reconciliation with any change in recorded inventory. Given that the shipping warehouses spread many regions and the sales terms for each major customer also vary, such revenue recognition process often involves a lot of labor in operation, which is likely to result in inappropriate timing to recognize the revenue or inconsistency between physical quantity and recorded quantity of the inventory in custody. On the other hand, it requires both parties' labor judgment to determine if a shipment meets the terms for customer's acquisition of products control right and such risk is the major measurement index adopted by the report users. As such, the deadline of the recognition of the revenue of the products sold from shipping warehouses is listed as one of the key audit matters.

How the matter was addressed in our audit

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

1. Understand and assess the propriety of the accounting policy for revenue recognition, and evaluate and test the internal control in relation to the timing of revenue recognition.
2. Implement the deadline test for the revenue from shipping warehouses in the periods before or after the balance sheet date, and check if customer account statement data, change in recorded inventory, revenue and cost carry-over were recorded at appropriate times.
3. Execute document enquiry or field stock-taking observation for the quantity of inventory in shipping warehouses, and check as well as reconcile the warehouse inventory quantity with the recorded inventory quantity. In case of any inconsistency with the recorded inventory quantity found from the enquiry response or stock-taking observation, the reasons for the inconsistency will be investigated and the test for the reconciliation items shall be executed, so as to confirm if material differences are properly adjusted and recorded.

Evaluation of allowance for loss on reduction of inventory to market

Description of the key audit matter

Refer to note 4(8), 5(2) and 6(4) of the consolidated financial statements for the information relating to inventory valuation.

The Company mainly engages in manufacture and sales of PCB(Printed Circuit Boards). Due to their short life circle and severe competition in the industry, electronic products are susceptible to the volatility of market prices, so they have higher risk in losses on reduction of inventory to market and inventory obsolescence. The net realizable value adopted by The Company for invalid and obsolescent inventory often involves subjective judgment. Given that The Company's inventory and its allowance for loss on reduction of inventory to market have a vital impact on its financial statements, the valuation of the allowance for loss on reduction of inventory to market is listed as one of the key audit matters.

How the matter was addressed in our audit

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

1. Evaluate if the policy and procedure for setting aside the allowance for loss on reduction of inventory to market are appropriately and consistently adopted.
2. Understand the inventory warehouse management process, inspect the annual stock-taking plan and participate in the annual observation of stock-taking, so as to confirm the inventory management and status.
3. Acquire the statement to identify inventory obsolescence and invalidation and verify inventory aging propriety and rationality, so as to confirm the possibility for the loss of the inventory exceeding a certain inventory age and coverage of the invalid and obsolescent inventory items in the statement, and ensure the consistence of the statement information with the policy.
4. Inspect a variety of data adopted by the management for calculation of the inventory net realizable value, and give random check and calculation to evaluate the rationality of the inventory net realizable value and judge if relevant disclosures are adequate.

Other Matter

We have also audited the parent company only financial statements of Compeq Manufacturing Co., Ltd as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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.

Baker Tilly Clock & Co
Hsin-Liang Wu, CPA
Kuo-Fu Tseng, CPA
March 7, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit (or review) such consolidated financial statements are those generally accepted and applied in the Republic of China. The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2023		December 31,2022	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 11,241,891	14.21	\$ 11,859,565	14.86
Financial assets at fair value through profit or loss-current	6(2)	214,365	0.27	141,973	0.18
Notes receivable	6(3)	214,768	0.27	134,450	0.17
Accounts receivable	6(3)	16,498,196	20.86	16,523,473	20.70
Other receivables		359,579	0.45	350,915	0.44
Current tax assets	6(22)	66,940	0.09	32,130	0.04
Inventories	6(4)	8,053,543	10.18	10,026,564	12.56
Prepayments		514,498	0.65	485,737	0.61
Other current financial assets	6(5),8	4,883,725	6.17	2,766,626	3.46
Other current assets		64,290	0.08	66,863	0.08
Total current assets		42,111,795	53.23	42,388,296	53.10
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income-noncurrent	6(6)	13,444	0.02	15,556	0.02
Property, plant and equipment	6(7),8	35,364,104	44.70	35,740,711	44.78
Right-of-use assets	6(8)	458,054	0.58	467,997	0.59
Intangible assets	6(9)	272,029	0.35	160,782	0.20
Deferred tax assets	6(22)	742,846	0.94	702,134	0.88
Prepayments for equipment		113,357	0.14	317,663	0.40
Refundable deposits		16,948	0.02	11,141	0.01
Other non-current assets		16,461	0.02	18,248	0.02
Total noncurrent assets		36,997,243	46.77	37,434,232	46.90
TOTAL		\$ 79,109,038	100.00	\$ 79,822,528	100.00

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Short-term borrowings	6(10)	\$ 216,777	0.27	\$ —	—
Notes payable	6(11)	1,929,237	2.44	1,384,437	1.73
Accounts payable	6(11)	11,821,422	14.94	10,347,392	12.96
Other payables	6(12)	6,545,116	8.27	8,153,746	10.22
Current tax liabilities	6(22)	885,584	1.12	1,161,128	1.46
Provisions-current	6(13)	223,119	0.28	216,678	0.27
Receipts in advance		3,975	0.01	19	—
Current portion of long-term borrowings	6(14),8	1,777,093	2.25	863,360	1.08
Other current liabilities		632,841	0.80	645,937	0.81
Total current liabilities		24,035,164	30.38	22,772,697	28.53
NONCURRENT LIABILITIES					
Long-term borrowings	6(14),8	11,401,188	14.41	13,886,404	17.40
Deferred tax liabilities	6(22)	3,887,094	4.92	3,834,810	4.80
Lease liabilities-noncurrent	6(8)	131,828	0.17	143,431	0.18
Net defined pension liabilities	6(15)	121,555	0.15	220,442	0.28
Other non-current liabilities, others		279,640	0.35	247,856	0.31
Total noncurrent liabilities		15,821,305	20.00	18,332,943	22.97
Total liabilities		39,856,469	50.38	41,105,640	51.50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	6(16)	11,918,206	15.07	11,918,206	14.93
Capital surplus	6(16)	1,060,226	1.34	1,060,226	1.33
Retained earnings	6(16)	26,614,354	33.64	25,693,999	32.19
Legal reserve		4,061,551	5.13	3,251,562	4.07
Special reserve		12,459	0.02	351,396	0.44
Unappropriated earnings		22,540,344	28.49	22,091,041	27.68
Other equity	6(16)	(340,217)	(0.43)	44,457	0.05
Exchange differences on translation of foreign operations		(326,068)	(0.41)	56,916	0.07
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(14,149)	(0.02)	(12,459)	(0.02)
Total equity attributable to owners of the Company		39,252,569	49.62	38,716,888	48.50
NON-CONTROLLING INTERESTS		—	—	—	—
Total equity		39,252,569	49.62	38,716,888	48.50
TOTAL		\$ 79,109,038	100.00	\$ 79,822,528	100.00

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6(18)	\$ 67,078,773	100.00	\$ 76,419,408	100.00
OPERATING COSTS	6(4)	(56,951,976)	(84.90)	(60,970,511)	(79.78)
GROSS PROFIT		10,126,797	15.10	15,448,897	20.22
OPERATING EXPENSES					
Selling and marketing expenses		(1,328,299)	(1.98)	(1,351,066)	(1.77)
General and administrative expenses		(1,042,012)	(1.56)	(1,258,252)	(1.64)
Research and development expenses		(2,551,795)	(3.80)	(2,688,774)	(3.52)
Expected credit impairment income		14,088	0.02	(28,766)	(0.04)
Total operating expenses	6(3)	(4,908,018)	(7.32)	(5,326,858)	(6.97)
INCOME FROM OPERATIONS		5,218,779	7.78	10,122,039	13.25
NON-OPERATING INCOME AND EXPENSES					
Interest income		421,784	0.63	208,178	0.27
Other income	6(19)	555,458	0.83	294,205	0.38
Other gains and losses	6(20)	(356,266)	(0.53)	(40,543)	(0.05)
Finance costs	6(21)	(567,355)	(0.85)	(447,655)	(0.59)
Total non-operating income and expenses		53,621	0.08	14,185	0.01
INCOME BEFORE INCOME TAX		5,272,400	7.86	10,136,224	13.26
INCOME TAX EXPENSE	6(22)	(1,104,025)	(1.65)	(2,135,247)	(2.79)
NET INCOME		\$ 4,168,375	6.21	\$ 8,000,977	10.47
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	6(15)	(37,630)	(0.06)	123,634	0.16
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(16)	(1,690)	—	111	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(22)	7,526	0.01	(24,727)	(0.03)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(16)	(478,730)	(0.71)	494,678	0.65
Income tax relating to the components of other comprehensive income(loss)	6(22)	95,746	0.14	(98,936)	(0.13)
Other comprehensive (loss) income, net of income tax		(414,778)	(0.62)	494,760	0.65
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 3,753,597	5.59	\$ 8,495,737	11.12
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 4,168,375	6.21	\$ 8,000,977	10.47
Non-controlling interests		—	—	—	—
		\$ 4,168,375	6.21	\$ 8,000,977	10.47
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 3,753,597	5.59	\$ 8,495,737	11.12
Non-controlling interests		—	—	—	—
		\$ 3,753,597	5.59	\$ 8,495,737	11.12
EARNING PER SHARE					
Basic	6(17)	\$ 3.50		\$ 6.71	
Diluted	6(17)	\$ 3.48		\$ 6.67	

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company								Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Retained earnings			Other equity		Subtotal		
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income			
BALANCE, JANUARY 1, 2022	\$ 11,918,206	\$ 1,060,226	\$ 2,736,311	\$ 226,467	\$ 16,776,614	\$ (338,826)	\$ (12,570)	\$ 32,366,428	\$ —	\$ 32,366,428
Appropriations of prior year's earnings										
Legal reserve	—	—	515,251	—	(515,251)	—	—	—	—	—
Special reserve	—	—	—	124,929	(124,929)	—	—	—	—	—
Cash dividends	—	—	—	—	(2,145,277)	—	—	(2,145,277)	—	(2,145,277)
Net income in 2022	—	—	—	—	8,000,977	—	—	8,000,977	—	8,000,977
Other comprehensive income in 2022, net of income tax	—	—	—	—	98,907	395,742	111	494,760	—	494,760
Total comprehensive income in 2022	—	—	—	—	8,099,884	395,742	111	8,495,737	—	8,495,737
BALANCE, JANUARY 1, 2023	11,918,206	1,060,226	3,251,562	351,396	22,091,041	56,916	(12,459)	38,716,888	—	38,716,888
Appropriations of prior year's earnings										
Legal reserve	—	—	809,989	—	(809,989)	—	—	—	—	—
Special reserve reversed	—	—	—	(338,937)	338,937	—	—	—	—	—
Cash dividends	—	—	—	—	(3,217,916)	—	—	(3,217,916)	—	(3,217,916)
Net income in 2023	—	—	—	—	4,168,375	—	—	4,168,375	—	4,168,375
Other comprehensive income in 2023, net of income tax	—	—	—	—	(30,104)	(382,984)	(1,690)	(414,778)	—	(414,778)
Total comprehensive income in 2023	—	—	—	—	4,138,271	(382,984)	(1,690)	3,753,597	—	3,753,597
BALANCE, DECEMBER 31, 2023	\$ 11,918,206	\$ 1,060,226	\$ 4,061,551	\$ 12,459	\$ 22,540,344	\$ (326,068)	\$ (14,149)	\$ 39,252,569	\$ —	\$ 39,252,569

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

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,272,400	\$ 10,136,224
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	5,516,909	5,082,766
Amortization expense	67,826	53,502
Expected credit impairment loss (income)	(14,088)	28,766
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(2,226)	10,258
Interest expense	567,355	447,655
Interest income	(421,784)	(208,178)
Loss on disposal of property, plant and equipment	51,559	128,369
Exchange loss (gain) on long-term debts	(155,371)	596,366
Other Item	(521)	126
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	(70,238)	(2,052)
Notes receivable	(84,710)	60,904
Accounts receivable	(89,246)	(774,530)
Other receivables	86,105	414,785
Inventories	1,886,450	(673,879)
Prepayments	(36,848)	127,290
Other current assets	2,628	53,512
Other current financial assets	(2,148,408)	(1,222,001)
Notes payable	583,514	319,635
Accounts payable	1,607,888	(280,723)
Other payables	(536,580)	899,047
Provisions	8,008	(38,405)
Receipts in advance	6,528	3,878
Other current liabilities	(32,002)	219,101
Accrued pension liabilities	(136,517)	(136,444)
Cash generated from operations	11,928,631	15,245,972
Interest received	363,434	179,014
Interest paid	(541,826)	(373,309)
Income taxes paid	(1,299,505)	(1,377,199)
Net cash generated by operating activities	\$ 10,450,734	\$ 13,674,478

(Continued)

COMPEQ MANUFACTURING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars)

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	\$ (6,613,947)	\$ (7,234,154)
Proceeds from disposal of property, plant and equipment	30,568	2,993
Increase in Refundable Deposits	(55,326)	(56,203)
Decrease in Refundable Deposits	48,291	46,713
Purchase of Intangible Assets	(182,519)	(90,904)
Purchase of government subsidy income-right-of-use assets	1,122	—
Purchase of right-of-use assets	(52)	—
Increase in prepayments for equipment	—	(167,338)
Decrease in prepayments for equipment	203,252	—
Net cash generated by (used in) investing activities	(6,568,611)	(7,498,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	211,133	—
Increase in long-term borrowings	6,372,892	9,221,387
Decrease in long-term borrowings	(7,666,233)	(10,619,008)
Increase in guarantee deposits received	13,853	34,939
Decrease in guarantee deposits received	(4,979)	(16,680)
Repayment of the principal portion of lease liabilities	(84,470)	(85,711)
Increase in other non-current liabilities	36,777	53,848
Cash dividends	(3,217,916)	(2,145,277)
Net cash generated by (used in) financing activities	(4,338,943)	(3,556,502)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(160,854)	(140,357)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(617,674)	2,478,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,859,565	9,380,839
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 11,241,891	\$ 11,859,565

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

COMPEQ MANUFACTURING CO., LTD.

2023 PROFITS DISTRIBUTION TABLE

Unit: NT Dollars

Items	Amount	
	Sub total	Total
Undistributed surplus at the beginning of the period		18,402,073,332
Add: 2023 net profit	4,168,375,223	
Add: Adjusted and Actuarial loss on the pension benefit plan	(30,104,408)	
2023net profit of adjusted of other items		4,138,270,815
Less: 10% Legal Reserve Appropriated		(413,827,082)
Less: Special Reserve		(327,757,775)
2023Distributable net profit		3,396,685,958
Accumulated undistributed surplus for distribution		21,798,759,290
DISTRIBUTION ITEM		
Cash Dividends to Common Share holders (NT\$1.5 per share)		1,787,730,883
Undistributed surplus at the end of the period		20,011,028,407

COMPEQ MANUFACTURING CO., LTD.

Rules of Procedure for Shareholders' Meeting

Amendment was made on June 5th, 2012

- I. Except as otherwise provided by the law, shareholders' meetings of Compeq Manufacturing Co., Ltd. (hereinafter referred to as the Company) shall be compliant with these Rules.
- II. The term "shareholders" used in these Rules refers to the shareholders as well as the proxy the shareholders entrusted to attend the meeting.
- III. The attending shareholder (or proxy) shall wear the badge or hand in the sign-in card in order to represent a shareholder who is incapable of attending in person.

The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

- IV. The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement. However, no more than two such postponements for a combined total of no more than 1 hour may be made. When two such postponements are made and the total shares represented still do not make up sufficient outstanding shares, if more than 1/3 of the total issued shares are in attendance, tentative resolutions may be made pursuant to Article 175, Paragraph 1 of the Company Act.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit such tentative resolution for a vote by the shareholders pursuant to Article 174 of the Company Act.

- V. For a shareholders' meeting convened by the Board, the agenda is specified by it; a meeting shall be conducted in accordance with the order on the agenda as specified and may not change without a Board resolution. The provisions of the preceding paragraph apply to a Shareholder's Meeting convened by a party with the power to convene that is not the Board of Directors. Prior to concluding the two preceding agenda items (including extraordinary motions), the meeting Chairman may not declare the meeting

closed without a resolution. After the meeting is adjourned pursuant of a resolution, the shareholders may not appoint another Chairman and continue the meeting either at the same or a different venue.

- VI. During the meeting, the Chairman may declare a break as he/she sees fit. When the topics cannot be addressed with one meeting, a resolution can be passed by the Shareholders to postpone or reconvene within 5 days without giving notice or making a public announcement.
 - VII Before taking the floor, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When a shareholder speaks, other shareholders may not intervene except with the consent of the Chairman and the speaking shareholder. Violators may be restrained by the Chairman.
 - VIII Each attending shareholder shall make no more than two speeches for each motion, and each speech shall not exceed 5 minutes unless otherwise consented by the Chairman. If the attending shareholder's speech violates the provisions of the preceding paragraph, exceeds the scope of the subject issue, or violates the order of the meeting, the Chairman shall stop or suspend the speech. Other shareholders may also request the Chairman to do so
 - IX. When the Chairman deems that the discussion pertaining to a particular motion is sufficient to reach a resolution, the Chairman may announce an end to the discussion and ask for the meeting to proceed with the resolution.
 - X. Except as otherwise provided in the Company Act and in the Company's Articles of Association, the resolution of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if there are no dissenters when the question is raised, the Chairman shall pass the motion. The validity is the same as that of a vote.
- A shareholder shall be entitled to one vote for each share held, except when the shares are deemed as non-voting shares under Article 179-2 of the

Company Act.

Shareholders may delegate a proxy to attend the shareholders' meeting. Besides investment trust enterprises and shareholder service agencies approved by the securities authority, an individual delegated by two (or more) shareholders as a proxy at the same time may not have votes exceeding 3% of the total votes that represent all the outstanding shares. Excessive votes shall not be calculated.

- XI. The attendance and voting of the annual general shareholders' meeting shall be calculated based on the number of shares they represent.
- XII. Shareholders' meeting shall convene at the Company's registered office or a location that is convenient for the shareholders and suitable for such an occasion. The meeting shall be called no earlier than 9 a.m. and no later than 3 p.m.
- XIII. When shareholders' meeting is convened by the Board, the Chairman of the Board serves as the Chairman of the meeting. In case the Chairman of the Board is on leave or unable to exercise his power and authority for any reason, the vice Chairman shall act on his behalf. In case there is no vice Chairman or the vice Chairman is also absent or unable to exercise his power and authority for any reason, the Chairman of the Board shall designate one of the managing directors, or where there are no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chairman of the Board.

If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting.
- XIV. The Company may designate its attorneys, certified public accountants (CPA) or other relevant persons to attend the shareholder's meeting. The administrative staff of shareholders' meeting shall wear an identification badge or arm-band.
- XV. The Company will record the sound or video of the shareholders' meetings. Along with the written or electronic information about how the shareholders exercise their voting rights, which will be kept for at least one year. If, however, a shareholder files a lawsuit, the recordings shall be retained until the conclusion of the litigation.

- XVI. In addition to the proposals listed in the agenda, motions regarding amendments or substitutions to the original proposal shall be subject to the approval of two or more shareholders. The same applies to changes to the agenda and the motion for the meeting to be adjourned.
- XVII. When an amendment that is incompatible with the original proposal or a substitution has been made, the Chairman shall decide on the order of the resolution of the proposals. When one proposal has reached a resolution, all other proposals shall be deemed as vetoed and shall no longer require a resolution.
- XVIII. When a legal person has been delegated to attend the shareholders' meeting, only one person should be delegated as proxy by the legal person. When a legal person shareholder delegates two or more proxies to attend a shareholders' meeting, only one of the proxies may speak on the same proposal
- XIX. In the wake of shareholder's speech, the Chairman of the meeting may answer in person or designate relevant personnel to reply.
- XX. The staff members that supervise or count the votes shall be appointed by the Chairman. The supervisors shall be chosen from the shareholders. The results of the voting shall be announced on-site at the meeting, and the records shall be made.
- XXI. The Chairman may command the pickets (or security personnel) to maintain order of the venue. The pickets (or security personnel) shall wear armbands with the word "picket" when trying to maintain order.
- XXII. In the event of a major disaster such as an air strike alarm, an earthquake or a fire, the meeting shall be ended or suspended. The personnel shall be evacuated. One hour after the situation has been resolved, the Chairman will announce the new meeting time.
- XXIII. Items unfulfilled by these Rules shall be addressed according to the Company Act, relevant legal provisions and the Company's Article of Association.
- XXIV. These Rules shall take effect upon being passed by the resolution of a Board meeting. The same holds true for amendments hereto.

COMPEQ MANUFACTURING CO., LTD.

Articles of Incorporation

Amendment was made on July 15th, 2023

Chapter 1. General Rules

- Article 1. The Company is incorporated under the Company Act of the Republic of China, with the name of “華通電腦股份有限公司” and “COMPEQ MANUFACTURING COMPANY LIMITED” in the English language. (Abbreviation “COMPEQ MANUFACTURING CO., LTD.”)
- Article 2. The Company's businesses are listed as below:
- I. C801010 Basic Chemical Industrial.
 - II. CC01080 Electronics Components Manufacturing
 - III. CC01090 Manufacture of Batteries and Accumulators.
 - IV. CC01110 Computer and Peripheral Equipment Manufacturing.
 - V. CA01050 Steel Secondary processing.
 - VI. CA01110 Smelting and Refining of Copper.
 - VII. CA02010 Manufacture of Metal Structure and Architectural Components
 - VIII. CA04010 Surface Treatments.
 - IX. CB01010 Mechanical Equipment Manufacturing.
 - X. CB01030 Pollution Controlling Equipment Manufacturing.
 - XI. CG01010 Jewelry and Precious Metals Products Manufacturing.
 - XII. CQ01010 Mold and Die Manufacturing.
 - XIII. F106010 Wholesale of Hardware.
 - XIV. F113990 Wholesale of Other Machinery and Tools.
 - XV. F115010 Wholesale of Jewelry and Precious Metals.
 - XVI. F119010 Wholesale of Electronic Materials.
 - XVII. F199990 Other Wholesale Trade.
 - XVIII. F401010 International Trade.
 - XIX. F601010 Intellectual Property Rights.
 - XX. I501010 Product Designing.
 - XXI. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1. The Company may provide guarantees externally when such need arises.
- Article 2-2. When the Company is a limited liability shareholder of another company, the total investment shall not exceed twice the paid-up capital of the Company.
- Article 3. The Company has its head office in Taoyuan City.
If necessary, the Board of Directors may decide to set up a branch office in the appropriate area.
- Article 4. All announcements made by this Company shall be conducted according to Article 28 of the Company Act.

Chapter 2. Shares

- Article 5. The capital of the Company is set at NT\$1.6 billion, divided into 160 million shares, each worth NT\$10. The unissued shares will be issued by the Board of Directors according to the Company's business needs. A total of 100 million shares are reserved for the issue of employee stock options from the total amount of the shares in the preceding paragraph.
- Article 5-1. Represented by the shareholders with more than half of the total number of issued shares, as well as the consent of more than two-thirds of the shareholders' voting rights, the Company shall be able to issue common stock at a price lower than the closing price of the date of issuance. The shares are transferred to employees as employee stock options at an average price lower than the actual purchasing price.
- Article 6. The shares of the Company shall be issued in compliance with the Company Act and relevant laws and regulations.
According to the Company Act, shares issued by the Company do not need to be paper-based, but shall be recorded by the securities depository institutions.
- Article 7. All changes made to the list of shareholders shall be halted sixty days prior to an upcoming General Shareholders' Meeting, thirty days prior to an Extraordinary Shareholders' Meeting, or five days prior to the base date before the Company issues dividends, bonuses, or other interests.
- Article 8. The shareholders of the Company shall provide the name, address and the seal pattern to the Company or the agency for keeping records. The same applies in case of change. When a shareholder receives dividends or exercises other rights from the Company, the seal on record should be used.
- Article 9. If the stock has transfer, inheritance, gift, renewal, pledge setting, loss or damage, it shall be handled in accordance with the Company Act and relevant laws and regulations.
- Article 10. The handling of the Company's stock affairs shall be handled in accordance with the Company Act and relevant laws and regulations.

Chapter 3. Shareholders' Meeting

- Article 11. A Shareholders' Meeting may be a general meeting or an extraordinary meeting, the former shall be called at least once every year. The Board of Directors calls the General Shareholders' Meeting within six months after the closing of each fiscal year, and a notice shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date. An Extraordinary Shareholders' Meeting may be called when necessary in compliance with the provisions of the law.
- Article 12. Each shareholder has one vote for each share in his or her possession, except those who are placed under restriction or specified as having no voting rights in Paragraph 2 of Article 179 of the Company Act.

- Article 13. When a shareholder is unable to attend for any reason, he may, in accordance with the provisions of the Company Act, issue a power of attorney stating the scope of delegation. One person shall be delegated, and the notice shall be delivered to the Company five days prior to the meeting.
With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy in excess of 3 percent of the voting rights represented by the total number of issued shares shall not be included in the calculation.
- Article 14. The Chair of the Shareholders' Meeting shall be appointed by the chairman of the Board of Directors. When the chairman of the Board of Directors is absent for any reason, the vice chairman shall act as the agent. When the vice chairman is absent for any reason, the directors should settle on one person as agent.
- Article 15. Resolutions at a shareholders meeting shall, unless otherwise provided in the Company Act or the Company's articles of incorporation, be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of voting shares.
Electronic voting is one of the ways in which the shareholders of the Company exercise their voting rights. The relevant matters are specified in accordance with the law.
- Article 16. The resolutions of the Shareholders' Meeting shall be recorded in the minute book, signed or sealed by the chairman. The minute book shall be kept for as long as the Company exists.
The attendance book of the shareholders and the power of attorney the shareholders delegated must be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, all files shall be retained until the conclusion of the litigation.

Chapter 4. Directors, Board of Directors and the Audit Committee

- Article 17. The Company has seven to eleven directors. The number of directors shall be authorized by the Board of Directors. Not less than three independent directors are included in the abovementioned number of directors, all of whom are elected at the Shareholders' Meeting. The term of service is three years with the possibility of being re-elected.
Independent directors and non-independent directors shall be elected together, and the votes shall be counted separately. All candidates for directors were nominated. Candidate nomination acceptance and announcement related matters shall be handled according to the Company Act, Securities and Exchange Act, as well as other relevant regulations.

The Company obtains directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

The remuneration of all directors of the Company is decided based on their participation and value of contribution regardless of profit or loss. The standards of domestic and international peers are equally taken into consideration.

- Article 18. The total number of registered shares held by all directors shall not be lower than a certain percentage of issued shares required by the competent authority.
- Article 19. When the number of Directors falls short by one third of the total number, or when all independent directors have been dismissed, the Company shall call an Extraordinary Shareholders' Meeting within 60 days to hold a by-election to fill the vacancies.
- Article 20. If the director's tenure has expired and it is too late for a re-election, his or her tenure shall be extended until the re-elected director takes office.
- Article 21. When the directors organize the Board of Directors, more than two-thirds of the directors shall be present, and more than half of the directors shall agree to appoint one person as the chairman of the board, and the other as the vice-chairman. Internally, the chairman serves as the Chair for the Shareholders' Meeting and the Board of Directors. Externally, he serves as the representative of the Company. Non-independent directors are allowed to concurrently hold other positions of the Company. Their remuneration shall be authorized by the Board of Directors to the managers in accordance with the internal management measures of the Company.
- Article 22. The Board of Directors shall convene at least once a quarter. The reasons shall be stated at the convening and the directors shall be notified 7 days prior to the meeting. In case of emergency, a meeting may be called at any time. Notifications by fax or email may replace the written notice. The first Board of Directors meeting for each term is convened by the directors who had the highest number of votes at the election.
- Article 23. The resolutions of the Board of Directors shall, except as otherwise provided by the Company Act, Securities and Exchange Act or other provisions, be attended by more than half of the directors, with the consent of more than half of the directors present.
- Article 24. When the Board of Directors meets, the directors shall attend in person. Directors may entrust other directors as proxies when they are unable to be present.
- Article 24-1. The Board of Directors of the Company may set up various functional committees. The membership, functional authority and other relevant matters shall be handled in accordance with the relevant laws and regulations, and determined by the Board of Directors. The Company has audit committee members, and the audit committee is responsible for

implementing the Company Act, Securities and Exchange Act or other functional authorities provided by other provisions.

The audit committee consists of all independent directors. The number of the directors is not less than three, with one of them as the convener. The exercising of their duties and relevant matters are specified in accordance with the relevant laws and regulations, decided by the Board of Directors.

Chapter 5: Managers

Article 25. The Company has a certain number managerial officers whose appointment and dismissal shall be decided in accordance with Article 29 of the Company Act.

Article 26. Other employees of the Company are hired and dismissed by managers.

Article 27. The manager of the Company shall, in accordance with the resolutions of the Board of Directors and the instructions of the chairman, comprehensively manage all operations of the Company.

Chapter 6: Accounting

Article 28. At the end of each fiscal year, the following tables shall be prepared by the Board of Directors and submitted to the Shareholders' Meeting for recognition: 1. Business report; 2. Financial statements; 3. Proposal for surplus distribution or loss allocation.

Article 28-1. The Company's individual consolidated income statement for the year shows profit prior to calculating the employees' remuneration, 2% of the profit shall be added to the employees' remuneration. The aforementioned profit refers to the net profit before tax minus the benefits before the employee is paid. In case of accumulated loss, the Company shall retain figures to make up for the loss, and then allocate incentives according to the aforementioned Article.

The aforementioned employee benefits are to be issued in the form of shares or cash. Approval for such benefits should be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

Article 29. If there is a surplus after the final settlement of the Company's annual accounts, the loss shall first be made up according to law, and 10% shall be appropriated as legal capital reserve. However, this is not applicable when the legal capital reserve has reached the paid-in capital. After the legal capital reserve has been listed or transferred in accordance with the law or regulations of the competent authorities, the balance is the surplus that can be distributed in the current year. When the annual distributable surplus, together with the accumulated undistributed surplus at the

beginning of the period is distributed as an available surplus, it is distributed according to the following principles:

- I. The Company is part of the technology industry. In order to improve the financial structure of the Company, the status of operating surplus and the need to expand the scale of operations in the future, it is planned to adopt the remaining dividend policy to improve growth and sustainable operation of the Company.
- II. The Company's current and future investment environment, capital needs, profitability, domestic and international competitiveness, and capital budget, etc., are proposed by the Board of Directors for surplus distribution. The Company authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting. If it is not issued or is issued in the form of shares, shall be decided by the Shareholders' Meeting. When distributing the surplus, the available surplus' amount shall not be less than 10% of the distributable surplus for the year.
- III. The distribution of the Company's surplus can be paid in cash or in stock. The proportion of cash distribution shall not be less than 50% of the total dividend.

Chapter 7. Supplementary Provisions

- Article 30. Rules governing the organization and the procedures of the Company shall be stipulated separately.
- Article 31. The matters not covered in this charter shall be handled in accordance with the provisions of the Company Act and other relevant regulations.
- Article 32. This charter was enacted on August 21st, 1973. The first amendment was made on March 20th, 1974. The second was made on October 11th, 1974. The third amendment was made on January 15th, 1976. The fourth amendment was made on April 29th, 1981. The fifth amendment was made on May 3rd, 1983. The sixth amendment was made on March 24th, 1984. The seventh amendment was made on March 23rd, 1985. The eighth amendment was made on December 15th, 1986. The ninth amendment was made on March 19th, 1988. The tenth amendment was made on March 18th, 1989. The eleventh amendment was made on March 27th, 1990. The twelfth amendment was on made on May 15th, 1991. The thirteenth amendment was made on May 29th, 1992. The fourteenth amendment was made on May 17th, 1993. The fifteenth amendment was made on May 17th, 1994. The 16th amendment was made on May 15th, 1995. The 17th amendment was made on May 20th,

1997. The 18th amendment was made on May 18th, 1999. The 19th amendment was made on April 10th, 2000. The 20th amendment was made on June 12th, 2000. The 21st amendment was made on May 24th, 2002. The 22nd amendment was made on May 30th, 2003. The 23rd amendment was made on May 28th, 2004. The 24th amendment was made on June 10th, 2005. The 25th amendment was made on June 9th, 2006. The 26th amendment on June 13th, 2008. The 27th amendment on made on June 19th, 2009. The 28th amendment was made on June 10th, 2011. The 29th amendment was made on June 5th, 2012. The 30th amendment was made on June 13th, 2013. The 31st amendment was made on June 12th, 2014. The 32nd amendment was made on June 17th, 2016. The 33rd amendment was made on June 16th, 2017. The 34th amendment was made on June 13th, 2019. The 35th amendment was made on July 20th, 2021. The 36th amendment was made on June 15th, 2023.

COMPEQ MANUFACTURING CO., LTD.

Procedures of Director's Elections

Amendment passed at the shareholders' meeting on June 16th, 2017

- I. The election of the Company's directors shall be conducted in accordance with the Procedures.
- II. The Company shall adopt a cumulative voting method with open ballots to elect the Directors. The number of votes exercisable in respect of one share shall be the same as the number of Directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of one or more candidates.
Independent directors and non-independent directors shall be elected together. Quota for the independent director and non-independent director shall be counted separately.
- III. The election of the Company's directors shall follow Article 192-1 of the Company Act, and uses a candidate nomination system.
The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will sequentially be elected as the directors according to their respective numbers of votes. When two or more persons receive the same number of vote, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.
Except when approved by the competent authority, the Company shall have more than half of the seats between the directors and shall not have one of the following relationships:
 1. Spouse
 2. Within Second-Degree of KinshipWhen the original elector does not satisfy the criteria of the preceding paragraph, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.
The qualifications of independent directors of the Company shall be governed by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- IV. When an election begins, the Chairman shall appoint a number of persons to perform the respective duties of vote monitoring and counting. All monitoring personnel shall be shareholders of the Company.
- V. The Board of Directors shall prepare ballots in numbers corresponding to the Directors to be elected. The number of voting rights associated with each

ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

- VI. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the names of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.
- VII. A ballot is invalid under any of the following circumstances:
 - 1. A ballot not prepared by the Company in accordance with this procedure.
 - 2. A blank ballot is placed in the ballot box.
 - 3. The writing is unclear and indecipherable or has been altered.
 - 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register; or the candidate whose name is entered in the ballot is a non-shareholder, but upon checking it shows that the candidate's name and identity card number do not match.
 - 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 - 6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID card number is provided in the ballot to identify such individual.
 - 7. Two or more candidates are listed on the same ballot.
- VIII. After the voting is completed, the ballots will be counted on the spot. The result of the election will be instantaneously announced by the Chairman.
- IX. The Company shall separately issue notifications to the persons elected as Directors.
- X. Matters not provided herein will be governed in accordance with the Company Act and relevant regulations.
- XI. These Procedures, and any amendments hereto, will be implemented after approval by shareholders' Meeting.

Shareholdings of All Directors

Book closure date : April 1, 2024

Position	Name	Date elected	Term (Years)	Shareholding while elected		Current shareholding	
				Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairman of the Board	P.K. Chiang	2023.6.15	3	800,450	0.07	800,450	0.07
Director	K.S Peng	2023.6.15	3	8,365,186	0.70	8,365,186	0.70
Director	Chang-Zhi Investment Co., Ltd. Representative: Charles C. Wu	2023.6.15	3	16,885,000	1.42	16,885,000	1.42
Director	Chang-Zhi Investment Co., Ltd. Representative: Victor Lu	2023.6.15	3	16,885,000	1.42	16,885,000	1.42
Director	Positive Bo Investment Co., Ltd. Representative: P.Y. Wu	2023.6.15	3	11,798,000	0.99	11,798,000	0.99
Director	Xue Dayton Investment Co., Ltd. Representative: P.H. Wu	2023.6.15	3	12,831,000	1.08	12,831,000	1.08
Independent Director	Tzu Kuan Chiu	2023.6.15	3	0	0.00	0	0.00
Independent Director	Teng Ling Liu	2023.6.15	3	1,366,565	0.11	1,367,565	0.11
Independent Director	Y.C. Huang	2023.6.15	3	28,343	0.00	28,343	0.00

The minimum required combined shareholding of all directors by law: 32,000,000 shares

The combined shareholding of all directors on the book closure date: 52,075,544 shares

Total shares Issued as of 4/1/2024 : 1,191,820,589 shares

The Company has three independent directors, and the minimum required shareholding by all directors except for independent directors is downsized to 80% of the minimum required based on Article 2, paragraph 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.