

Stock Code: 3413



2024 Shareholders' Meeting

# Meeting Handbook

May 27, 2024

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## **One. Meeting Procedure**

# **Foxsemicon Integrated Technology Inc. Procedure for the 2024 Annual Meeting of Shareholders**

- I. Chairman's Remarks
- II. Report Items
- III. Matters to be Approved
- IV. Other Motions
- V. Extraordinary Motion
- VI. Adjournment

## **Two. Agenda**

# **Foxsemicon Integrated Technology Inc. Procedure for the 2024 Annual Meeting of Shareholders**

Time: 9:00 a.m., May 27, 2023 (Monday)

Venue: 2F., No. 16, Kezhong Rd., Zhunan Township, Miaoli County, Taiwan

Method of convening: Physical meeting

Call the Meeting to Order

Chairman's Remarks

- I. Report Items:
  - (I). 2023 Business Report
  - (II). Audit Committee's Review Report on 2023 Financial Statements
  - (III). 2023 Distribution of Remuneration to Employees and Directors
  - (IV). 2023 Distribution of Cash Dividends
- II. Matters to be Approved:
  - (I). 2023 Business Report and Financial Statements
  - (II). 2023 Earnings Distribution
- III. Other Motions
  - Releasing of the Prohibition on Directors from Non-competition Restrictions
- IV. Extraordinary Motion
- V. Adjournment

# **Report Items**

## Proposal 1

Proposal: 2023 Business Report

Description: For the 2023 Business Report please refer to Attachment 1 (P7~P 9)

## Proposal 2

Proposal: Audit Committee's Review Report on 2023 Financial Statements

Description: For the Audit Committee's Review Report on 2023 Financial Statements please refer to Attachment 2 (P10)

## Proposal 3

Proposal: 2023 Distribution of Remuneration to Employee and Directors

Description:

- I. According to article 29 of the company charter, if the company makes profits for the year, it shall set aside 3% to 8% as employee remuneration and less than 0.5% as the director remuneration. This shall be resolved by the Board and reported at the shareholders' meeting. However, when the Company has accumulated losses, it shall reserve the amount to make up the losses, then allocate the employee and director remuneration from the remainder according to the ratio mentioned in the preceding paragraph. Employee remuneration can be paid in cash or in shares. Qualified employees of subsidiaries are also included in the payment.
- II. The Company operated at a profit of NT\$ 2,486,279,189 (income before tax and distribution of remuneration to employees and Directors) for the year 2023. The Company appropriated 5.61% (NT\$ 139,500,326) as remuneration to employees, and 0.46% (NT\$ 11,369,868) as remuneration to Directors.

#### Proposal 4

##### Proposal: 2023 Distribution of Cash Dividends

##### Description:

- I. In accordance with the Company's Article 29-1 of the Articles of Incorporation, if dividends and bonuses are to be paid in the form of cash, approval for should be passed by at least half of the directors in attendance in a Board meeting attended by no less than two-thirds of all Board members.
- II. The Company appropriates NT\$ 1,173,259,680 from 2023 distributable earnings as cash dividends, and distributes at NT\$12 per share (rounded down to the whole dollar amounts). The fractional amounts are aggregated and recorded as other income of the Company.
- III. The proposed ex-dividend base date for the 2023 earnings distribution is July 1, 2024, and the ex-dividends and distribution date is July 15, 2024.
- IV. Chairman is authorized with full discretion to proceed according to the Company Act or relevant laws if the payout ratio is changed due to change in the Company's share capital and number of shares outstanding after the distribution of dividends.

# **Matters to be Approved:**

Proposal 1

(Proposed by the Board of Directors)

Proposal: 2023 Business Report and Financial Statements

Description:

- I. The Company's 2023 individual and consolidated financial statements and business report have been approved by resolution at the Board Meeting on and reviewed by the Audit Committee. The CAPs Patrick Hsu and Jen-Chieh Wu of PricewaterhouseCoopers, Taiwan have reviewed the individual and consolidated financial statements and have issued an unqualified audit opinion.
- II. For the business report, the audit committee's review report, the independent auditors' report and the 2023 Financial statements, please refer to Attachment 1-3 (P7~P36)

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Proposal: 2023 Earnings Distribution

Description: The 2023 earnings distribution have been approved by resolution at the Board Meeting on and reviewed by the Audit Committee. For details, please refer to Attachment 4 (P37)

Resolution:

## **Other Motions**

**(Proposed by the Board of Directors)**

Proposal: Releasing of the Prohibition on Directors from Non-competition Restrictions

Description: In order to facilitate the Company's business development, it is proposed to release the restrictions on the prohibition on directors from non-competition restrictions in accordance with Article 209 of the Company Act. Please approve the release of the restrictions on the prohibition on directors from non-competition restrictions as set out below.

Category of directors	Name	Positions held concurrently at other companies
Director	Young-Way Liu	Chairman of PowerX Semiconductor Corporation
Independent Director	Ya-Hui Huang	Director of Taicon Corporation

Resolution:

## **Extraordinary Motion**

## **Adjournment**



## Attachment 1

### Foxsemicon Integrated Technology Inc.

### 2023 Business Report

The Company's 2023 revenue totaled NT\$ 13,051,357 thousand, at a decrease of 12.07% YoY, and a decrease of NT\$ 921,027 thousand in operating profit. The 2023 profit before tax amounted to NT\$ 2,512,429 thousand and net income for the period NT\$ 1,990,468 thousand. EPS was NT\$ 20.48, down NT\$ 4.16 from NT\$ 24.64 in the previous year. The Company's 2023 operating performance report is as follows:

#### I. Operating status: Performance analysis for the years 2023 and 2022

Unit: NT\$ thousands

Financial statement account	2023		2022		Difference	% difference (Note)
	Amount	%	Amount	%		
Revenue	13,051,357	100%	14,843,221	100%	(1,791,864)	-12.07%
Operating cost	(9,636,790)	-73.84%	(10,399,687)	-70.06%	762,897	3.78%
Gross profit	3,414,567	26.16%	4,443,534	29.94%	(1,028,967)	-3.78%
Operating expense	(1,384,534)	-10.61%	(1,492,474)	-10.05%	107,940	0.56%
Operating profit	2,030,033	15.55%	2,951,060	19.88%	(921,027)	-4.33%
Non-operating income	482,396	3.70%	(60,358)	-0.41%	542,754	4.11%
Profit before tax	2,512,429	19.25%	2,890,702	19.47%	(378,273)	-0.22%
Income tax expense	(521,961)	-4.00%	(546,339)	-3.68%	24,378	0.32%
Net income	1,990,468	15.25%	2,344,363	15.79%	(353,895)	-0.54%
Profit attributable to owners of parent	1,990,468	15.25%	2,319,754	15.63%	(329,286)	-0.38%
Profit attributable to non-controlling interest	0	0.00%	24,609	0.17%	(24,609)	-0.17%
Basic EPS (NT\$)	20.48		24.64		(4.16)	-16.88%

Note: The percentage difference for revenue and basic EPS are calculated based on the amount difference, otherwise the difference between the percentage differences in both years.

#### 1. In terms of revenue:

- 1.1 2023 revenue amounted NT\$ 13,051,357 thousand, down 12.07% as compared to NT\$ 14,843,221 thousand in 2022.
- 1.2 In 2023, the non-operating income was NT\$ 532,759 thousand, including interest income of NT\$ 239,953 thousand, other income of NT\$ 161,015 thousand (government grant income of NT\$ 101,444 thousand, rental income of NT\$ 15,540 thousand, dividends income of NT\$ 4,023 thousand, and other income - others of NT\$ 40,008 thousand), and other gains or losses of NT\$ 131,791 thousand (gain on financial assets at fair value through profit or loss of NT\$ 176,811 thousand, loss on disposal of property, plant and equipment of NT\$ 3,109 thousand, net currency exchange loss of NT\$ 38,608 thousand, and other gains or losses of NT\$ 3,303 thousand).

2. In terms of expenses:

- 2.1 2023 operating cost amounted NT\$ 9,636,790 thousand, and operating cost as a percentage of revenue increased by 3.78% from NT\$ 10,399,687 thousand in 2022. 2023 operating expense amounted NT\$ 1,384,534 thousand, and operating cost as a percentage of revenue increased by 0.56% from NT\$ 1,492,474 thousand in 2022.
- 2.2 The non-operating expenses for 2023 amounted to NT\$ 50,363 thousand, including financial costs of NT\$ 41,535 thousand and the share of profit or loss of affiliates and joint ventures recognized using the equity method of NT\$ 8,828 thousand.

3. In terms of profit or loss:

The 2023 net profit amounted NT\$ 1,990,468 thousand, down NT\$ 353,895 thousand from NT\$ 2,344,363 thousand in 2022. Profit attributable to owners of parent was NT\$ 1,990,468 thousand, down NT\$ 329,286 thousand from NT\$ 2,319,754 thousand in 2022.

## II. Innovation and R&D

The Company upholds the spirit of “Cultivate core technology and create new values” in the development of its R&D, and continues to invest in the R&D of advance equipment technology, with focuses on application in the semiconductor, optoelectronics, new energy, and automation. Standing on our solid R&D foundation, we step forward to strengthen our core competitiveness, and emphasize low-carbon emission and energy-saving features of smart equipment and smart manufacturing.

In terms of semiconductor equipment technology, we continue to develop next-generation nano-process equipment for the future. We aim to upgrade the micro-contamination prevention capability and develop automated micro-contamination control, air curtain cleaning solutions, and functional water supply systems. We continue to keep up with the latest process technologies of our customers and entered the mass protection of the 3nm process of customers. After the success of the N5 process of high-end semiconductors, EUV became the mainstream in the photolithography process. We successfully extended the application of high-cleanliness automated equipment. Also, we have developed full-auto pellicle mounter for EUV mask and reticle pod exchanger with precise point positioning and micro-environment monitoring technology. These processes have passed our customers’ verification and marked our success in the automation of 3nm EUV mask equipment. Due to a sharp rise in the demand for semiconductor production capacity, we have developed the standard wafer sorter with advanced packaging technology. These products have been adopted by major wafer fabs and packaging factories.

In terms of optoelectronics and other automation technologies, our solid R&D capability has secured businesses with world-class equipment factories, and facilitated our further development in semiconductor process equipment frontend automation modules. We continue to work on industrial upgrading and sustainable development. We invest in low-carbon, energy-saving and intelligent manufacturing technologies, and incorporated the technologies of real-time monitoring technology of carbon emissions, cloud computing, mobile terminals, Internet of Things, and big data. Then we apply these key technologies to new applications in wafer sorting equipment, semiconductor factory standard automation interface, unmanned whole plant intelligent automation, and environmental monitoring.

The Company's 2023 main R&D results are as follows:

Item	R&D results
1	Successful development of the second generation storage unpacking and sorting equipment for wafer stack boxes
2	Entered into strategic alliance with major Japanese robot factories for the development of semi-automation solution - equipment front-end module (EFEM).
3	Developed real-time monitoring technology equipment for carbon emissions and successfully introduced to wafer sorting equipment
4	Developed the temperature and humidity calibration instrument for micro-pollution control equipment
5	Developed the ammonia hydroxide generation equipment that comply with the UL safety requirements and passed the UL certification

The Company is ahead of its peers in the field of semiconductor and semiconductor and ultra-clean automation equipment. Under the booming global demand for semiconductor equipment, the development of advanced processing is expecting a prominent future. On the other hand, the Company extends the application of its technologies to new fields and emerging industries, such as electric vehicles and the development and manufacture of medical equipment. We continue to make in-depth R&D in advanced and innovative technologies, expand the application of low-carbon internet and the core technologies of automation, and continue to incorporate our technologies into the development of new products.

Chairman: Young-Way Lin



Manager: Kevin Chiu



Chief Accounting Officer: Hsiao-Pei Chung



## Attachment 2

# Audit Committee's Report on Financial Statements

The Company's 2023 business report, financial statements, and earnings appropriation proposal are prepared by the board of directors. The financial statements have been audited and verified by CPAs Sheng-Chung Hsu and Jen-Chieh Wu of PwC Taiwan, to which the firm has issued an independent auditor's report. We have reviewed the above business report, financial statements, and earnings appropriation proposal without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the company Act.

Please proceed to review it.

Submitted to

2024 Shareholders' Meeting of Foxsemicon Integrated Technology Inc.

Foxsemicon Integrated Technology Inc.

Audit Committee

Convener Shui-Hui Wu

February 29, 2024

### **Attachment 3**

#### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of Foxsemicon Integrated Technology Inc.

#### ***Opinion***

We have audited the accompanying consolidated balance sheets of Foxsemicon Integrated Technology Inc. and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

#### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Assestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### ***Sales revenue cut-off***

##### Description

Please refer to Note 4(31) for accounting policy on revenue recognition, Note 5(1) for critical judgement on revenue recognition, and Note 6(19) for details of revenue. For the year ended December 31, 2023, the balance of revenue amounted to NT\$13,051,357 thousand.

Among the Group's transaction types, warehouse sales revenue is recognized when customers accept the goods (when control of the product is transferred). Since all of the Group's warehouses are located in the United States or Singapore, the controls of those are more difficult than the direct shipment. Therefore, sale revenue is recognized based on the report provided by warehouse custodians. The process of revenue recognition contains numerous manual procedures, and it would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities in accounting records. Since there are numerous daily revenue from warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of sales revenue from distribution warehouse has been identified as a key audit matter.

#### How our audit addressed the matter

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

1. Assessed and tested the appropriateness of internal controls over the cut-off of hub sales revenue for a specific period prior to and after the balance sheet date, and performing cut-off testing, including agreeing to respective supporting documents provided by hub custodians, and validated the proper timing of recognizing movements of inventories and respective transfer of cost of goods sold.
2. Confirmed the inventory quantities with warehouse custodians and agreed the results to accounting records.

#### ***Evaluation of inventories***

##### Description

Please refer to Note 4(14) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventories. As of December 31, 2023, the balances of inventories and allowance for valuation loss on inventories amounted to NT\$2,708,768 thousand and NT\$88,639 thousand respectively.

The Group is primarily engaged in manufacture and sales of semiconductors and automation equipment and components. As technology changes rapidly, the life cycles of electronic products are short, prices are easily influenced by fluctuation in market price, there is higher risk of incurring inventory valuation losses or obsolescence. The Group measures inventories sold at the lower of cost and net realizable value. For inventories that are over a certain age and individually identified obsolete or ruined inventory, losses are recognized at net realizable value.

The Group's allowance for inventory valuation losses mainly arises from individually identified obsolete or ruined inventory, and since the value of inventories is significant, inventory types are various, the individual identification of inventory usually involves human judgement and the valuation contains uncertainty. Thus, we identified the valuation of allowance for valuation loss on inventories as one of key audit matters.

#### How our audit addressed the matter

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

1. Ascertained whether the policies and procedures on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Assessed the reasonableness of separately identified obsolete and damaged inventories and verified against information obtained during the stock count.
4. For net realizable value of inventories over normal age and those individually identified obsolete and damaged inventory, we discussed with the management, obtained supporting documents and reviewed the calculation of inventory loss.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Foxsemicon Integrated Technology Inc. as at and for the years ended December 31, 2023 and 2022.

#### ***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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Sheng-Chung

Wu, Jen-Chieh

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

**FOXSEMICON INTEGRATED TECHNOLOGY INC. 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						
1100	Cash and cash equivalents	6(1)	\$ 6,956,133	36	\$ 8,543,988	43
1136	Current financial assets at amortized cost	6(1)	3,627,151	19	1,268,520	7
1170	Accounts receivable	6(4) and 7	782,640	4	977,844	5
1200	Other receivables	7	121,882	1	10,624	-
130X	Inventory	6(5)	2,620,129	13	3,807,053	19
1410	Prepayments		216,603	1	198,677	1
11XX	Total current assets		14,324,538	74	14,806,706	75
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	27,550	-	232,097	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	292,437	1	194,076	1
1550	Investments accounted for using equity method		96,705	-	76,383	-
1600	Property, plant and equipment	6(6) and 8	3,780,898	20	3,540,849	18
1755	Right-of-use assets	6(7) and 7	318,207	2	294,244	2
1760	Investment property	6(8)	28,913	-	35,874	-
1840	Deferred income tax assets	6(24)	9,516	-	9,956	-
1900	Other non-current assets	6(1) and 8	490,959	3	500,007	3
15XX	Total non-current assets		5,045,185	26	4,883,486	25
1XXX	Total assets		\$ 19,369,723	100	\$ 19,690,192	100

(Continued)

**FOXSEMICON INTEGRATED TECHNOLOGY INC. 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	%
<b>Current liabilities</b>						
2100	Short-term loans	6(9)	\$ 35,000	-	\$ 417,640	2
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	1,336	-
2130	Current contract liabilities		339,282	2	15,935	-
2170	Accounts payable		941,407	5	1,438,868	7
2200	Other payables	6(10)	1,464,158	8	1,891,429	10
2230	Current tax liabilities		251,149	1	425,627	2
2280	Current lease liabilities	7	47,235	-	32,782	-
2320	Long-term liabilities, current portion	6(13)(14)	64,715	-	1,879,870	10
2399	Other current liabilities, others	6(11)	393,363	2	596,891	3
21XX	<b>Total current liabilities</b>		<u>3,536,309</u>	<u>18</u>	<u>6,700,378</u>	<u>34</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(13)	1,865,038	10	-	-
2540	Long-term loans	6(14)	1,571,780	8	1,506,039	8
2570	Deferred income tax liabilities	6(24)	47,413	-	38,837	-
2580	Non-current lease liabilities	7	285,457	2	269,089	1
2600	Other non-current liabilities	6(11)	461,486	2	344,692	2
25XX	<b>Total non-current liabilities</b>		<u>4,231,174</u>	<u>22</u>	<u>2,158,657</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>7,767,483</u>	<u>40</u>	<u>8,859,035</u>	<u>45</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(15)	971,861	5	967,921	5
3130	Certificate of entitlement to new shares from convertible bond		246	-	-	-
3140	Advance receipts for share capital		2,286	-	2,588	-
Capital surplus		6(17)				
3200	Capital surplus		4,051,311	21	3,939,329	20
Retained earnings		6(18)				
3310	Legal reserve		943,255	5	713,397	4
3320	Special reserve		6,336	-	6,336	-
3350	Unappropriated retained earnings		5,586,669	29	5,166,593	26
Other equity interest						
3400	Other equity interest		40,276	-	34,993	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>11,602,240</u>	<u>60</u>	<u>10,831,157</u>	<u>55</u>
36XX	<b>Non-controlling interests</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>11,602,240</u>	<u>60</u>	<u>10,831,157</u>	<u>55</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments		9				
Significant Events after the Balance Sheet Date		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 19,369,723</u>	<u>100</u>	<u>\$ 19,690,192</u>	<u>100</u>

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 13,051,357	100	\$ 14,843,221	100
5000	Operating costs	6(5)	( 9,636,790)	( 74)	( 10,399,687)	( 70)
5900	Gross profit from operations		<u>3,414,567</u>	<u>26</u>	<u>4,443,534</u>	<u>30</u>
	Operating expenses	6(22)				
6100	Selling expenses		( 368,097)	( 3)	( 438,636)	( 3)
6200	Administrative expenses		( 510,639)	( 4)	( 505,059)	( 3)
6300	Research and development expenses		( 508,787)	( 4)	( 547,100)	( 4)
6450	Impairment gain (loss)	12(2)	<u>2,989</u>	<u>-</u>	<u>( 1,679)</u>	<u>-</u>
6000	Total operating expenses		<u>( 1,384,534)</u>	<u>( 11)</u>	<u>( 1,492,474)</u>	<u>( 10)</u>
6900	Net operating income		<u>2,030,033</u>	<u>15</u>	<u>2,951,060</u>	<u>20</u>
	Non-operating income and expenses					
7100	Interest income		239,953	2	87,779	-
7010	Other income	6(20)	161,015	1	90,103	1
7020	Other gains and losses	6(21)	131,791	1	( 191,997)	( 1)
7050	Finance costs		( 41,535)	-	( 39,577)	-
7060	Share of loss of associates and joint ventures accounted for using equity method		<u>( 8,828)</u>	<u>-</u>	<u>( 6,666)</u>	<u>-</u>
7000	Total non-operating revenue and expenses		<u>482,396</u>	<u>4</u>	<u>( 60,358)</u>	<u>-</u>
7900	Profit (loss) before income tax		2,512,429	19	2,890,702	20
7950	Income tax expense	6(24)	<u>( 521,961)</u>	<u>( 4)</u>	<u>( 546,339)</u>	<u>( 4)</u>
8200	Profit for the period		<u>\$ 1,990,468</u>	<u>15</u>	<u>\$ 2,344,363</u>	<u>16</u>

(Continued)

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit plan	6(12)	(\$ 925)	-	\$ 8,356	-
8316 Unrealized gain on valuation of financial assets at fair value through the comprehensive	6(3)	78,482	1	( 95,549)	( 1)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		77,557	1	( 87,193)	( 1)
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8361 Financial statements translation difference of foreign operations		( 71,890)	( 1)	73,589	1
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		( 1,309)	-	989	-
8360 Other comprehensive loss that will be reclassified to profit or loss		( 73,199)	( 1)	74,578	1
8300 <b>Other comprehensive income for the year</b>		\$ 4,358	-	(\$ 12,615)	-
8500 <b>Total comprehensive income for the year</b>		\$ 1,994,826	15	\$ 2,331,748	16
Profit attributable to:					
8610 Owners of the parent		\$ 1,990,468	15	\$ 2,319,754	16
8620 Non controlling interest		-	-	24,609	-
		\$ 1,990,468	15	\$ 2,344,363	16
Total comprehensive income attributable to:					
8710 Owners of the parent		\$ 1,994,826	15	\$ 2,307,139	16
8720 Non controlling interest		-	-	24,609	-
		\$ 1,994,826	15	\$ 2,331,748	16
Earnings per share (in dollars)					
9750 Basic earnings per share	6(25)	\$ 20.48		\$ 24.64	
9850 Diluted earnings per share		\$ 18.22		\$ 21.96	

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Non-controlling interests	Total equity	
	Capital		Retained Earnings				Other equity interest						
	Common stock	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
2022													
		\$ 878,008	\$ -	\$ 1,056	\$ 2,093,841	\$ 558,372	\$ 6,336	\$ 3,863,061	(\$ 59,831)	\$ 115,795	\$ 7,456,638	\$ 67,251	\$ 7,523,889
	Balance at January 1, 2022												
	Profit for the year	-	-	-	-	-	-	2,319,754	-	-	2,319,754	24,609	2,344,363
	Other comprehensive income (loss) for the year	-	-	-	-	-	-	8,356	74,578	(95,549)	(12,615)	-	(12,615)
	Total comprehensive income	-	-	-	-	-	-	2,328,110	74,578	(95,549)	2,307,139	24,609	2,331,748
6(18)	Appropriations of 2021 earnings												
	Legal reserve	-	-	-	-	155,025	-	(155,025)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(840,021)	-	-	(840,021)	-	(840,021)
	Issuance of shares	81,172	-	-	1,625,238	-	-	-	-	-	1,706,410	-	1,706,410
6(17)	Conversion of convertible bonds	3,769	-	-	64,847	-	-	-	-	-	68,616	-	68,616
6(17)	Executive employee stock options	4,972	-	1,532	86,947	-	-	-	-	-	93,451	-	93,451
	Change in non controlling interest	-	-	-	696	-	-	(29,532)	-	-	(28,836)	(92,612)	(121,448)
6(16)(17)	Share-based payment	-	-	-	67,760	-	-	-	-	-	67,760	752	68,512
	Balance at December 31, 2022	\$ 967,921	\$ -	\$ 2,588	\$ 3,939,329	\$ 713,397	\$ 6,336	\$ 5,166,593	\$ 14,747	\$ 20,246	\$ 10,831,157	\$ -	\$ 10,831,157
2023													
	Balance at January 1, 2023												
	Profit for the year	\$ 967,921	\$ -	\$ 2,588	\$ 3,939,329	\$ 713,397	\$ 6,336	\$ 5,166,593	\$ 14,747	\$ 20,246	\$ 10,831,157	\$ -	\$ 10,831,157
	Other comprehensive income (loss) for the year	-	-	-	-	-	-	1,990,468	-	-	1,990,468	-	1,990,468
	Total comprehensive income	-	-	-	-	-	-	(925)	(73,199)	78,482	4,358	-	4,358
6(18)	Appropriations of 2022 earnings												
	Legal reserve	-	-	-	-	229,858	-	(229,858)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(1,339,609)	-	-	(1,339,609)	-	(1,339,609)
6(17)	Conversion of convertible bonds	6	246	-	3,853	-	-	-	-	-	4,105	-	4,105
6(17)	Executive employee stock options	3,934	-	(302)	39,814	-	-	-	-	-	43,446	-	43,446
6(16)(17)	Share-based payment	-	-	-	68,086	-	-	-	-	-	68,086	-	68,086
	Change in equity of associates and joint ventures accounted for using equity method	-	-	-	229	-	-	-	-	-	229	-	229
	Balance at December 31, 2023	\$ 971,861	\$ 246	\$ 2,286	\$ 4,051,311	\$ 943,255	\$ 6,336	\$ 5,586,669	(\$ 58,452)	\$ 98,728	\$ 11,602,240	\$ -	\$ 11,602,240

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



**FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,512,429	\$ 2,890,702
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(8)(22)	399,683	301,206
Amortization expense	6(22)	10,199	12,478
Gain on reversal of payable		( 3,880 )	( 2,617 )
Share-based payments	6(16)	68,086	68,512
Additional provision recognized	6(11)	38,784	28,073
Share of loss of associates and joint ventures accounted for using equity method		8,828	6,666
Expected credit (gains) losses recognized	12(2)	( 2,989 )	1,679
(Gain) Loss on financial assets at fair value through profit or loss	6(21)	( 175,518 )	69,611
Loss on disposal of property, plant and equipment	6(21)	3,109	1,680
Interest income		( 239,953 )	( 87,779 )
Interest expense		41,535	39,577
Dividend income		( 4,023 )	( 8,499 )
Realized profit of deferred income		( 62,927 )	( 2,894 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss, mandatorily		411	( 351 )
Accounts receivable net		172,110	708,115
Accounts receivable related parties		-	181,946
Other receivable		( 2,437 )	( 3,559 )
Inventories		1,150,890	( 912,892 )
Prepayment		( 20,889 )	( 39,314 )
Changes in operating liabilities			
Accounts payable		( 486,783 )	( 775,061 )
Other payable		( 412,015 )	846,711
Contract liabilities		323,347	( 29,064 )
Other current liabilities		( 21,198 )	( 9,236 )
Defined benefit plans asset/Accrued pension liabilities		853	( 837 )
Cash inflow generated from operations		3,297,652	3,284,853
Income taxes paid		( 656,353 )	( 426,266 )
Net cash flows from operating activities		<u>2,641,299</u>	<u>2,858,587</u>

(Continued)

**FOXSEMICON INTERGRATED TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial assets at amortized cost		(\$ 2,358,631 )	\$ 292,120
Acquisition of financial assets at fair value through profit or loss	12(3)	( 14,404 )	( 6,843 )
Disposal of financial assets at fair value through profit or loss		256,545	-
Acquisition of financial assets at fair value through other comprehensive income		-	( 49,170 )
Acquisition of Investments accounted for using equity method		( 30,230 )	( 82,060 )
Acquisition of property, plant and equipment	6(27)	( 544,808 )	( 2,114,229 )
Dividends received		4,023	8,499
Proceeds from disposal of property, plant and equipment		375	163
Interest received		239,953	87,779
Increase in other non-current assets		( 73,935 )	( 529 )
Net cash flows used in investing activities		( 2,521,112 )	( 1,864,270 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		( 21,233 )	( 19,464 )
Issuance of common stock	6(15)	-	1,706,410
Increase in short-term loans	6(28)	923,540	193,341
Decrease in short-term loans	6(28)	( 1,305,172 )	-
Payments of lease liabilities	6(28)	( 46,816 )	( 28,961 )
Acquisition of supplemental loan		-	419,016
Repayments of supplemental loan		( 44,150 )	( 71,359 )
Proceeds from long-term debt	6(28)	141,208	1,112,146
Repayments of long-term debt		( 30,932 )	-
Payment of cash dividends	6(18)	( 1,339,609 )	( 840,021 )
Change for non controlling interest	6(27)	-	( 121,448 )
Executive employee stock options		43,446	93,451
Net cash flows (used in) from financing activities		( 1,679,718 )	2,443,111
Effect of changes in foreign currency exchange rates on cash		( 28,324 )	38,583
Net (decrease) increase in cash and cash equivalents		( 1,587,855 )	3,476,011
Cash and cash equivalents at beginning of year		8,543,988	5,067,977
Cash and cash equivalents at end of year		<u>\$ 6,956,133</u>	<u>\$ 8,543,988</u>

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxsemicon Integrated Technology Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Foxsemicon Integrated Technology Inc. and subsidiaries (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the years then ended, and 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 parent company only financial position of Foxsemicon Integrated Technology Inc. as of December 31, 2023 and 2022, and its parent company only financial performance and parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

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

### ***Sales revenue cut-off***

#### **Description**

Please refer to Note 4(30) for accounting policy on revenue recognition, Note 5(1) for critical judgement on revenue recognition, and Note 6(17) for details of revenue. For the year ended December 31, 2023, the balance of revenue amounted to NT\$ 10,089,159 thousand.

Among the Company's transaction types, warehouse sales revenue is recognized when customers accept the goods (when control of the product is transferred). Since all of the Company's warehouses are located in the United States or Singapore, the controls of those are more difficult than the direct shipment. Therefore, sale revenue is recognized based on the report provided by warehouse custodians. The process of revenue recognition contains numerous manual procedures, and it would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities in accounting records. Since there are numerous daily revenue from warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, cut-off of sales revenue from distribution warehouse has been identified as a key audit matter.

#### How our audit addressed the matter

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

1. Assessed and tested the appropriateness of internal controls over cut-off of hub sales revenue for a specific period prior to and after the balance sheet date, and performing cut-off testing, by verifying supporting documents provided by hub custodians, inventory movement records, and checked that costs of goods sold was recognized in the correct reporting periods.
2. Confirmed the inventory quantities with warehouse custodians and agreed the results to accounting records.

#### ***Evaluation of inventories***

##### Description

Please refer to Note 4(13) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the balances of inventories and allowance for valuation loss on inventories amounted to NT\$540,169 thousand and NT\$2,492 thousand respectively.

The Company is primarily engaged in manufacture and sales of semiconductors and automation equipment and components. As technology changes rapidly, the life cycles of electronic products are short, prices are easily influenced by fluctuation in market price, there is higher risk of incurring inventory valuation losses or obsolescence. The Company measures inventories sold at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified obsolete or ruined inventory, losses are recognized at net realisable value.

The Company's allowance for inventory valuation losses mainly arises from individually identified obsolete or ruined inventory, and since the value of inventories is significant, inventory types are various, the individual identification of inventory usually involves human judgement and the valuation contains uncertainty. Thus, we identified the valuation of allowance for valuation loss on inventories as one of key audit matters.

#### How our audit addressed the matter

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

1. Ascertained whether the policies and procedures on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Assessed the reasonableness of separately identified obsolete and damaged inventories and verified against information obtained during the stock count.
4. For net realizable value of inventories over normal age and those individually identified obsolete and damaged inventory, we discussed with the management, obtained supporting documents and reviewed the calculation of inventory loss.

#### ***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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditors' responsibilities for the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards in 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 Auditing Standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

Hsu, Sheng-Chung

Wu, Jen-Chieh

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FOXSEMICON INTEGRATED TECHNOLOGY INC.  
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						
1100	Cash and cash equivalents	6(1)	\$ 3,521,365	22	\$ 6,758,751	42
1136	Current financial assets at amortised cost	6(1)	2,570,000	16	900,000	6
1170	Accounts receivable	6(3)	561,344	3	798,251	5
1200	Other receivables	7	1,255,507	8	1,654,905	10
130X	Inventory	6(4)	537,677	3	544,535	3
1410	Prepayments		22,972	-	23,504	-
11XX	Current Assets		8,468,865	52	10,679,946	66
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss		27,550	-	12,956	-
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	189,524	1	117,291	1
1550	Investments accounted for using equity method	6(5)	7,482,833	46	5,212,538	32
1600	Property, plant and equipment	6(6)	122,508	1	122,723	1
1755	Right-of-use assets	6(7)	54,904	-	58,393	-
1760	Investment property	6(8)	49,389	-	57,643	-
1840	Deferred income tax assets	6(22)	1,473	-	1,385	-
1900	Other non-current assets	6(11) and 8	24,748	-	18,710	-
15XX	Non-current assets		7,952,929	48	5,601,639	34
1XXX	Total assets		\$ 16,421,794	100	\$ 16,281,585	100

(Continued)

FOXSEMICON INTEGRATED TECHNOLOGY INC.  
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						
2120	Current financial liabilities at fair value through profit or loss	12(3)	\$ -	-	\$ 1,336	-
2130	Current contract liabilities		304,003	2	176	-
2170	Accounts payable		139,059	1	282,558	2
2180	Accounts payable - related parties	7	1,226,548	7	1,738,354	11
2200	Other payables	6(9) and 7	637,229	4	774,924	5
2230	Current tax liabilities		126,976	1	294,272	2
2280	Current lease liabilities		3,468	-	3,387	-
2320	Long-term liabilities, current portion	6(12)	-	-	1,848,938	11
2399	Other current liabilities, others	6(10)	303,639	2	89,528	-
21XX	Total current Liabilities		2,740,922	17	5,033,473	31
Non-current liabilities						
2530	Bonds payable	6(12)	1,865,038	11	-	-
2570	Deferred income tax liabilities	6(22)	47,413	-	38,837	-
2580	Non-current lease liabilities		61,144	-	64,611	-
2600	Other non-current liabilities	6(5)(10)(11)	105,037	1	313,507	2
25XX	Non-current liabilities		2,078,632	12	416,955	2
2XXX	Total Liabilities		4,819,554	29	5,450,428	33
Equity						
	Share capital	6(13)				
3110	Common stock		971,861	6	967,921	6
3130	Certificate of entitlement to new shares from convertible bond		246	-	-	-
3140	Advance receipts for share capital		2,286	-	2,588	-
	Capital surplus	6(15)				
3200	Capital surplus		4,051,311	25	3,939,329	25
	Retained earnings	6(16)				
3310	Legal reserve		943,255	6	713,397	4
3320	Special reserve		6,336	-	6,336	-
3350	Unappropriated retained earnings		5,586,669	34	5,166,593	32
	Other equity interest					
3400	Other equity interest		40,276	-	34,993	-
3XXX	Total equity		11,602,240	71	10,831,157	67
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 16,421,794	100	\$ 16,281,585	100

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

**FOXSEMICON INTEGRATED TECHNOLOGY INC.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars except for earning per share amounts)

		Year ended December 31					
Items	Notes	2023		2022			
		AMOUNT	%	AMOUNT	%		
4000 Operating revenue	6(17) and 7	\$ 10,089,159	100	\$ 12,055,139	100		
5000 Operating costs	6(4) and 7	( 8,241,865)	( 82)	( 9,619,283)	( 80)		
5900 Gross profit from operations		1,847,294	18	2,435,856	20		
Operating expenses	6(20) and 7						
6100 Selling expenses		( 228,899)	( 2)	( 286,784)	( 2)		
6200 Administrative expenses		( 309,206)	( 3)	( 332,482)	( 3)		
6300 Research and development expenses		( 63,295)	( 1)	( 62,463)	( 1)		
6450 Impairment (loss) gain		48	-	207	-		
6000 Total operating expenses		( 601,352)	( 6)	( 681,522)	( 6)		
6900 Net operating income		1,245,942	12	1,754,334	14		
Non-operating income and expenses							
7100 Interest income		183,729	2	81,320	1		
7010 Other income	6(18) and 7	61,047	-	85,209	1		
7020 Other gains and losses	6(19)	( 1,770)	-	18,810	-		
7050 Finance costs		( 21,904)	-	( 21,721)	-		
7070 Share of profit of associates and joint ventures accounted for using equity method	6(5)	868,365	9	798,008	6		
7000 Total non-operating revenue and expenses		1,089,467	11	961,626	8		
7900 Profit (loss) before income tax		2,335,409	23	2,715,960	22		
7950 Income tax benefit	6(22)	( 344,941)	( 3)	( 396,206)	( 3)		
8200 Profit for the year		\$ 1,990,468	20	\$ 2,319,754	19		
<b>Other comprehensive income</b>							
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311 Remeasurement of defined benefit plan	6(11)	( \$ 925)	-	\$ 8,356	-		
8316 Unrealised loss on valuation of financial assets at fair value through other comprehensive income	6(2)	72,233	1	( 26,250)	-		
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		6,249	-	( 69,299)	( 1)		
8310 Other comprehensive income that will not be reclassified to profit or loss		77,557	1	( 87,193)	( 1)		
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361 Financial statements translation difference of foreign		( 71,890)	( 1)	74,492	1		
8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		( 1,309)	-	86	-		
8360 Other comprehensive loss that will be reclassified to		( 73,199)	( 1)	74,578	1		
8300 Other comprehensive income for the year		\$ 4,358	-	( \$ 12,615)	-		
8500 Total comprehensive income for the year		\$ 1,994,826	20	\$ 2,307,139	19		
<b>Basic earnings per share</b>							
9750 Total basic earnings per share	6(23)	\$ 20.48		\$ 24.64			
9850 Total diluted earnings per share		\$ 18.22		\$ 21.96			

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Capital				Retained Earnings			Other equity interest			Total equity
	Share capital - common stock	Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
2022											
Balance at January 1, 2022	\$ 878,008	\$ -	\$ 1,056	\$ 2,093,841	\$ 558,372	\$ 6,336	\$ 3,863,061	\$ 59,831	\$ 115,795	\$ 7,456,638	
Profit for the year	-	-	-	-	-	-	2,319,754	-	-	2,319,754	
Other comprehensive income for the year	-	-	-	-	-	-	8,356	74,578	( 95,549 )	( 12,615 )	
Total comprehensive income	-	-	-	-	-	-	2,328,110	74,578	( 95,549 )	2,307,139	
6(16)											
Appropriations of 2021 earnings	-	-	-	-	155,025	-	( 155,025 )	-	-	-	
Legal reserve	-	-	-	-	-	-	( 840,021 )	-	-	( 840,021 )	
Cash dividends	-	-	-	-	-	-	-	-	-	1,706,410	
Issuance of shares	81,172	-	-	1,625,238	-	-	-	-	-	68,616	
Conversion of convertible bonds	3,769	-	-	64,847	-	-	-	-	-	93,451	
Executive employee stock options	4,972	-	1,532	86,947	-	-	-	-	-	67,760	
6(15)											
Share-based payment (includ subsidiaries)	-	-	-	67,760	-	-	-	-	-	( 28,836 )	
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	696	-	-	( 29,532 )	-	-	\$ 10,831,157	
Balance at December 31, 2022	\$ 967,921	\$ -	\$ 2,588	\$ 3,939,329	\$ 713,397	\$ 6,336	\$ 5,166,593	\$ 14,747	\$ 20,246		
2023											
Balance at January 1,2023	\$ 967,921	\$ -	\$ 2,588	\$ 3,939,329	\$ 713,397	\$ 6,336	\$ 5,166,593	\$ 14,747	\$ 20,246	\$ 10,831,157	
Profit for the year	-	-	-	-	-	-	1,990,468	-	-	1,990,468	
Other comprehensive income for the year	-	-	-	-	-	-	( 925 )	( 73,199 )	78,482	4,358	
Total comprehensive income	-	-	-	-	-	-	1,989,543	( 73,199 )	78,482	1,994,826	
Appropriations of 2022 earnings	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	229,858	-	( 229,858 )	-	-	-	
Cash dividends	-	-	-	-	-	-	( 1,339,609 )	-	-	( 1,339,609 )	
Conversion of convertible bonds	6	246	-	3,853	-	-	-	-	-	4,105	
Executive employee stock options	3,934	-	( 302 )	39,814	-	-	-	-	-	43,446	
Share-based payment (includ subsidiaries)	-	-	-	68,086	-	-	-	-	-	68,086	
Changes in equity of associates and joint ventures accounted for	-	-	-	229	-	-	-	-	-	229	
Balance at December 31, 2022	\$ 971,861	\$ 246	\$ 2,286	\$ 4,051,311	\$ 943,255	\$ 6,336	\$ 5,586,669	\$ 58,452	\$ 98,728	\$ 11,602,240	

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

FOXSEMICON INTEGRATED TECHNOLOGY INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,335,409	\$ 2,715,960
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(6)(7)(8)	31,920	36,225
Additional provision recognized (reversal)	6(10)	2,560	7,243
Interest expense		21,904	21,721
Amortization expense	6(20)	1,397	883
(Gain) Loss on financial assets at fair value through profit or loss	6(19)	( 1,527 )	12,753
Expected credit losses recognized		( 48 )	( 207 )
Share-based payments	6(14)	48,774	49,221
Share of gain of subsidiaries associates and joint ventures accounted	6(5)	( 868,366 )	( 798,008 )
Reversal of payables benefit	6(18)	( 3,880 )	( 1,120 )
Interest income		( 183,729 )	( 81,320 )
Dividends income	6(18)	( 4,023 )	( 8,499 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair		( 315 )	( 351 )
Accounts receivable net		235,677	690,568
Other receivable		( 965,402 )	( 60,963 )
Inventories		6,858	18,497
Prepayment		532	767
Changes in operating liabilities			
Accounts payable		( 651,425 )	( 76,233 )
Other payable		( 23,407 )	( 139,803 )
Other current liabilities		306,909	( 26,754 )
Accrued pension liabilities		( 925 )	( 837 )
Cash inflow generated from operations		288,893	2,754,821
Income taxes paid		( 503,749 )	( 304,109 )
Net cash flows (used in) from operating activities		( 214,856 )	2,450,712
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		183,729	81,320
Proceeds from disposal of property, plan and equipment	6(6)	70	1,514
Increase in other non-current assets		( 6,349 )	( 6,366 )
Increase receivables arose from purchasing materials on behalf of others		722,793	( 381,366 )
Acquisition of property, plant and equipment	6(24)	( 19,841 )	( 16,653 )
Acquisition of Investments accounted for using equity method		( 1,477,338 )	( 670,699 )
Receivables from other related parties decrease		527,938	-
Dividends received		32,023	35,499
Acquisition of financial assets at amortized cost		( 1,670,000 )	( 660,640 )
Acquisition of financial assets at fair value		( 14,404 )	( 6,843 )
Acquisition of financial assets at fair value through other comprehensive		-	( 49,170 )
Net cash flows used in investing activities		( 1,721,379 )	( 352,124 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(16)	( 1,339,609 )	( 840,021 )
Payments of lease liabilities		( 3,387 )	( 3,138 )
Interest paid		( 1,601 )	( 1,609 )
Issuance of common stock	6(13)	-	1,706,410
Repayments of supplemental loan		-	( 58,949 )
Executive employee stock options		43,446	93,451
Net cash flows (used in) from financing activities		( 1,301,151 )	896,144
Net (decrease) increase in cash and cash equivalents		( 3,237,386 )	2,994,732
Cash and cash equivalents at beginning of year		6,758,751	3,764,019
Cash and cash equivalents at end of year		\$ 3,521,365	\$ 6,758,751

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

Attachment 4

**Foxsemicon Integrated Technology Inc.**  
**Statement of Retained Earnings**  
**For the year ended 2023**

Unit: NT\$

Beginning undistributed earnings	3,597,125,309
2023 profit after tax	1,990,467,770
2023 Defined benefit plan remeasurements	(925,115)
Sum of the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings	5,586,667,964
Appropriation:	
Legal reserve	(198,954,266)
Special reserve	0
Distributable earnings	5,387,713,698
Distribution:	
Dividends (NT\$ 12 per share)	(1,173,259,680)
Ending undistributed earnings	4,214,454,018

Chairman: Young-Way Hsiao-Pei Chung



Manager: Kevin Chiu



Chief Accounting Officer:



## **Appendix 1**

### **Foxsemicon Integrated Technology Inc. Articles of Incorporation**

#### **Chapter 1 General Provision**

- Article 1: The Company is duly incorporated in accordance with the regulations governing corporations in the Company Act and bears the title of Foxsemicon Integrated Technology Inc.
- Article 2: The Company engages in the businesses as shown on the left:
- I. CB01010 Mechanical Equipment Manufacturing
  - II. CC01080 Electronics Components Manufacturing
  - III. F401010 International Trade
  - IV. CF01011 Medical Devices Manufacturing
  - V. F108031 Wholesale of Medical Devices
  - VI. F208031 Retail Sale of Medical Apparatus
  - VII. JA02010 Electric Appliance and Electronic Products Repair
  - VIII. I301010 Information Software Services (limited to business outside of the region)
  - IX. F119010 Wholesale of Electronic Materials (limited to business outside of the region)
  - X. F118010 Wholesale of Computer Software (limited to business outside of the region)
  - XI. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval. (limited to business outside of the region)
- Research, development, design, manufacturing and sales of the following products:
1. Semiconductor equipment subsystem and system integration
  2. Flat panel display equipment subsystem and system integration
  3. Nano equipment R&D
  4. LED lighting, LED display products and other application product
  5. In Vitro Diagnostic Device (IVD) and related application product
  6. Concurrently operating the import-export trading business relating to the Company's business.
- Article 3: The Company shall be based in Hsinchu Science Park, and may, if necessary, set up branches or offices at various locations within the territory of ROC or abroad upon resolution of the Board of Directors and the Company.
- Article 4: Deleted

#### **Chapter 2 Capital Stock**

- Article 5: The total authorized capital of the Company is NT\$ 500 million which may be distributed as 150 million shares (including 8.5 million employee stock options), with par value of NT\$ 10 each, upon the resolution of the Board of Directors.



Article 5-1: Treasury shares bought back by the Company may be transferred to employees of companies controlled by the Company or the Company's subsidiaries within Taiwan or abroad who meet certain criteria, where such criteria shall be determined by the Board of Directors.

The employee stock options may be issued to employees of companies controlled by the Company or the Company's subsidiaries within Taiwan or abroad who meet certain criteria, where such criteria shall be determined by the Board of Directors.

When the Company issues new shares, employees who subscribe to the shares may include employees of companies controlled by the Company or the Company's subsidiaries within Taiwan or abroad who meet certain criteria, where such criteria shall be determined by the Board of Directors.

The Company's restricted stock may be issued to employees of companies controlled by the Company or the Company's subsidiaries within Taiwan or abroad who meet certain criteria, where such criteria shall be determined by the Board of Directors.

Article 6: The total amount of the Company's investment in other businesses shall not be subject to the restriction of no more than 40 percent of its paid-in capital as provided in Article 13 of the Company Act regarding investment in other businesses.

Article 7: The Company's share certificates shall bear names, and shall be numbered and signed or affixed with seals by at least 3 Directors, and then shall be authenticated by the competent authority or the issuance registry institution accredited by the competent authority before issuance. After public offering, the Company may issue shares without printing share certificates.

Article 8: For transfer of shares, an application shall be filed, signed, and affixed with seals by transferor and transferee. An application shall be made to the Company for registration of such transfer. The shares shall not be set up as a defense against the Company, until the formalities for transfer are completed.

Article 9: Unless otherwise regulated, the loss of certificates is handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

Article 10: The alteration of entries in the Company's shareholders' rosters shall be suspended by 60 days before the annual shareholders' meeting, or 30 days before a special shareholders' meeting, or within 5 days before the ex-dividend date on which Company decides to distribute stock dividends or other benefits.

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

Article 11: The Company's Shareholders' Meetings are classified into the following two kinds:

- I. Regular Shareholder' Meeting, which shall be convened by the Board of Directors annually within six months after closing of each accounting year.
- II. Special Shareholders' Meeting, which shall be convened whenever deemed necessary by the Board of Directors.

Article 12: The shareholders' meetings are convened by the Board of Directors and chaired by the Chairman. In case the Chairman is on leave or cannot exercise his powers and authorities for any reason, the Chairman shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves to act on behalf of the Chairman. If the meeting is convened by a person other than the Board of Directors, such person shall act as the chairperson at that meeting; if there is more than one person with the authority to convene the meeting, the chairperson for the meeting shall be elected from among them.

Article 13: When the Company holds a shareholders' meeting, the meeting may be held by means of visual communication, or other methods announced by the central competent authorities.

The meetings held by means of visual communication shall be in accordance with regulations of the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.

Article 14: When a shareholder is unable to attend a shareholders' meeting for any reasons, he may appoint a proxy to attend his behalf by executing a power of attorney issued by the Company stating therein the scope of power authorized to the proxy.

Article 15: Except for shares that have no voting right as described in Article 179 of the Company Act, a shareholder shall have one voting right in respect of each share in his possession.

Article 16: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

#### **Chapter 4 Board of Directors, Audit Committee, and Managerial Officers**

Article 17: The Company has 5 - 9 Directors with a three-year term. The Company adopts the nomination system with Article 192-1 of the Company Act, and the shareholders shall elect directors from among the nominees listed in the roster of director candidates, the directors may be re-elected after the term. The total shareholding ratio of the Directors shall be in accordance with regulations of the competent authority in charge of securities affairs.

Article 17-1: If the business requires, the Company may take out liability insurance policies to insure itself against liabilities for compensation in accordance with the law that may arise due to operational decisions made by Directors during their terms of service.

Article 17-2: Pursuant to Articles 14-2 and 183 of the Securities and Exchange Act, there shall be no less than two Independent Directors among the number of Directors to be elected as referred to in the preceding article, and the Independent Directors shall represent no less than one-fifth of the number of Directors.

Article 18: The Board of Directors is composed of Directors, and the duties thereof are as follows:

- I. Preparation of the business plan
- II. Proposal of earnings distribution or loss recovery
- III. Proposal of capital increase or decrease
- IV. Formulation of important charters and company organizational rules
- V. Appointment and discharge of the Company's President and managers.
- VI. Establishment and dissolution of branches
- VII. Proposal of budgets and final accounts
- VIII. Other duties authorized by the Company Act or resolution of the Shareholders' Meetings.

Article 19: The Board of Directors shall elect a chairman of the Board of Directors from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors. The Chairman shall represent the Company externally.

Article 20: In convening a Board Meeting, a notice shall be delivered to each Director no later than seven days prior to the scheduled meeting date. However, in the case of emergency, a Board Meeting may be convened at any time.

The aforementioned meeting notice may be effected by means of electronic transmission, corresponding, or fax.

Unless otherwise provided for in Company Act, the Board of Directors' meeting shall be convened by the Chairman. Unless otherwise provided for in the Company Act, resolutions of the Board Meetings shall be adopted by a majority of the Directors at a meeting attended by a majority of the Directors.

Article 21: The Chairman is the chair of the Board Meeting. In case the Chairman is on leave or cannot exercise his powers and authorities for any reason, the Chairman shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves to act on behalf of the Chairman. Directors shall attend the Board Of Directors' meeting in person. If any Director cannot attend the meeting in person for any reason, he may appoint another Director to act on his behalf. A Director designated as the aforementioned proxy may accept a proxy from one person only.

Article 22: The Company has established the Audit Committee in accordance with the laws and regulations and the Audit Committee consists entirely of Independent Directors. The duty, organizational rules, execution of power, and other compliance matters of the Audit Committee shall be in accordance with regulations of the competent authority.

Article 23: The Board of Directors is authorized to determine the remuneration of the Company's Directors based on their participation in the Company's operation, level of contribution, and remuneration level of the peer companies in the same industry.

- Article 24: The Company may have a President and several Vice Presidents. The appointment, discharge and the remuneration shall be handled in accordance with Article 29 of the Company Act.
- Article 25: The President shall manage the Company's operation according to the resolution of the Board Meetings.

### **Chapter 5 Accounting**

- Article 26: The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. Financial statements shall be prepared at the end of each fiscal year.
- Article 27: In accordance with Article 228 of the Company Act, at the end of each fiscal year, the Board of Directors shall prepare the following statements and reports and propose them to the Shareholders' Meeting for approval.
- I. Business report
  - II. Financial statements
  - III. Proposal of earnings distribution or loss recovery
- Article 28: The distribution of dividends and bonuses is calculated based on the shareholding of each shareholder. The Company shall not pay dividends or bonuses, if there is no surplus earnings.
- Article 29: If the company makes profits for the year, it shall set aside 3% to 8% as employee remuneration and less than 0.5% as the director remuneration. This shall be resolved by the Board and reported at the shareholders' meeting. However, when the Company has accumulated losses, it shall reserve the amount to make up the losses, then allocate the employee and director remuneration from the remainder according to the ratio mentioned in the preceding paragraph.
- Employee remuneration can be paid in cash or in shares to employees of companies controlled by the Company or the Company's subsidiaries who meet certain criteria, where such criteria shall be determined by the Board of Directors.
- Article 29-1: If there are earnings from the company's end of year settlement, it shall first be allocated for tax payments and to make up any accumulated losses, followed by setting aside 10% as legal reserve to the extent of the amount of the company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority. The remainder is combined with the unappropriated surplus profits from previous year, the Board of Directors shall formulate the distribution proposal of surplus profits for submission to the shareholders' meeting for approval by resolution. The shareholders' stock dividends are distributed after the approval.
- The company policy for dividends distribution depends on several factors, such as, the current and future investment environment, funds requirements, domestic and overseas competition, and the capital budget of the company, balancing the rights and interests of the shareholders' and the company's long-term financial planning. The shareholders' dividends are allocated based on the accumulated distributable earnings, which shall be more than 15% of the distributable earnings for the year. When allocating the shareholders' dividends, it may be in the form of cash or stock, which the cash dividends shall be more than 10% of the total shareholders' dividends.
- Any cash distribution of dividends, profit, legal reserve, or capital reserve, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholders' meeting.
- Article 30: The distribution of dividends to shareholders shall be limited to those shareholders whose names appear on the register of shareholders 5 days prior to the ex-dividend date when the dividends and bonus are determined to be distributed.

## **Chapter 7 Supplementary Provisions**

Article 31: The Company may provide guarantees in accordance with statutory laws and regulations.

Article 32: The Company's organizational rules and regulations for implementation shall be formulated separately.

Article 33: Any matters not provided for herein shall be subject to the Company Act.

Article 34: These Articles of Incorporation are formulated as approved by all initiators at the initiators' meeting on April 19, 2001.

Amendment for the 1<sup>st</sup> instance: May 1, 2001

Amendment for the 2<sup>nd</sup> instance: April 14, 2002

Amendment for the 3<sup>rd</sup> instance: June 24, 2003

Amendment for the 4<sup>th</sup> instance: May 20, 2004

Amendment for the 5<sup>th</sup> instance: June 24, 2005

Amendment for the 6<sup>th</sup> instance: June 27, 2006

Amendment for the 7<sup>th</sup> instance: June 15, 2007

Amendment for the 8<sup>th</sup> instance: June 27, 2008

Amendment for the 9<sup>th</sup> instance: June 16, 2009

Amendment for the 10<sup>th</sup> instance: June 14, 2010

Amendment for the 11<sup>th</sup> instance: June 28, 2011

Amendment for the 12<sup>th</sup> instance: June 27, 2013

Amendment for the 13<sup>th</sup> instance: June 25, 2014

Amendment for the 14<sup>th</sup> instance: May 27, 2016

Amendment for the 15<sup>th</sup> instance: May 26, 2017

Amendment for the 16<sup>th</sup> instance: May 29, 2019

Amendment for the 17<sup>th</sup> instance: July 26, 2021

Amendment for the 18<sup>th</sup> instance: May 27, 2022

## Appendix 2

### **Foxsemicon Integrated Technology Inc. Rules of Procedure for Shareholder Meetings**

- Article 1: Unless otherwise required by laws and regulations, the Shareholders' Meeting of the Company shall be conducted in accordance with these Rules.
- Article 2: The Shareholders' Meeting shall furnish a signature book for the shareholders attending the meeting to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the book. The number of shares present shall be calculated based on the signature book or sign-in cards submitted by the shareholders.
- Article 3: The attendance and voting at the Shareholders' Meeting shall be calculated based on the number of shares held.
- Article 4: The Shareholders' Meeting shall be held in the place where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and the Shareholders' Meeting shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.
- Article 5: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. In case the Chairman is on leave or cannot exercise his powers and authorities for any reason, the Chairman shall designate one of the Directors to act on his behalf.  
If the Shareholders' Meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the Chair at that meeting.
- Article 6: The attorneys, certified public accountants, or related persons retained by the Company may attend a Shareholders' Meeting in a non-voting capacity.  
Staff at the Shareholders' Meetings shall wear ID badges or arm badges.
- Article 7: The Company shall make an uninterrupted recording of the entire process of the Shareholders' Meeting by audio or video, and keep it for least one year.
- Article 8: The Chair shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the Chair may announce a postponement of the meeting, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third or more of the total issued shares after two postponements, a tentative resolution may be made in accordance with paragraph one of Article 175 of the Company Act.  
In the event that the number of shares represented by attending shareholders reaches more than half of the total issued shares before that same meeting is adjourned, the Chair may resubmit the tentative resolution(s) made at the meeting for a vote in accordance with Article 174 of the Company Act.
- Article 9: The agenda for the Shareholders' Meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. The meeting shall proceed as scheduled in the agenda, and no changes may be made unless otherwise resolved at the Shareholders' Meeting.  
The preceding paragraph shall apply mutatis mutandis to meetings convened by a person other than someone of the Board of the Directors, but with the right to do so.  
The Chair shall not announce adjournment of the meeting until the agenda in the two preceding paragraphs is completed (including extraordinary motions), unless duly resolved in the meeting.  
After a meeting is adjourned, the shareholders shall not elect another Chair to resume the meeting at the same location or at any other venue. During the session of a Shareholders' Meeting, if the Chair declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, a new chair of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

- Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his shareholder account number (or attendance number), and account name. The order in which shareholders speak will be set by the Chair.
- An attending shareholder who submits a speaker's slip but does not speak at the meeting shall be deemed to have not spoken. In the event of any discrepancies between the contents of the shareholder's speech and those recorded on the slip, the contents of the shareholder's speech shall prevail.
- When an attending shareholder is speaking at the meeting, no other shareholders may interrupt the speaking shareholder, unless permitted by the Chair and the speaking shareholder; the Chair shall stop any violations.
- Article 11: Unless otherwise permitted by the Chair, a shareholder may not speak more than twice on the same proposal, and each speech may not exceed five minutes.
- The Chair may stop the speaking of any shareholder that is in violation of the preceding paragraph or whose speech exceeds the scope of the proposal.
- Article 12: In the event that a juristic (corporate) person is appointed to attend a Shareholders' Meeting as proxy, it may designate only one representative to attend the meeting.
- When a juristic (corporate) person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one representative may speak on the same proposal.
- Article 13: After an attending shareholder has spoken at the meeting, the Chair may answer either in person or through a designee.
- Article 14: When the Chair deems that a proposal has been sufficiently discussed to put it to a vote, the Chair may announce the discussion closed and call for a vote.
- Article 15: The personnel monitoring the casting of ballots and the personnel counting the ballots shall be designated by the Chair, provided that all personnel monitoring the casting of the ballots shall be shareholders of the Company.
- The voting results shall be announced on the spot and recorded.
- Article 16: During the meeting, the Chair may announce a break, taking the time into consideration.
- Article 17: Unless otherwise provided for in the Company Act or the Articles of Incorporation, the passage of a proposal requires a majority of voting rights represented by the attending shareholders.
- If, during the voting course, no one voices an objection upon solicitation of the Chair, the proposal is deemed passed, with equivalent force as a resolution by vote.
- Article 18: If there is an amendment or an alternative to a proposal, the Chair may combine the amendment or alternative into the original proposal, and determine their orders for voting. If any one among them is passed, the other proposal(s) shall be deemed as rejected, and no further voting is required.
- Article 19: The Chair may instruct security personnel (or guards) to assist in maintaining the order at the meeting venue. Such security personnel (or guards) shall wear arm badges marked with "Security" while assisting in maintaining the order on site.
- Article 20: These Rules shall take effect upon the approval by the Shareholders' Meeting, and the same shall apply to any amendments thereto.
- Article 21: The procedures of the shareholders' meeting, handling of motions, method of resolutions, and other related matters shall be subject to the Rules. Unless otherwise provided by the Company Act, Securities and Exchange Act, and the Articles of Incorporation, any matters not provided for herein shall be subject to the discretion of the Chair.

## Appendix 3

### Foxsemicon Integrated Technology Inc. Directors' Shareholdings

Date: March 29, 2024

Title	Name	No. of shares held	As a percentage of total issued shares (%)
Chairman	Hyield Venture Capital Co., Ltd. Rep.: Young-Way Liu	6,953,272	7.16%
Director	Kevin Chiu	133,254	0.14%
Director	Jong-Khing Huang	-	-
Independent Director	Hsi-Chih Chen	-	-
Independent Director	Kang-Chih Li	-	-
Independent Director	Shu-Hui Wu	-	-
Independent Director	Ya-Hui Huang	-	-
The total number of shares held by all Directors is 7,086,526, accounting for 6.90% of total issued shares.			

Note:

1. The Company's paid-in capital is NT\$ 1,026,706,030, and the number of issued shares is 102,670,603 shares.
2. Under Article 26 of the Securities and Exchange Act, the Directors shall hold no less than 8,000,000 in total.
3. Under Article 2 of the Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, where the number of seats of Independent Directors exceeds half of that of the Directors, and the public company has established an audit committee, the public company is not subject to the requirement where the total registered shares owned by the directors and supervisors shall not be less than a certain percentage of total issued shares.