



TWSE: 3094

DAVICOM Semiconductor, Inc.

2024 Annual General Shareholders' Meeting Handbook (Physical Shareholders' Meeting)

Meeting Time: 9:00 a.m. on Wednesday, 29th May, 2024

Venue: 3F., No.6, Li-Hsin Rd.6, Science Park, Hsinchu, Taiwan (Auditorium)

Notice to readers

This English-version meeting handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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DAVICOM Semiconductor, Inc.

2024 Annual General Shareholders' Meeting Procedure

- 1. Call the Meeting to Order**
- 2. Chairman Remarks**
- 3. Report Items**
- 4. Approval Items**
- 5. Discussion Item**
- 6. Extemporaneous Motions**
- 7. Adjournment**

DAVICOM Semiconductor, Inc.

2024 Annual General Shareholders' Meeting Agenda (Physical Shareholders' Meeting)

Time: 9:00 a.m., May 29th, 2024 (Wednesday)

Place: 3F., No.6, Li-Hsin Rd.6, Science Park, Hsinchu, Taiwan (Auditorium)

Agenda:

- 1.** Call the Meeting to Order (Reporting Attendance of Shareholders)
- 2.** Chairman Remarks
- 3.** Report Items
 - (1) To report the business of 2023 and operating plan of 2024
 - (2) Audit Committee's review report of 2023
 - (3) To report the 2023 directors and employees' compensation distribution
 - (4) To report the directors' remuneration policy and the state of remuneration received by directors in the 2023
 - (5) To report the state of implementation of the Company's Share Buyback in 2020
- 4.** Approval Items
 - (1) To approve 2023 Business Report and Financial Statements
 - (2) To accept the proposal for distribution of 2023 profits
- 5.** Discussion Items
 - (1) To approve the proposal for cash distribution of 2023 additional paid in capital
- 6.** Extemporaneous Motions
- 7.** Adjournment

Report Items

1. To report the business of 2023 and operating plan of 2024

Explanatory Notes: Please refer to the Attachment 1.

2. Audit Committee's review report of 2023

Explanatory Notes: Please refer to the Attachment 2.

3. To report the 2023 directors and employees' compensation distribution.

Explanatory Notes:

- (1) The pre-tax profits of 2023 are NT\$ 62,960,190 and according to the Articles of Incorporation, the Board has adopted a proposal for distribution of 2023 profit as follows: directors' compensation is NT\$1,259,204 and the profit to employees is NT\$ 5,351,616; both shall be paid in cash.

4. To report the directors' remuneration policy and the state of remuneration received by directors in the Year 2023.

Explanatory Notes:

- (1) Please refer to Attachment 6 for the Board of Directors and Executives' Remuneration Policy.
- (2) Please refer to Attachment 5 for the 2023 list of Remuneration for each director.

5. To report the state of implementation of the Company's Share Buyback in 2020.

Explanatory Notes:

- (1) The Company's Share Buyback in 2020: The Company purchased 1,400,000 shares common stock from Mar. 2, 2020 to May. 1, 2020. Total monetary amount of shares buyback was NT\$22,758,483, for transfer to employees.
- (2) As of March 31st, 2024, 888,000 shares have been transferred to employees, leaving 512,000 shares remaining. The ratio is 0.62% of remaining shares to the total number of the Company's issued shares.

Approval Item

Proposal 1

Proposed by the Board of Directors

Subject : To accept 2023 Business Report and Financial Statements

Explanatory Notes:

- (1) DAVICOM's 2023 Business Report, Financial Statements, including Balance Sheets, Statement of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Mr. Chia-Hung Lin, and Mrs. Hsiao Chun-Yuan, of PricewaterhouseCoopers, Taiwan.
- (2) 2023 Business Report, and the aforementioned Financial Statements are attached hereto as Attachments. Please refer to the Attachment 1 ,3 and 4.
- (3) Please approve

Proposal 2

Proposed by the Board of Directors

Subject : To approve the proposal for distribution of 2023 earnings

Explanatory Notes:

- (1) 2023 net profit after tax is NT\$ 50,743,250. To make up the actuarial loss of the pension and to allocate 10% of the statutory surplus reserve, the proposed dividend to shareholders is NT\$ 45,432,799. Each shareholder will be entitled to receive a cash dividend of NT\$ 0.55 per share.
- (2) In the event of any change in the number of outstanding shares resulting from executing employee stock options or converting treasury stock to its employees, the dividend ratio must be adjusted. It is proposed to fully authorize the Chairman of Board of Directors of DAVICOM to adjust the dividend ratio and to proceed on the relevant matters.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Chairman of Board of Directors of DAVICOM be authorized to resolve the ex-dividend date and other relevant issues.
- (4) For the 2023 Annual Profit Distribution Table, please refer to Attachment 7. Please approve

Discussion Item

Proposal 1

Proposed by the Board of Directors

***Subject* : To approve the proposal for additional cash distribution of 2023 from its reserved surplus earnings.**

Explanatory Notes:

- (1) Based on the profit allocation proposal, the Company intends to declare cash dividends in the amount of NT\$ 4,956,305 at NT\$ 0.06 per share from its distributable reserved surplus earnings for the year 2023. (82,605,089 shares* NT\$ 0.06)
Total cash dividends are NT\$ 0.61 (NT\$ 0.55 per share from net profit after tax and NT\$ 0.06 per share from its reserved surplus earnings.)
- (2) In the event of any change in the number of outstanding shares resulting from executing employee stock options or converting treasury stock to its employees, the dividend ratio must be adjusted. It is proposed to fully authorize the Chairman of Board of Directors of DAVICOM to adjust the dividend ratio and to proceed on the relevant matters.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Chairman of Board of Directors of DAVICOM be authorized to resolve the ex-dividend date and other relevant issues.
- (4) Please approve

Extemporary motions

Adjournment

Attachment 1

Annual Report for the year 2023

Dear Shareholders,

As of the end of December – 2023, DAVICOM generated pre-tax net income of NT \$56.35 million on consolidated revenue over NT \$242.57 million. Our company has been consecutively posting profits for 72 quarters.

In 2023, our company's product line is focused on four main axes: ethernet chip, E-paper driver chip, video decoder chip, and AI chip. Due to the prolonged conflict in Ukraine, unabated global inflation, and ongoing tensions in the U.S.-China trade and tech war, coupled with the lingering impact of the pandemic on the global economy, a rapid recovery has proven elusive. Additionally, the recovery of the manufacturing industry in China, the world's factory, has fallen short of expectations. Consequently, a significant excess inventory accumulated due to anticipatory stockpiling in 2022 amid concerns of material shortages in the mature process IC market could not be swiftly liquidated. These caused our product sales, resulting in lower-than-expected annual revenue and profit.

Despite the unfavorable market conditions, our company committed to proactive development, vigorously pursuing new markets and enhancing product R&D. We secured a substantial order for electronic paper display driver chips from a leading international pioneer in electronic verification financial cards and completed the development of low-power single-pair Ethernet chips in 2023.

Looking ahead to 2024, the pressure from excess inventory in the first half of the year, and uncertainties linger regarding the purchasing scales of our major customers in the short term. It is anticipated that product sales in the second half of the year should overcome obstacles mentioned above. However, the market condition of individual industry sector, which may influence the demand for our products, remains to be observed.

Although there may exist some uncertainty in mature market conditions of traditional application domains, the evolution of markets our company has focused on over the years, such as industrial control, finance, and retail payment systems into smart manufacturing systems (smart factories) and secure payments, suggests new opportunities for Ethernet chips and electronic paper display driver chips. According to forecasts from several reputable market research agencies, the market size of smart manufacturing systems is projected to increase at an annual compound growth rate of 10% to 15% from 2024 to 2029. Notably, many of our long-term customers, among the world's major system suppliers, should contribute boosting our revenue in the coming years. Furthermore, financial technology (Fintech) has emerged as a significant economic industry, placing higher demands on the security and reliability of associated payment systems. As a result, various financial secure payment instruments and terminal devices constitute a niche emerging market with promising prospects. The electronic paper display driver

chips, a core source of revenue for DAVICOM, were successfully adopted in a new type of secure payment device in 2023, and the accrued experience and achievements are expected to facilitate the subsequent market promotion of our products.

In response to the evolving market dynamics and opportunities mentioned above, and to achieve annual operational goals and ensure our products meet the needs of future industry upgrades, DAVICOM will focus our resources on the following key areas in 2024:

1. Full efforts to maintain the main sources of revenue from major customers to stabilize basic revenue.
2. Optimize and upgrade the performance of key products while reducing production costs to cope with increasingly intense market competition.
3. Developing Ethernet chips closely related to industrial Internet of Things (IIoT) applications, enabling our products to be more widely used in the field of smart manufacturing.

Facing the post-COVID-19, global trends of continued economic downturn, drastic climate change, and net-zero carbon emissions, the operational environment for businesses has become increasingly challenging. Apart from the basic financial performance of enterprises, ESG (Environmental, Social, and Governance) issues have also emerged as important indexes of corporate performance in recent years. Based on guidelines proposed by major international ESG initiative organizations and regulations from our country's Financial Supervisory Commission, our company has accordingly established and implemented relevant systems and operational standards. Particularly emphasis on and strengthening of various risk management, establishment of green product supply chains, and valuation of biodiversity issues to ensure that company products meet the decarbonization standards of European and American countries. Fostering robust company operations and advancing towards sustainable development.

1. 2023 performance:

(1) Sales Performance:

Revenue for 2023 is NT \$242.57 million, and the pre-tax net income is NT\$ 56.35 million.

(2) Research and development achievements:

- Industrial embedded Ethernet Giga-PHY controller chip
- Industrial control Ethernet transceiver chip
- High resolution Video decoder chips
- EPD driver IC's for card-type products
- Microcontroller chip series for measuring health and physiological signals.
- Smartphone-compatible hearing aid
- Logistics management system applications combining image recognition AI with radio frequency (RFID) technology.
- Radio Frequency Identification (RFID) application solution

2. 2024 operation plan

(1) Operation goal

In addition to continuing to deepen the embedded network application market, we also actively expanding specific markets such as industrial automation, financial payment systems, electricity, telecommunications, energy, and artificial intelligence applications to expand market share and enhance international reputation. We will pursue sustained revenue growth and significant profits by acquiring and developing sustainable products, expanding our product lines, integrating product application solutions with our cooperative manufacturers, accelerating talent recruitment, and expanding our product application fields and sales.

(2) Future Research and Development Plan

Our company adheres to the principle of steady operation and has been steadily moving forward for 28 years. We have always focused on our core business and avoided high-risk and low-yield investments. When planning for the development of new products, we adopt a rigorous evaluation process to carefully select feasible R&D projects.

- Ethernet switch chips for Internet of Things
- Highly integrated controller chip for Industrial applications of Ethernet
- High Precision Time Synchronization Ethernet physical layer chip
- Multi-segment electronic paper driver chip for cards
- Embedded wireless energy harvesting technology
- Electronic Shelf Label (ESL) system solution
- Smart manufacturing system solution
- Radio Frequency Identification (RFID) application solution
- Embedded image sensor and recognition Artificial Intelligence (AI) chip

In light of the ongoing conflict between Russia and Ukraine, the expanding scope of the trade and technology war between the two superpowers of the United States and China, and several years rampage of the COVID-19 pandemic, the momentum of globalization has significantly weakened, and there has been a shift in the pattern of trade. These factors have led to geopolitical constraints on the semiconductor industry, and the overall environment has shown negative effects that cannot be overlooked. Furthermore, the localization and de-Americanization of the semiconductor market in China has posed both opportunities and risks to Taiwanese semiconductor industry. In response, our company will maintain a flexible and agile approach to its operational strategy to seek the best market opportunities. The company will continue to uphold its pragmatic governance spirit from previous years. To overcome various difficulties and enhance cost control and scientific management to improve efficiency. We will develop high-performance, power-saving, industrial-grade, and diverse interface products utilizing the critical core technology of Ethernet to meet the needs of IoT and Industry 4.0 related application markets such as smart grid, home automation, medical, security monitoring, automotive, industrial control, financial

payments, and commercial retail. Also strengthen the development of new product application markets. We are committed to customer-oriented approach, providing high-quality and competitive products to solidify customer relationships and aiming for mutual success. We deeply understand market trends and strive to gain a competitive edge. Through close collaboration with our supply chain partners and their full support, we aim to maximize returns on investment for our shareholders to show our appreciation for their long-term support and care for the company.

Last but not the least, we would like to thank you - our shareholders - for your continuous support and belief in our efforts.

We wish you all health and happiness.

Sincerest regards,

Chairman

Ting Hao

President

Nien-Tai Chen

Accounting Manager

Kuei-Feng Chiu

Attachment 2

Audit Committee's Review Report

The Company's 2023 Financial Statements have been agreed by Audit Committee members of the Company and approved by the Board of Directors. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2023 Business Report and proposal for allocation of profits. The 2023 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

DAVICOM Semiconductor Inc.

Independent Director : Chang-Yue ,Ueng

Independent Director : Jen-Jyh, Hwang

Independent Director : Niang-Shou, Wei

February 29, 2024

Attachment 3

**DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS'
REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND
2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of DAVICOM Semiconductor, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of DAVICOM Semiconductor, Inc. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and 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, based on our audits and the reports of other auditors (please refer to the *Other matter* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. 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.

The Company's key audit matters are as follows:

Evaluation of accounts receivable

Description

Please refer to Note 4(7) for accounting policies on accounts receivable recognition and valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, Note 6(3) for details of accounts receivable. The balance of accounts receivable amounted to NT\$17,713 thousand as at December 31, 2023.

The Company's accounts receivable arises from selling goods, and collecting in accordance with credit period which is determined by the Credit Quality Control Policy of individual customers' credit quality.

Allowance for uncollectible accounts are based on expected credit losses during its existing period. For the purpose of measurement, underlying receivables should be grouped appropriately and the assumptions should be assessed and analyzed. The aging categories, expected loss ratio and forward-looking information usually include subjective judgement, therefore, the valuation of accounts receivable was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Checked and tested the assumptions of expected credit losses and assessed the reasonableness of the aging categories, including objective evidences used to determine the accuracy of periods and credit terms. Verified whether there are long overdue unrecoverable accounts receivable on the list to assess the adequacy of allowance for uncollectible accounts.

- Based on subsequent collections, discussed with management for its assessment of recoverability of past due receivables and further evaluate the possibility of the impairment from past due receivables.

Evaluation of inventories

Description

Please refer to Note 4(10) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, Note 6(4) for details of inventory. The balance of inventory and allowance for inventory valuation losses amounted to NT\$22,821 thousand and NT\$19,111 thousand as at December 31, 2023, respectively.

The Company is engaged in research, development, production, manufacturing and sales of local area network chipset. Due to rapid changes in technology, the life cycle of products is short and easily affected by market prices, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company measures inventory for normal sales at the lower of cost or net realisable value method. For inventory aging over certain period, individual inventory valuation losses and obsolete inventory, provision for loss is made through individual identification and measured at net realisable value. As a result of the significant amount, numerous items, and since identifying obsolete and damaged inventory usually involves management judgement, it also belongs to one of the audit scopes involving professional judgement. Therefore, the estimate of inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Obtained an understanding of the business, industry, products and inventory aging to assess the provision policy of allowance for inventory valuation losses, verifying whether the related accounting policies are consistent with the last period, and evaluating whether the provision policy is reasonable.

- Obtained inventory aging report from management, analyse and compare the different reasons for loss due to market value decline and obsolete and slow-moving inventories to assess the appropriateness of loss for market value decline and obsolete and slow-moving inventory policy.
- For summary statement that management uses to valuate loss for market value decline and obsolete and slow-moving inventories, confirming whether it agrees with the statement details generated from system, and verifying that obsolete and slow-moving inventories which were provided valuation losses, has been completely listed in the statement.
- Tested book value of ending inventory, through selecting samples and obtaining invoices of last period to verify whether they were measured at the lower of cost or net realizable value method, and recalculating and valuating the reasonableness of changes in allowance for inventory valuation losses.
- Participating and observing the year-end physical inventory count to verify the existence and completeness of inventory, and checking the condition of inventory to assess the appropriateness of allowance for inventory valuation losses of obsolete and slow-moving inventories.

Other matters

Reference to report of the other auditors

The share of profit or loss of related companies recognised under the equity method, which is recognised based on the audit report of other auditors for the years ended December 31, 2023 and 2022, is NT\$33 thousand and NT(\$1,692) thousand, respectively. Additionally, the recognised comprehensive income comprising share of other comprehensive income in subsidiaries, were both NT\$0 thousand for the abovementioned periods. As of December 31, 2023 and 2022, the balance of the related investments accounted for using the equity method was NT\$281,831 thousand and NT\$324,799 thousand, respectively.

Responsibilities of management and those charged with governance for the Parent Company Only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal controls 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 controls.
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 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 footnote 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 the planned scope and timing of the audit, 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 auditor's 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.

Lin, Chia-Hung

Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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.

DAVICOM SEMICONDUCTOR, 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)	\$ 344,727	30	\$ 330,112	28
1150	Notes receivable, net	6(3)	-	-	499	-
1170	Accounts receivable, net	6(3)	17,713	2	22,385	2
1200	Other receivables		248	-	215	-
1220	Current tax assets		3,645	-	-	-
130X	Inventories, net	6(4)	22,821	2	39,081	3
1410	Prepayments		886	-	1,003	-
11XX	Current Assets		<u>390,040</u>	<u>34</u>	<u>393,295</u>	<u>33</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	38,527	3	28,244	2
1550	Investments accounted for under equity method	6(5)	386,562	34	425,952	36
1600	Property, plant and equipment	6(6)	124,758	11	128,717	11
1755	Right-of-use assets	6(7)	86,081	8	88,559	7
1760	Investment property - net	6(9)	108,360	9	111,660	9
1780	Intangible assets		718	-	1,004	-
1840	Deferred income tax assets	6(25)	7,187	1	6,841	1
1900	Other non-current assets	6(10)	5,125	-	7,566	1
15XX	Non-current assets		<u>757,318</u>	<u>66</u>	<u>798,543</u>	<u>67</u>
1XXX	Total assets		<u>\$ 1,147,358</u>	<u>100</u>	<u>\$ 1,191,838</u>	<u>100</u>

(Continued)

DAVICOM SEMICONDUCTOR, 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					
2130	Current contract liabilities	\$ 135	-	\$ 143	-
2150	Notes payable	153	-	138	-
2170	Accounts payable	2,337	-	4,135	-
2200	Other payables	28,540	3	32,454	3
2230	Current income tax liabilities	-	-	5,449	1
2280	Current lease liabilities	1,546	-	1,535	-
2310	Advance receipts	1,300	-	1,286	-
21XX	Current Liabilities	<u>34,011</u>	<u>3</u>	<u>45,140</u>	<u>4</u>
Non-current liabilities					
2570	Deferred income tax liabilities	1,905	-	1,827	-
2580	Non-current lease liabilities	71,520	6	73,068	6
2600	Other non-current liabilities	6,506	1	6,843	1
25XX	Non-current liabilities	<u>79,931</u>	<u>7</u>	<u>81,738</u>	<u>7</u>
2XXX	Total Liabilities	<u>113,942</u>	<u>10</u>	<u>126,878</u>	<u>11</u>
Equity					
Share capital					
3110	Common stock	831,171	72	831,171	70
Capital surplus					
3200	Capital surplus	63,597	6	84,000	7
Retained earnings					
3310	Legal reserve	95,866	8	88,782	7
3320	Special reserve	12,799	1	22,711	2
3350	Undistributed earnings	51,157	5	59,410	5
Other equity interest					
3400	Other equity interest	(12,859)	(1)	(12,799)	(1)
Treasury shares					
3500	Treasury shares	(8,315)	(1)	(8,315)	(1)
3XXX	Total equity	<u>1,033,416</u>	<u>90</u>	<u>1,064,960</u>	<u>89</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	Total liabilities and equity	<u>\$ 1,147,358</u>	<u>100</u>	<u>\$ 1,191,838</u>	<u>100</u>

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

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

				Year ended December 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Sales revenue	\$ 231,982	100	\$ 295,990	100		
5000	Operating costs	(71,214)	(31)	(78,036)	(27)		
5900	Net operating margin	160,768	69	217,954	73		
	Operating expenses						
6100	Selling expenses	(30,493)	(13)	(27,739)	(9)		
6200	General and administrative expenses	(48,032)	(21)	(49,764)	(17)		
6300	Research and development expenses	(66,024)	(28)	(74,397)	(25)		
6450	Impairment on expected credit gains (losses)	550	-	300	-		
6000	Total operating expenses	(143,999)	(62)	(151,600)	(51)		
6900	Operating income	16,769	7	66,354	22		
	Non-operating income and expenses						
7100	Interest income	4,543	2	1,369	-		
7010	Other income	28,103	12	35,293	12		
7020	Other gains and losses	4,930	2	(15,000)	(5)		
7050	Finance costs	(665)	-	(653)	-		
7070	Share of profit (loss) of associates and joint ventures accounted for under equity method	2,670	1	(735)	-		
7000	Total non-operating income and expenses	39,581	17	20,274	7		
7900	Income from continuing operations before income tax	56,350	24	86,628	29		
7950	Income tax expense	(5,606)	(2)	(17,597)	(6)		
8000	Profit for the year from continuing operations	50,744	22	69,031	23		
8200	Profit for the year	<u>\$ 50,744</u>	<u>22</u>	<u>\$ 69,031</u>	<u>23</u>		
	Other comprehensive income, net						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	\$ 471	-	\$ 2,256	1		
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(94)	-	(451)	-		
8310	Components of other comprehensive income that will not be reclassified to profit or loss	377	-	1,805	1		
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statement translation differences of foreign operations	(60)	-	9,912	3		
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss	(60)	-	9,912	3		
8300	Other comprehensive income for the year, net	<u>\$ 317</u>	<u>-</u>	<u>\$ 11,717</u>	<u>4</u>		
8500	Total comprehensive income for the year	<u>\$ 51,061</u>	<u>22</u>	<u>\$ 80,748</u>	<u>27</u>		
	Basic earnings per share						
9750	Total basic earnings per share	\$	0.61	\$	0.84		
	Diluted earnings per share						
9850	Total diluted earnings per share	\$	0.61	\$	0.84		

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

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

	Notes	Capital Surplus			Retained Earnings			Financial statements translation differences of foreign operations	Treasury shares	Total equity	
		Common stock	Additional paid-in capital	Treasury share transactions	Others	Legal reserve	Special reserve				Undistributed earnings
<u>Year 2022</u>											
Balance at January 1, 2022		\$ 846,321	\$ 82,458	\$ -	\$ 38,714	\$ 81,835	\$ -	\$ 69,517	(\$ 22,711)	(\$ 50,851)	\$ 1,045,283
Profit for the year		-	-	-	-	-	-	69,031	-	-	69,031
Other comprehensive income for the year		-	-	-	-	-	-	1,805	9,912	-	11,717
Total comprehensive income		-	-	-	-	-	-	70,836	9,912	-	80,748
Appropriation and distribution of 2022 earnings	6(17)										
Legal reserve		-	-	-	-	6,947	-	(6,947)	-	-	-
Special reserve		-	-	-	-	-	22,711	(22,711)	-	-	-
Cash dividends		-	-	-	-	-	-	(39,796)	-	-	(39,796)
Cash dividends distributed from capital surplus	6(16)(17)	-	(41,921)	-	-	-	-	-	-	-	(41,921)
Decrease in treasury shares	6(15)	(15,150)	(1,476)	-	-	-	-	(11,489)	-	28,115	-
Treasury stock sold to employee	6(14)	-	-	6,225	-	-	-	-	-	14,421	20,646
Balance at December 31, 2022		\$ 831,171	\$ 39,061	\$ 6,225	\$ 38,714	\$ 88,782	\$ 22,711	\$ 59,410	(\$ 12,799)	(\$ 8,315)	\$ 1,064,960
<u>Year 2023</u>											
Balance at January 1, 2023		\$ 831,171	\$ 39,061	\$ 6,225	\$ 38,714	\$ 88,782	\$ 22,711	\$ 59,410	(\$ 12,799)	(\$ 8,315)	\$ 1,064,960
Profit for the year		-	-	-	-	-	-	50,744	-	-	50,744
Other comprehensive income (loss) for the year		-	-	-	-	-	-	377	(60)	-	317
Total comprehensive income (loss)		-	-	-	-	-	-	51,121	(60)	-	51,061
Appropriation and distribution of 2023 earnings	6(17)										
Legal reserve		-	-	-	-	7,084	-	(7,084)	-	-	-
Reversal of special reserve		-	-	-	-	-	(9,912)	9,912	-	-	-
Cash dividends		-	-	-	-	-	-	(62,202)	-	-	(62,202)
Cash dividends distributed from capital surplus	6(16)(17)	-	(20,403)	-	-	-	-	-	-	-	(20,403)
Balance at December 31, 2023		\$ 831,171	\$ 18,658	\$ 6,225	\$ 38,714	\$ 95,866	\$ 12,799	\$ 51,157	(\$ 12,859)	(\$ 8,315)	\$ 1,033,416

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

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 56,350	\$ 86,628
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(6)(7)(9)	9,862	9,840
Amortisation	6(23)	2,884	4,418
Impairment on expected credit gains	6(3) and 12(2)	(550)	(300)
Net profit on financial assets at fair value through profit or loss	6(2)(21)	(8,283)	29,314
Interest expense	6(22)	665	653
Interest income	6(19)	(4,543)	(1,369)
Stock-based payment	6(14)	-	6,207
Share of profit of associates accounted for under equity method	6(5)	(2,670)	735
Deferred charges transferred to research and experimental expenses		-	1,364
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss-non-current		(2,000)	(7,000)
Notes receivable		499	(221)
Accounts receivable		5,222	10,809
Other receivables		(13)	(20)
Inventories, net		16,260	(8,293)
Prepayments		117	3,089
Changes in operating liabilities			
Current contract liabilities		(8)	(144)
Notes payable		15	(2,547)
Accounts payable		(1,798)	(3,082)
Other payables		(3,914)	4,939
Advance receipts		14	76
Net defined benefit liabilities		114	(8,744)
Cash inflow generated from operations		68,223	126,352
Interest received		4,523	1,337
Interest paid		(665)	(653)
Income tax paid		(15,062)	(17,352)
Net cash flows from operating activities		<u>57,019</u>	<u>109,684</u>

(Continued)

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of investments accounted for using equity method		\$ 42,000	\$ -
Acquisition of property, plant and equipment	6(6)	(76)	(392)
Acquisition of investment property	6(9)	(49)	(237)
Increase in intangible assets		(157)	(183)
Increase in other assets		-	(964)
Net cash flows from (used in) investing activities		<u>41,718</u>	<u>(1,776)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in guarantee deposits received	6(12)(27)	20	76
Repayment of principal portion of lease liabilities	6(7)(27)	(1,537)	(1,522)
Payments of cash dividends	6(17)	(62,202)	(39,796)
Cash dividends from capital surplus	6(16)	(20,403)	(41,921)
Employee purchases of treasury shares		-	14,439
Net cash flows used in financing activities		<u>(84,122)</u>	<u>(68,724)</u>
Net increase in cash and cash equivalents		14,615	39,184
Cash and cash equivalents at beginning of year		<u>330,112</u>	<u>290,928</u>
Cash and cash equivalents at end of year		<u>\$ 344,727</u>	<u>\$ 330,112</u>

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

Attachment 4

**DAVICOM SEMICONDUCTOR, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND
2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

DAVICOM Semiconductor, Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Company name: DAVICOM SEMICONDUCTOR, INC.

Representative: HAO, TING

February 29, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of DAVICOM SEMICONDUCTOR, INC.

Opinion

We have audited the accompanying consolidated balance sheets of DAVICOM Semiconductor, Inc. and its 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, based on our audits and the reports of other auditors (please refer to the *Other matter* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

The Group's key audit matters are as follows:

Evaluation of accounts receivable

Description

Please refer to Note 4(9) for accounting policies on accounts receivable recognition and valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, Note 6(3) for details of accounts receivable. The balance of accounts receivable amounted to NT\$20,988 thousand as at December 31, 2023.

The Group's accounts receivable arises from selling goods, and collecting in accordance with credit period which is determined by the Credit Quality Control Policy of individual customers' credit quality.

Allowance for uncollectible accounts are based on expected credit losses during its existing period. For the purpose of measurement, underlying receivables should be grouped appropriately and the assumptions should be assessed and analyzed. The aging categories, expected loss ratio and forward-looking information usually include subjective judgement, therefore, the valuation of accounts receivable was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Checked and tested the assumptions of expected credit losses and assessed the reasonableness of the aging categories, including objective evidences used to determine the accuracy of periods and credit terms. Verified whether there are long overdue unrecoverable accounts receivable on the list to assess the adequacy of allowance for uncollectible accounts.
- Based on subsequent collections, discussed with management for its assessment of recoverability of past due receivables and further evaluate the possibility of the impairment from past due receivables.

Evaluation of inventories

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, Note 6(4) for details of inventory. The balance of inventory and allowance for inventory valuation losses amounted to NT\$31,438 thousand and NT\$19,111 thousand as at December 31, 2023, respectively.

The Company is engaged in research, development, production, manufacturing and sales of local area network chipset. Due to rapid changes in technology, the life cycle of products is short and easily affected by market prices, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company measures inventory for normal sales at the lower of cost or net realisable value method. For inventory aging over certain period, individual inventory valuation losses and obsolete inventory, provision for loss is made through individual identification and measured at net realisable value. As a result of the significant amount, numerous items, and since identifying obsolete and damaged inventory usually involves management judgement, it also belongs to one of the audit scopes involving professional judgement. Therefore, the estimate of inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Obtained an understanding of the business, industry, products and inventory aging to assess the provision policy of allowance for inventory valuation losses, verifying whether the related accounting policies are consistent with the last period, and evaluating whether the provision policy is reasonable.
- Obtained inventory aging report from management, analyse and compare the different reasons for loss due to market value decline and obsolete and slow-moving inventories to assess the appropriateness of loss for market value decline and obsolete and slow-moving inventory policy.
- For summary statement that management uses to value loss for market value decline and obsolete and slow-moving inventories, confirming whether it agrees with the statement details generated from system, and verifying that obsolete and slow-moving inventories which were provided valuation losses, has been completely listed in the statement.
- Tested book value of ending inventory, through selecting samples and obtaining invoices of last period to verify whether they were measured at the lower of cost or net realizable value method, and recalculating and valuating the reasonableness of changes in allowance for inventory valuation losses.

- Participating and observing the year-end physical inventory count to verify the existence and completeness of inventory, and checking the condition of inventory to assess the appropriateness of allowance for inventory valuation losses of obsolete and slow-moving inventories.

Other matters

Reference to report of the other auditors

We did not audit the financial statements of wholly-owned consolidated subsidiaries that are included in the financial statements. Total assets of the subsidiary amounted to NT\$286,487 thousand and NT\$326,772 thousand as at December 31, 2023 and 2022, constituting 24.87% and 27.37% of consolidated total assets, respectively. Operating income of the subsidiary amounted to NT\$10,490 thousand and NT\$11,100 thousand, for the years ended December 31, 2023 and 2022, constituting 4.32% and 3.61% of consolidated total operating income, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Parent company only financial reports

We have audited and expressed an unqualified opinion including an *Other Matter* paragraph on the parent company only financial statements of DAVICOM Semiconductor, Inc. as at and for the years ended December 31, 2023 and 2022.

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 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 controls 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 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 Parent Company Only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 controls.
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 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 footnote disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, 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 auditor's 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.

Lin, Chia-Hung

Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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.

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.

DAVICOM SEMICONDUCTOR, 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)	\$ 695,332	61	\$ 727,900	61
1150	Notes receivable, net	6(3)	-	-	499	-
1170	Accounts receivable, net	6(3)	20,988	2	24,162	2
1200	Other receivables		1,430	-	373	-
1220	Current tax assets		3,645	-	-	-
130X	Inventories, net	6(4)	31,438	3	44,672	4
1410	Prepayments		1,640	-	1,227	-
1470	Other current assets		4,029	-	22	-
11XX	Total Current Assets		<u>758,502</u>	<u>66</u>	<u>798,855</u>	<u>67</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	61,055	5	50,565	4
1600	Property, plant and equipment, net	6(5)	141,294	12	145,367	12
1755	Right-of-use assets	6(6)	86,081	8	88,559	7
1760	Investment property, net	6(8)	92,043	8	95,010	8
1780	Intangible assets		718	-	1,005	-
1840	Deferred income tax assets	6(24)	7,197	1	6,883	1
1900	Other non-current assets	6(9)	5,125	-	7,566	1
15XX	Total Non-current Assets		<u>393,513</u>	<u>34</u>	<u>394,955</u>	<u>33</u>
1XXX	Total Assets		<u>\$ 1,152,015</u>	<u>100</u>	<u>\$ 1,193,810</u>	<u>100</u>

(Continued)

DAVICOM SEMICONDUCTOR, 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	%
Current liabilities					
2130	Current contract liabilities	\$ 135	-	\$ 144	-
2150	Notes payable	153	-	138	-
2170	Accounts payable	3,562	-	5,512	1
2200	Other payables	28,883	3	32,968	3
2230	Current income tax liabilities	-	-	5,449	-
2280	Current lease liabilities	1,546	-	1,535	-
2300	Other current liabilities	4,379	-	1,324	-
21XX	Current Liabilities	<u>38,658</u>	<u>3</u>	<u>47,070</u>	<u>4</u>
Non-current liabilities					
2570	Deferred income tax liabilities	1,915	-	1,869	-
2580	Non-current lease liabilities	71,520	6	73,068	6
2600	Other non-current liabilities	6,506	1	6,843	1
25XX	Non-current liabilities	<u>79,941</u>	<u>7</u>	<u>81,780</u>	<u>7</u>
2XXX	Total Liabilities	<u>118,599</u>	<u>10</u>	<u>128,850</u>	<u>11</u>
Equity attributable to owners of parent					
Share capital					
3110	Common stock	831,171	72	831,171	70
Capital surplus					
3200	Capital surplus	63,597	6	84,000	7
Retained earnings					
3310	Legal reserve	95,866	8	88,782	7
3320	Special reserve	12,799	1	22,711	2
3350	Undistributed earnings	51,157	5	59,410	5
Other equity interest					
3400	Other equity interest	(12,859)	(1)	(12,799)	(1)
Treasury shares					
3500	Treasury shares	(8,315)	(1)	(8,315)	(1)
31XX	Equity attributable to owners of the parent	<u>1,033,416</u>	<u>90</u>	<u>1,064,960</u>	<u>89</u>
3XXX	Total Equity	<u>1,033,416</u>	<u>90</u>	<u>1,064,960</u>	<u>89</u>
Significant contingent liabilities and unrecognised contract commitments					
3X2X	Total Liabilities and Equity	<u>\$ 1,152,015</u>	<u>100</u>	<u>\$ 1,193,810</u>	<u>100</u>

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

DAVICOM SEMICONDUCTOR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(17)	\$ 242,572	100	\$ 307,090	100
5000	Operating costs	6(4)(22)(23)	(78,942)	(33)	(87,251)	(28)
5900	Net operating margin		<u>163,630</u>	<u>67</u>	<u>219,839</u>	<u>72</u>
	Operating expenses	6(22)(23)				
6100	Selling expenses		(34,517)	(14)	(31,505)	(10)
6200	General and administrative expenses		(48,640)	(20)	(50,301)	(17)
6300	Research and development expenses		(66,024)	(27)	(74,524)	(24)
6450	Impairment on expected credit losses	6(3) and 12(2)	550	-	300	-
6000	Total operating expenses		(148,631)	(61)	(156,030)	(51)
6900	Operating income		<u>14,999</u>	<u>6</u>	<u>63,809</u>	<u>21</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	10,578	4	4,117	1
7010	Other income	6(19)	26,556	11	33,817	11
7020	Other gains and losses	6(20)	4,882	2	(14,462)	(5)
7050	Finance costs	6(21)	(665)	-	(653)	-
7000	Total non-operating income and expenses		<u>41,351</u>	<u>17</u>	<u>22,819</u>	<u>7</u>
7900	Income from continuing operations before income tax		56,350	23	86,628	28
7950	Income tax expense	6(24)	(5,606)	(2)	(17,597)	(6)
8000	Profit for the period from continuing operations		<u>50,744</u>	<u>21</u>	<u>69,031</u>	<u>22</u>
8200	Profit for the period		<u>\$ 50,744</u>	<u>21</u>	<u>\$ 69,031</u>	<u>22</u>
	Other comprehensive income					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans		\$ 471	-	\$ 2,256	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(94)	-	(451)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(60)	-	9,912	3
8360	Components of other comprehensive income that will be reclassified to profit or loss		(60)	-	9,912	3
8300	Total other comprehensive income for the period		<u>\$ 317</u>	<u>-</u>	<u>\$ 11,717</u>	<u>4</u>
8500	Total comprehensive income for the period		<u>\$ 51,061</u>	<u>21</u>	<u>\$ 80,748</u>	<u>26</u>
	Profit, attributable to:					
8610	Owners of parent		<u>\$ 50,744</u>	<u>21</u>	<u>\$ 69,031</u>	<u>22</u>
	Comprehensive income, attributable to:					
8710	Owners of parent		<u>\$ 51,061</u>	<u>21</u>	<u>\$ 80,748</u>	<u>26</u>
	Basic earnings per share	6(25)				
9750	Total basic earnings per share		<u>\$ 0.61</u>		<u>\$ 0.84</u>	
	Diluted earnings per share	6(25)				
9850	Total diluted earnings per share		<u>\$ 0.61</u>		<u>\$ 0.84</u>	

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

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

	Notes	Equity attributable to owners of the parent									Total equity
		Capital Surplus				Retained Earnings			Exchange differences from translation of foreign operations	Treasury shares	
		Common stock	Additional paid-in capital	Treasury share transactions	Others	Legal reserve	Special reserve	Undistributed earnings			
<u>Year ended December 31 2022</u>											
Balance at January 1, 2022		\$ 846,321	\$ 82,458	\$ -	\$ 38,714	\$ 81,835	\$ -	\$ 69,517	(\$ 22,711)	(\$ 50,851)	\$1,045,283
Profit for the year		-	-	-	-	-	-	69,031	-	-	69,031
Other comprehensive income for the year		-	-	-	-	-	-	1,805	9,912	-	11,717
Total comprehensive income		-	-	-	-	-	-	70,836	9,912	-	80,748
Appropriation and distribution of earnings	6(16)										
Legal reserve		-	-	-	-	6,947	-	(6,947)	-	-	-
Special reserve		-	-	-	-	-	22,711	(22,711)	-	-	-
Cash dividends		-	-	-	-	-	-	(39,796)	-	-	(39,796)
Cash dividends distributed from capital surplus	6(15)(16)	-	(41,921)	-	-	-	-	-	-	-	(41,921)
Decrease in treasury shares	6(14)	(15,150)	(1,476)	-	-	-	-	(11,489)	-	28,115	-
Treasury stock sold to employees	6(13)	-	-	6,225	-	-	-	-	-	14,421	20,646
Balance at December 31, 2022		\$ 831,171	\$ 39,061	\$ 6,225	\$ 38,714	\$ 88,782	\$ 22,711	\$ 59,410	(\$ 12,799)	(\$ 8,315)	\$1,064,960
<u>Year ended December 31 2023</u>											
Balance at January 1, 2023		\$ 831,171	\$ 39,061	\$ 6,225	\$ 38,714	\$ 88,782	\$ 22,711	\$ 59,410	(\$ 12,799)	(\$ 8,315)	\$1,064,960
Profit for the year		-	-	-	-	-	-	50,744	-	-	50,744
Other comprehensive income (loss) for the year		-	-	-	-	-	-	377	(60)	-	317
Total comprehensive income (loss)		-	-	-	-	-	-	51,121	(60)	-	51,061
Appropriation and distribution of earnings	6(16)										
Legal reserve		-	-	-	-	7,084	-	(7,084)	-	-	-
Reversal of special reserve		-	-	-	-	-	(9,912)	9,912	-	-	-
Cash dividends		-	-	-	-	-	-	(62,202)	-	-	(62,202)
Cash dividends distributed from capital surplus	6(15)(16)	-	(20,403)	-	-	-	-	-	-	-	(20,403)
Balance at December 31, 2023		\$ 831,171	\$ 18,658	\$ 6,225	\$ 38,714	\$ 95,866	\$ 12,799	\$ 51,157	(\$ 12,859)	(\$ 8,315)	\$1,033,416

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

DAVICOM SEMICONDUCTOR, 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 56,350	\$ 86,628
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(5)(6)(8)	9,882	9,840
Amortisation	6(22)	2,884	4,418
Impairment on expected credit gain	12(2)	(550)	(300)
Net loss on financial assets at fair value through profit or loss	6(2)(20)	(8,490)	30,620
Interest expense	6(21)	665	653
Interest income	6(18)	(10,578)	(4,117)
Stock-based payment	6(13)	-	6,207
Deferred charges transferred to research and experimental expenses		-	1,364
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss- non-current		(2,000)	(7,000)
Notes receivable		499	(221)
Accounts receivable		3,724	10,216
Other receivables		(34)	(62)
Inventories		13,234	(9,851)
Prepayments		(413)	3,239
Other current assets		(4,007)	(22)
Changes in operating liabilities			
Current contract liabilities		(9)	(143)
Notes payable		15	(2,548)
Accounts payable		(1,950)	(1,837)
Other payables		(4,085)	5,009
Other current liabilities		3,055	105
Net defined benefit liabilities		114	(8,744)
Cash inflow generated from operations		58,306	123,454
Interest received		9,541	4,099
Interest paid		(665)	(653)
Income tax paid		(15,062)	(17,453)
Net cash flows from operating activities		52,120	109,447
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(5)	(315)	(392)
Decrease in refundable deposits		-	54
Increase in intangible assets		(157)	(183)
Acquisition of investment property	6(8)	(49)	(237)
Increase in other assets		-	(965)
Net cash flows used in investing activities		(521)	(1,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received	6(26)	20	76
Repayment of principal portion of lease liabilities	6(6)(26)	(1,537)	(1,522)
Payments of cash dividends	6(16)	(62,202)	(39,796)
Cash dividends from capital surplus	6(15)(16)	(20,403)	(41,921)
Employee purchases of treasury shares		-	14,439
Net cash flows used in financing activities		(84,122)	(68,724)
Effect of foreign exchange rate changes on cash and cash equivalents		(45)	9,912
Net (decrease) increase in cash and cash equivalents		(32,568)	48,912
Cash and cash equivalents at beginning of year		727,900	678,988
Cash and cash equivalents at end of year		\$ 695,332	\$ 727,900

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

Attachment 5 2023 List of Remuneration of each Directors

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Compensation (A)		Severance Pay and Pensions (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Profit Sharing- Employee Bonus (G)						
		The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company		From All Consolidated Entities		The company	From All Consolidated Entities			
Chairman	Ting Hao	0	0	0	0	222	222	15	15	0.47	0.47	4,716	4,716	0	0	282	0	282	0	10.32	10.32	N/A
Director	Goodyears Investments Ltd.(Representative person: Wen-Chen Lin)	0	0	0	0	222	222	15	15	0.47	0.47	0	0	0	0	0	0	0	0	0.47	0.47	N/A
Director	Tzay Hua Ltd. (Representative person: Cheng-Feng Chiu)	0	0	0	0	222	222	15	15	0.47	0.47	1,992	1,992	100	100	107	0	107	0	4.80	4.80	N/A
Director	Yun-Ping Lin	0	0	0	0	222	222	15	15	0.47	0.47	0	0	0	0	0	0	0	0	0.47	0.47	N/A
Independent director	Chang-Yue Ueng	0	0	0	0	124	124	315	315	0.87	0.87	0	0	0	0	0	0	0	0	0.87	0.87	N/A
Independent director	Jen-Jyh Hwang	0	0	0	0	124	124	315	315	0.87	0.87	0	0	0	0	0	0	0	0	0.87	0.87	N/A
Independent director	Niang-Shou Wei	0	0	0	0	124	124	315	315	0.87	0.87	0	0	0	0	0	0	0	0	0.87	0.87	N/A

The Board of Directors and Executives' Remuneration Policy of the Company can be found in Attachment 6.

Attachment 6

DAVICOM Board of Directors and Executives' Remuneration Policy

Date of Establishment: February 29, 2024

Article 1 Purpose

The policy is formulated to implement corporate governance and to make the compensation for directors and executives transparent, reasonable, and systematic.

Article 2 Scope

Regarding the remuneration for directors and executives of this company (hereinafter referred to "Remuneration"), except as otherwise provided by laws or articles of association, it shall be handled in accordance with this policy.

The term "executives" used in this policy refers to:

- (1) Executives appointed by the board of directors in accordance with the Company Law.
- (2) Managers of this company at the level of deputy general manager or above, responsible for company management affairs and possessing signing authority.
- (3) Heads of the finance department and accounting department.

Article 3 Remuneration for Independent Directors:

1. Remuneration:

(1) Fees for performing duties:

When independent directors perform duties for the company, regardless of the company's operating profit or loss, the company shall pay a monthly remuneration of NT\$25,000, to be paid monthly.

(2) Traveling expenses:

Attendance fee for board meetings, functional committees, or shareholders' meetings (participation via video conference is considered attending in person) is NT\$2,500. (Once a day even meetings are held simultaneously on the same day.)

(3) Other expenses for performing duties:

Subsidies of business travel for operational needs may be provided in accordance with the company's business travel policy.

2. Remuneration for independent directors:

The company's annual director's remuneration shall be set aside no more than 2% of the current year's pre-tax earnings in accordance with the company's articles of incorporation. Currently, there are four general directors and three independent directors. If the amount of directors' remuneration is more than NTD 600,000, NT\$150,000 will be allocated to each of the four general directors first, and the remaining amount will be equally distributed among the general directors and independent directors. If the allocated remuneration for directors is less than NT\$600,000, the remuneration will be equally distributed among the four general directors.

Article 4 Remuneration for General directors:

1. Remuneration:

(1) Director's salary:

The company does not provide remuneration for general directors.

(2) Transportation and miscellaneous expenses:

Attendance fee for board meetings, functional committees, or shareholders' meetings (participation via video conference is considered attending in person) is NT\$2,500. (Once a day even meetings are held simultaneously on the same day.)

(3) Other expenses for performing duties:

Subsidies of business travel for operational needs may be provided in accordance with the company's business travel policy.

2. Remuneration for general directors:

The company's annual director's remuneration shall be set aside no more than 2% of the current year's pre-tax earnings in accordance with the company's articles of incorporation.

Currently, there are four general directors and three independent directors. If the amount of directors' remuneration is more than NTD 600,000, NT\$150,000 will be allocated to each of the four general directors first, and the remaining amount will be equally distributed among the general directors and independent directors. If the allocated remuneration for directors is less than NT\$600,000, the remuneration will be equally distributed among the four general directors.

The following is omitted.

Attachment 7

**DAVICOM
ANNUAL PROFIT DISTRIBUTION TABLE
Year 2023**

Items	Subtotal (NTD)	Total (NTD)
Beginning unappropriated retained earnings		\$ 37,206
<i>Add:</i> Net profit after tax of 2023	50,743,250	
<i>Add:</i> Retained Earnings	376,581	
<i>Less:</i> Legal reserve	(5,111,983)	
<i>Less:</i> Special reserve	(60,204)	
Distributable net profit	45,947,644	45,984,850
Distributable items:		
Dividend to shareholders--NT\$0.55 per share		(45,432,799)
Unappropriated retained earnings		\$ 552,051

Chairman: Ting Hao President: Nien-Tai Chen Accounting Supervisor: Kuei Feng Chiu

Appendix 1 Articles of Incorporation of DAVICOM Semiconductor, Inc.

Chapter 1 General Provisions	
Article 1	The company is organized in accordance with the provisions of the Company Act and shall be known as "聯傑國際股份有限公司" in Chinese and "DAVICOM SEMICONDUCTOR INCORPORATION" in English.
Article 2	The business of the company is as follows: 1.CC01080 Electronic Component Manufacturing. 2.II99990 Other Consulting Services (production consulting services). 3.F401010 International Trade. "To conduct research, development, production, manufacturing, and sales of the following products: Communications network integrated circuits, including: (1) Modem Chipset (V.34) (2) LAN Controller (100M) (3) ISDN Modem Chipset (4) Cable Modem Chipset (5) ATM Transceiver & Controller (6) To provide technical consulting services for the aforementioned products. In addition, to engage in import and export and international trade related to the company's business."
Article 3	The company may provide external guarantees as necessary for its business operations.
Article 4	The company's total reinvestment is not subject to the limitations set forth in Article 13 of the Company Act.
Article 5	The headquarter is in the Hsinchu Science Park in Taiwan, and may establish branch offices domestically and internationally as necessary, subject to approval by the board of directors and competent authorities.
Chapter 2 Stocks	
Article 6	The authorized capital of the Company is NTD 1,350,000,000 divided into 135,000,000 shares with a par value of NTD 10 per share. The authorized capital includes NTD 180,000,000 divided into 18,000,000 shares with a par value of NTD 10 per share, which are reserved for issuance of employee stock options, restricted stock units, warrants with stock option features, or convertible bonds with stock option features, subject to the approval of the Board of Directors. The remaining authorized capital may be issued in installments as determined by the Board of Directors. In the event that the Company decides to terminate its public offering, such termination must be approved by the Board of Directors and then ratified by the shareholders' meeting.
Article 6-1	In the event that the Company issues employee stock options at a price lower than the market price, a special resolution must be passed at a shareholders' meeting with more than one-half of the total outstanding shares present and more than two-thirds of the shares present in favor, in accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The maximum amount of such issuance and the maximum number of shares that can be subscribed by a single person shall be subject to the regulations of the competent authority.
Article 6-2	In the event that the Company sells treasury shares to employees at a price lower than the average price at which such shares were acquired, a special resolution must be passed at a shareholders' meeting before the sale, in accordance with the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The number of shares to be sold and the procedures for the sale shall be subject to the regulations of the competent authority.
Article 6-3	Restricted stock units (RSUs) are new shares issued to employees with certain conditions, such as service or performance requirements, that restrict their stock ownership rights until the conditions are met. The issuance of RSUs by the Company requires the approval of a shareholders' meeting with more than two-thirds of the total outstanding shares present, in accordance with Article 267-8 of the Company Act. The Company may apply for approval in installments within one year from the date of the shareholders' meeting. If the total outstanding shares represented at the shareholders' meeting are less than two-thirds of the authorized shares, the approval may be obtained with the consent of shareholders representing more than two-thirds of the shares present.
Article 7	The Company's securities shall be issued in book-entry form and shall be registered with a Centralized Securities Depository Institution.
Article 8	The Company's stock affairs shall be handled in accordance with the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies as promulgated by the competent authority.
Chapter 3 Shareholders' Meetings	
Article 9	There are two types of shareholders' meetings: regular meetings and special meetings. The regular meeting shall be held once a year within six months after the end of each fiscal year. The special meeting shall be convened when necessary in accordance with relevant laws and regulations. In addition to physical attendance, shareholders' meetings can also be held through video conferencing or other methods announced by the competent authority. Shareholders who participate in the meeting through video conferencing shall be deemed to be present in person.
Article 10	Shareholders' meetings shall be convened by the board of directors, chaired by the chairman of the board. In the event of the chairman's absence, the chairman shall appoint a director to act as a proxy. If no one is designated, a director shall be elected by the board of directors. If the shareholders' meeting is convened by someone other than the board of directors, the chairman shall be appointed by the convening person. When there are two or more conveners, they should elect one as the chairman.
Article 11	Notice of a regular meeting shall be given to all shareholders thirty days in advance, while notice of a special meeting shall be given fifteen days in advance, specifying the date, time, place and purpose of the meeting.
Article 12	Shareholders who are unable to attend the shareholders' meeting due to circumstances may appoint an agent to attend on their behalf by presenting a power of attorney issued by the company specifying the scope of authorization. The use of such proxy documents shall be in accordance with the " Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies " issued by the competent authority, except as provided in Article 177, Article 177-1, Article 177-2 of the Company Act and Article 25-1 of the Securities and Exchange Act.

Article 13	Each shareholder of the Company, except for shares without voting rights under Article 179 of the Company Act, shall have one voting right per share.
Article 13-1	When the Company convenes a shareholders' meeting, the voting right may be exercised by written or electronic means. The method of exercise shall be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights by written or electronic means shall be deemed to be present at the shareholders' meeting. However, with respect to ad hoc motions and amendments to the original proposal at the meeting, they shall be deemed to have abstained.
Article 14	Unless otherwise provided by relevant laws and regulations, resolutions of the shareholders' meeting shall be made by the affirmative votes of shareholders representing more than half of the total issued shares who are present in person or by proxy and have the right to vote. For important matters requiring a resolution, the affirmative votes of shareholders representing two-thirds or more of the total issued shares must be present in person or by proxy and have the right to vote, and the affirmative votes of more than one-half of the votes present in person or by proxy must be obtained. If the shareholders present do not reach two-thirds, the affirmative votes of more than one-half of the votes present shall be sufficient, provided that more than two-thirds of the shareholders present in person or by proxy agree. Examples: 1.Acquisition or merger of domestic and foreign enterprises. 2.Dissolution, liquidation, or division.
Article 15	Resolutions passed at a shareholders' meeting shall be recorded in the minutes, signed or sealed by the chairman of the meeting, and distributed to shareholders within 20 days after the meeting. The minutes may be published by public notice, regardless of the number of shares held by shareholders.
Article 15-1	If the Company intends to withdraw its public offering, in addition to the approval of the board of directors, the proposal must be approved by two-thirds of the voting rights held by shareholders who attend the meeting in person or by proxy and whose total shares exceed half of the total issued shares of the Company. Only after such approval is obtained, can the relevant procedures for the withdrawal of the public offering be processed.
Chapter 4: Board of Directors and Audit Committee	
Article 16	The Company shall have seven to eleven directors, including at least three independent directors, and their number shall not be less than one-fifth of the total number of directors. They shall be elected by the shareholders' meeting from among persons with legal capacity for a term of three years and may be re-elected. The election of directors (including independent directors) shall adopt a cumulative voting system. The total shareholding percentage of all directors shall be handled in accordance with the " Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies " promulgated by the competent authority. The Company may take out liability insurance for directors.
Article 16-1	The election of the Company's directors and independent directors shall adopt a candidate nomination system, and related matters such as the acceptance and announcement of director and independent director candidates shall be handled in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act.
Article 16-2	The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which shall be responsible for performing the supervisory powers prescribed by the Company Law, the Securities and Exchange Act, and other applicable laws and regulations. The audit committee shall be composed of all independent directors, with no less than three members, and at least one member shall have accounting or financial expertise. The decision of the audit committee shall require the consent of more than two-thirds of all members.
Article 17	When vacancies of directors reach one-third, the board of directors shall convene an extraordinary shareholders' meeting within sixty days to elect new directors, and their term of office shall be limited to the remaining term of the original directors.
Article 18	The Board of Directors shall be organized by the directors, and its duties are as follows: 1.Prepare business plans. 2.Propose resolutions for profit distribution or deficit coverage. 3.Propose resolutions for capital increase or decrease. 4.Draft important rules and contracts. 5.Appoint and dismiss the company's executives. 6.Establish and dissolve branch organizations. 7.Compile budgets and final accounts. 8.Other duties assigned by the Company Law or resolutions of the shareholders' meeting.
Article 19	The Board of Directors shall be organized by the directors. The attendance of two-thirds (inclusive) of the directors and the consent of more than half of the attending directors shall be required for the mutual election of one director as the chairman. The chairman shall preside over the board meetings. If the chairman is absent or unable to perform duties due to reasons, the chairman shall appoint one director as a proxy. If the chairman does not appoint a proxy, the directors shall mutually recommend one person to serve as a proxy. Directors may attend in person or appoint other directors to attend on their behalf, but a power of attorney specifying the purpose of the meeting and the scope of authority shall be provided each time. Each proxy shall be limited to the authority granted by one person.
Article 20	The convening of the Board of Directors shall be handled in accordance with Article 204 of the Company Law. Notices for convening the Board of Directors may be given in writing, by fax, or by email.
Article 21	Resolutions of the Board of Directors shall require the attendance of more than half of the directors and the consent of more than half of the directors present, unless otherwise provided by the Company Act.
Article 22	(Deleted)
Article 23	The travel expenses of all directors shall be paid according to the standard set by the Board of Directors, regardless of the business profits or losses, and in accordance with the usual industry standards.
Chapter 5: Managers	
Article 24	When the directors of the company carry out their duties, regardless of whether the company is profitable or not, the company may provide them with compensation. The amount of compensation should be based on their level of participation in the company's operations and their contribution to the company's value. The board of directors is authorized to establish the payment standards based on the usual industry standards. If the company has profits, they should be distributed according to the provisions of Article 28. The company may appoint one executive director according to the resolution of the board of directors.

Article 25	The general manager shall conduct the company's business in accordance with the resolutions of the shareholders' meeting or board of directors.
Chapter 6: Accounting	
Article 26	The company's fiscal year runs from January 1 to December 31. At the end of each fiscal year, an accounting settlement should be conducted.
Article 27	At the end of each fiscal year, the board of directors should prepare the following documents and submit them to the audit committee for review at least 30 days before the regular shareholders' meeting: 1. Business report. 2. Financial statements. 3. Proposal for distribution of profits or allocation of losses.
Article 28	If the company has profits for the fiscal year, they should first pay taxes and other expenses and make up for any losses. Ten percent of the profits should be set aside as a statutory surplus. After any special surplus reserves are set aside or reversed according to relevant laws and regulations, the remaining undistributed profits from the beginning of the year, along with the surplus reserves, can be accumulated and distributed to the shareholders in the form of cash, capital reserves, or statutory surplus reserves. The board of directors is authorized to distribute the profits, capital reserves, or statutory surplus reserves for the fiscal year based on Article 228-1 and Article 240, Paragraph 5 of the Company Act. In addition, in order to incentivize employees and management teams, the company should allocate no less than 8.5% of the year's pre-tax income, after making up for any losses, to employee compensation and no more than 2% to director compensation. The employee compensation can be distributed in the form of stocks or cash, and the board of directors must pass a resolution with at least two-thirds of the directors present and more than half of the attending directors in favor. The distribution of director compensation should be in cash. Employees eligible for the distribution of compensation in the form of stocks or cash should be determined by the board of directors.
Article 29	The company can distribute all of the undistributed profits for the fiscal year based on financial, business, and operational factors. The distribution of dividends to shareholders can be in the form of cash or stocks, and the proportion of cash dividends should not be less than 80% of the total dividends.
Chapter 7 Supplementary Provisions	
Article 30	The company's organizational regulations and operational rules shall be separately established.
Article 31	Any matters not covered in this charter shall be handled in accordance with the provisions of the Company Law and other relevant laws and regulations.
Article 32	This charter was established by the initiators' meeting and approved by all initiators on June 28, 1996. First Amendment on August 6, 1996. Second Amendment on January 16, 1997. Third Amendment on February 22, 1999. Fourth Amendment on August 24, 1999. Fifth Amendment on May 19, 2000. Sixth Amendment on June 28, 2001. Seventh Amendment on May 29, 2002. Eighth Amendment on June 29, 2004. Ninth Amendment on June 12, 2006. Tenth Amendment on January 10, 2007. Eleventh Amendment on June 13, 2008. Twelfth Amendment on June 25, 2010. Thirteenth Amendment on June 24, 2011. Fourteenth Amendment on June 5, 2012. Fifteenth Amendment on June 6, 2016. Sixteenth Amendment on May 26, 2017. Seventeenth Amendment on June 29, 2022.

Appendix 2 DAVICOM Semiconductor, Inc. Rules of Procedure for Shareholder Meetings

Rules of Procedure for Shareholder Meetings

Article 1	To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
Article 2	The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
Article 3	<p>(Convening shareholders meetings and shareholders meeting notices) Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.</p> <p>Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>
Article 4	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>
Article 5	<p>(Principles determining the time and place of a shareholders meeting) The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>
Article 6	<p>(Preparation of documents such as the attendance book) This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>

Article 7	<p>(The chair and non-voting participants of a shareholders meeting)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.</p> <p>It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.</p> <p>If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.</p> <p>This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.</p>
Article 8	<p>(Documentation of a shareholders meeting by audio or video)</p> <p>This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>
Article 9	<p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>
Article 10	<p>(Discussion of proposals)</p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>he chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.</p>
Article 11	<p>(Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>
Article 12	<p>(Calculation of voting shares and recusal system)</p> <p>Voting at a shareholders meeting shall be calculated based the number of shares.</p> <p>With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</p> <p>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.</p> <p>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</p> <p>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>

Article 13	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>
Article 14	<p>(Election of directors and supervisors)</p> <p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>
Article 15	<p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.</p>
Article 16	<p>(Public disclosure)</p> <p>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</p>
Article 17	<p>(Maintaining order at the meeting place)</p> <p>Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."</p> <p>At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.</p> <p>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>
Article 18	<p>(Recess and resumption of a shareholders meeting)</p> <p>When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</p> <p>If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.</p> <p>A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.</p>
Article 19	<p>These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.</p> <p>Amendments: 1st :2007/01/10 2nd:2011/06/24 3rd :2013/06/10 4th :2021/06/07</p>

Appendix 3

Current shareholding of Directors and Independent Directors

Record Date: March 31, 2024

Title	Name	Current shareholding	Shareholding ratio
Chairman	Ting Hao	2,119,000	2.55%
Director	Goodyears Investments Ltd.	3,982,475	4.79%
Director	Tzay Hua Ltd.	1,480,652	1.78%
Director	Yun-Ping Lin	900,000	1.08%
Independent Director	Chang-Yue Ueng	150,000	0.18%
Independent Director	Jen-Jyh Hwang	0	0.00%
Independent Director	Niang-Shou Wei	4,000	0.00%
Total Shares of Directors Hold		8,636,127	10.38%
Total Shares of Supervisors Hold		Not Applicable	

1. DAVICOM Total Issued Shares (as of March 31, 2024): 83,117,089 shares
2. Total Shares of Directors Required (as of March 31, 2024): 6,649,368 shares
3. Total Shares of Directors Hold: 8,482,127shares (Not including Independent Director).
4. The company has set up an audit committee, so there is no application of the number of shares that the supervisor is legally required to hold.