

Stock Code: 6188

Quanta Storage Inc.
2024 Annual Meeting of
Shareholders
Handbook

June 07, 2024

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Quanta Storage Inc.
Agenda of 2024 Annual Meeting of Shareholders

- I. Time and date: 9:00 a.m. on June 07 (Friday), 2024**
- II. Location:** 3F, No 2, Fuxing 1st Rd., Guishan District., Taoyuan City 33380, Taiwan(R.O.C)
(Fullon Hotel Taoyuan Airport Access MRT A8)
- III. Convening method:** Physical shareholders' meeting
- IV. Chairperson calls the meeting to order**
- V. Chairperson's address**
- VI. Report items**
 - (I) 2023 Business Report
 - (II) Audit Committee's Review Report on the 2023 Financial Statements.
 - (III) Report on the 2023 distribution of remuneration to employees and directors.
 - (IV) Report on the 2023 distribution of cash dividend.
- VII. Ratification items**
 - (I) Adoption of the 2023 Business Report and Financial Statements.
 - (II) Proposal for the 2023 Earning Distribution of the Company.
- VIII. Extemporary motions**
- IX. Adjournment**

Note: For this annual meeting of shareholders, each ratification will proceed by vote, and voting and counting will be conducted separately after all proposals have been discussed.

[Report Items]

Item 1 Proposed by the board of directors

Proposal: Please accept the 2023 Business Report.

Description: Please refer to Appendix 1 of this handbook for the Business Report. <Refer to Pages 5–7 of this handbook>.

Item 2 Proposed by the board of directors

Proposal: Please approve the Audit Committee's Review Report on the 2023 Financial Statements.

Description: Please refer to Appendix 2 of this handbook for the Audit Committee's 2023 Review Report. <Refer to Page 8 of this handbook>.

Item 3 Proposed by the board of directors

Proposal: Please approve the report on the 2023 distribution of remuneration to employees and directors.

Description:

- (I) According to the Article 25 of the Articles of Incorporation, If the Company has gained profit within a fiscal year, no less than 5% of the profits shall be reserved as the employees' remuneration and no more than 3% shall be reserved as the directors' remuneration. However, if the Company still has accumulated losses, an amount shall first be reserved to cover the losses. The previous stated remuneration to the employees may be made by stock or cash.
- (II) A distribution of employees' remuneration of NT\$85,914,096 in cash is suggested, while no suggestion to distribute directors' remuneration is made.
- (III) The aforementioned amount is distributed fully in cash, and there is no difference in the amount of distribution and the estimated amount of the expense.
- (IV) This proposal has been approved by the remuneration committee and the board of directors.

Item 4

Proposed by the board of directors

Proposal: Please review the report on the 2023 distribution of cash dividend.

Description:

- (I) In accordance with the Company Act and the Articles 25-1 of the Articles of Incorporation.
- (II) The board of directors of our company resolved on March 4, 2024, to distribute a cash dividend for the fiscal year 2023 of NT\$890,748,512 per share of common stock, with a distribution of NT\$3.20 per share.
- (III) If an amendment of laws and regulations, an adjustment made by the regulator, or buyback of shares by the Company affects the number of outstanding shares and the distribution ratio needs to be adjusted, the chairman shall be authorized to make adjustments to the interest rate and relevant matters.
- (IV) The cash dividend distribution is counted in dollars (rounded down to the dollar) and the fractional amount will be counted into other income of the Company.

[Ratification items]

Item 1

Proposed by the board of directors

Proposal: Please ratify the 2023 Business Report and Financial Statements.

Description:

- (I) The Company's 2023 Financial Statements and Consolidated Financial Statements were audited and certified by CPAs LIEN, SHU-LING and CHEN,YI-CHUN from KPMG Certified Public Accountants, and they have released an audit report with an unqualified opinion. Aforementioned documents, business report and statement of retained earnings were also reviewed by the Audit Committee and approved by the board of directors, and are here presented to the Meeting for shareholders to ratify.
- (II) Please refer to Appendix 1 and Appendix 3 for the 2023 Business Report, Audits Report and Financial Statements. <Refer to Pages 5–7 and 9–22 of this handbook>

Resolution:

Item 2

Proposed by the board of directors

Proposal: Please approve the allocation of 2023 distributable earnings.

Description:

- (I) The distribution of distributable earnings for 2023 was reviewed by the Audit

Committee and approved by the board of directors. The amount of 2023 distributable earnings is derived from net income after tax and setting aside a 10% legal capital reserve. An amount of distributable earnings of NT\$890,748,512 is proposed to be distributed in accordance with the distribution ratio provided in Article 25-1 of the Articles of Incorporation.

(II) Details of retained earning as follows:

Quanta Storage Inc.
The 2023 Statement of Retained Earnings

Unit: NT\$

Item	Amount	
Undistributed surplus at the beginning of the period		1,766,837,055
Add: Total other comprehensive income		243,866
Undistributed surplus at the beginning of the period after adjustment		1,767,080,921
Add: Net income after tax for the period	1,112,063,407	
Reversal of special reserves	<u>52,540,731</u>	1,164,604,138
Less: Legal reserve from surplus	<u>(111,230,727)</u>	(111,230,727)
Distributable net profit		2,820,454,332
Distribution items		
Common stock cash (NT\$3.20 dividend per share)		(890,748,512)
Unappropriated retained earnings at the end of the period		1,929,705,820

Note: Distribution will be made with 2023 retained earnings; if this is insufficient, distribution may be made with accumulated retained earnings from previous years.

Chairperson:

Manager:

Accounting Supervisor:

Resolution:

[Extemporary Motions]

[Adjournment]

Appendix 1

Business Report

2023 was a year of significant change. Despite the easing of the COVID pandemic, ongoing conflicts such as the Russia-Ukraine war and the China-US trade tensions, along with geopolitical crises like the situation in the Middle East and the Red Sea, led to energy, food, and transportation crises, while also keeping inflation persistently high. Major global economies adopted a policy of raising interest rates to control inflation, resulting in drastic shifts in the global economy. Not only did corporate investments freeze, but end-consumer demand also plummeted, impacting consumer electronics products in particular, which experienced an unusual decline in recent years. Faced with this volatile economic landscape, the challenges posed to corporate management and adaptability were profound.

Over the past year, despite the significant changes in the economic environment and the rapid slowdown in demand for consumer electronics products, Quanta storage has managed to harness the strength of our team, working together diligently to overcome each challenge. While our annual revenue saw a slight decline, we were still able to maintain stable profitability.

The summary of the 2023 operational performance and 2024 operation prospects is as follows:

I. 2023 Operating Results and Plan

For operating and revenue, the company had a consolidated revenue of NT\$10,376,033 thousand, a 14.38% decreased compared to the NT\$12,118,494 thousand of 2022. Gross profit of 2023 was NT\$2,655,060 thousand, an decreased of 2.98% compared to last year. Earnings per share were NT\$4.00. The financial summary as follows:

Unit: NT\$ thousand; %

Account	2023	2022	Increase / decrease amount	Increase / decrease %
Operating revenue	10,376,033	12,118,494	(1,742,461)	(14.38)
Gross profit	2,655,060	2,736,526	(81,466)	(2.98)
Net income from operations	1,150,880	1,092,574	58,306	5.34
Current period net profit	1,113,311	1,120,077	(6,766)	(0.60)

Note: According to the CPA's audited consolidated financial statement.

		Unit: %	
Item		2023	2022
Financial structure	Ratio of liabilities to assets	32.67	33.73
	Ratio of long-term capital to property, plant and equipment	449.92	468.64
Debt service ability	Current ratio	253.82	277.94
	Quick ratio	238.33	244.27
Profitability	Assets return ratio	7.89	7.91
	Equity return ratio	11.78	12.40
	Net profit ratio	10.73	9.24

Note: According to the CPA's audited consolidated financial statement.

The company's ratio of liabilities to assets of these two years are 32.67% and 33.73%, respectively. Ratio of long-term capital to property, plant and equipment of these two years are 449.92% and 468.64%, respectively. As the ratio of long-term capital to property, plant and equipment is much higher than 100%, it shows that the long-term capital can fulfill the need of property, plant and equipment and the financial structure is solid. As for solvency, the quick ratio and current ratio being greater than 100% shows that the working capital can fulfill the need of current liabilities. In terms of profitability, both asset turnover, return on equity, and net profit margin are comparable to the previous year.

This operational success is built upon a solid financial foundation, represented by our strong Quanta storage financial standing. In recent years, we have continuously adjusted our product portfolio to adapt to market changes and trends. We have also maintained a commitment to investing in the development and application of new products, ensuring the company's competitiveness. Simultaneously, we have been consistently optimizing management efficiency and accelerating the adoption of automation to enhance manufacturing technology. Furthermore, we have harnessed the collaborative strength of our team to navigate the uncertainties of the larger business environment, ensuring the company's sustained profitability.

2024 Operating Prospects

2024 is a year filled with challenges and opportunities. In addition to the ongoing economic impacts stemming from international geopolitical conflicts, the industry transformation led by AI offers boundless innovative applications and potential business opportunities. Quanta storage not only maintains a strong financial foundation but also actively fosters innovation and deepens collaboration with customers and suppliers. Simultaneously, we are refining manufacturing techniques and accelerating the implementation of automation to enhance our corporate competitiveness. Looking ahead to 2024, the road remains filled with both challenges and opportunities. We believe that with the collective efforts of all our employees, we can continue to grow steadily and create corporate value. We extend our gratitude to our shareholders for their consistent support and encouragement.

Chairperson: HO, SHI-CHI

Manager: CHANG, CHIA-FENG

Accounting Supervisor: LEE, CHIH-JEN

Appendix 2

**Quanta Storage Inc.
Audit Committee Report**

Hereby Approved,

The Board of Directors has prepared and submitted to us the Company's 2023 Business Report, Financial Statements, Consolidated Financial Statements and Proposal for Allocation of Distributable Earnings. The Financial Statements and Consolidated Financial Statements have been audited and certified by CPAs LIEN,SHU-LING and CHEN,YI-CHUN from KPMG Certified Public Accountants. We hereby produce this report in accordance with provisions specified in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereinafter submit it for your review.

Quanta Storage Inc.

Chairperson of the Audit Committee: WANG, KUAN-SHEN

March 04, 2024

Appendix 3



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Quanta Storage Inc.:

Opinion

We have audited the financial statements of Quanta Storage Inc. (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its 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 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Please refer to Note (4)(o) for accounting policies of revenue recognition and refer to Note (6)(r) for explanation of significant accounts.

Description of the key audit matter:

Sales revenue is the main indicator for investors and management to evaluate the financial statements or business performance of the Company. Revenue recognized at the point of time correctly is significant for the financial statements. Therefore, the timing for revenue recognition has been identified as a key audit matter.



How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the accounting policy of revenue recognition and confirming whether the accounting treatment is in line with the Accounting Standard regulations; reviewing relevant shipping documents and forms during a period before and after the balance sheet date to ensure that sales revenue is recognized in the appropriate period in the financial statements.

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lien, Shu-Ling and Chen, Yi-Chun.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
QUANTA STORAGE INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (Note (6)(a))	\$ 1,293,254	10	848,092	7	2120			
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	2,664,377	20	1,117,973	8	2140			
1120 Current financial assets at fair value through other comprehensive income (Note (6)(c))	876,896	6	796,388	6	2170			
1170 Notes and accounts receivable, net (Note (6)(e))	2,176,518	16	2,499,737	19	2180			
1200 Other receivables, net (Note (6)(e))	68,319	1	145,947	1	2230			
1210 Other receivables due from related parties, net (Notes (6)(e) and (7))	48,235	-	42,056	-	2250			
1310 Inventories (Note (6)(f))	772	-	78	-	2280			
1476 Other current financial assets (Note (6)(k))	67,960	-	335,440	3	2300			
1479 Other current assets, others	17,850	-	17,832	-	2365			
	<u>7,214,181</u>	<u>53</u>	<u>5,803,543</u>	<u>44</u>				
Non-current assets:								
1535 Non-current financial assets at amortised cost, net (Note (6)(d))	230,000	2	-	-	2570			
1550 Investments accounted for using equity method (Note (6)(g))	5,454,251	40	6,728,100	51	2580			
1600 Property, plant and equipment (Note (6)(h))	523,878	4	520,460	4	2670			
1755 Right-of-use assets (Note (6)(i))	39,161	-	60,787	-				
1780 Intangible assets (Note (6)(j))	7,441	-	7,684	-				
1840 Deferred tax assets (Note (6)(o))	171,845	1	159,464	1				
1980 Other non-current financial assets (Note (8))	5,851	-	5,492	-				
	<u>6,432,427</u>	<u>47</u>	<u>7,481,987</u>	<u>56</u>				
Total assets	<u>\$ 13,646,608</u>	<u>100</u>	<u>13,285,530</u>	<u>100</u>				
Liabilities and Equity								
Current liabilities:								
Current financial liabilities at fair value through profit or loss (Note (6)(b))	\$ 3,803	-	-	-				
Current contract liabilities (Note (6)(r))	370,382	3	261,905	2				
Accounts payable	26,186	-	57,372	1				
Accounts payable to related parties (Note (7))	2,290,512	17	2,240,242	17				
Other payables	627,321	5	661,715	5				
Current tax liabilities	355,714	2	132,450	1				
Current provisions (Notes (6)(m) and (9))	242,821	2	233,817	2				
Current lease liabilities (Note (6)(l))	24,043	-	23,331	-				
Other current liabilities	250,988	2	266,172	2				
Current refund liabilities	12,989	-	25,934	-				
	<u>4,204,759</u>	<u>31</u>	<u>3,902,938</u>	<u>30</u>				
Non-Current liabilities:								
Deferred tax liabilities (Note (6)(o))	186,895	1	377,367	3				
Non-current lease liabilities (Note (6)(l))	15,510	-	37,638	-				
Other non-current liabilities, others	157	-	2,414	-				
	<u>202,562</u>	<u>1</u>	<u>417,419</u>	<u>3</u>				
Total liabilities	<u>4,407,321</u>	<u>32</u>	<u>4,320,357</u>	<u>33</u>				
Equity attributable to owners of parent (Notes (4), (6)(g) and (p)):								
Ordinary share	2,783,589	21	2,783,589	21				
Capital surplus	1,748,975	13	1,888,140	14				
Retained earnings	4,806,961	35	4,446,223	33				
Other equity interest	(100,238)	(1)	(152,779)	(1)				
	<u>9,239,287</u>	<u>68</u>	<u>8,965,173</u>	<u>67</u>				
Total liabilities and equity	<u>\$ 13,646,608</u>	<u>100</u>	<u>13,285,530</u>	<u>100</u>				

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
QUANTA STORAGE INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating Revenues:				
4110	Sales revenue (Notes (6)(r) and (7))	\$ 9,153,569	100	10,802,656	100
4190	Less: Sales discounts and allowances	664	-	1,520	-
4170	Sales returns	138	-	431	-
	Operating revenue, net	<u>9,152,767</u>	<u>100</u>	<u>10,800,705</u>	<u>100</u>
	Operating costs:				
5110	Cost of sales (Notes (6)(f) and (7))	<u>7,585,653</u>	<u>83</u>	<u>9,454,822</u>	<u>88</u>
	Gross profit from operations	<u>1,567,114</u>	<u>17</u>	<u>1,345,883</u>	<u>12</u>
	Operating expenses:				
6100	Selling expenses	129,715	1	159,223	1
6200	Administrative expenses	141,953	2	207,781	2
6300	Research and development expenses	293,185	3	305,661	3
6450	Expected credit gain (Note (6)(e))	<u>(21,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>543,546</u>	<u>6</u>	<u>672,665</u>	<u>6</u>
	Net operating income	<u>1,023,568</u>	<u>11</u>	<u>673,218</u>	<u>6</u>
	Non-operating income and expenses:				
7100	Interest income (Note (6)(t))	53,968	1	12,326	-
7010	Other income (Note (6)(t))	40,476	-	64,191	1
7020	Other gains and losses, net (Note (6)(t))	48,089	1	157,826	1
7050	Financial costs (Note (6)(t))	(720)	-	(1,609)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (6)(g))	<u>183,267</u>	<u>2</u>	<u>422,654</u>	<u>4</u>
		<u>325,080</u>	<u>4</u>	<u>655,388</u>	<u>6</u>
	Net operating income	<u>1,348,648</u>	<u>15</u>	<u>1,328,606</u>	<u>12</u>
7950	Less: Income tax expense (Note (6)(o))	<u>236,585</u>	<u>3</u>	<u>239,531</u>	<u>2</u>
	Profit for the period	<u>1,112,063</u>	<u>12</u>	<u>1,089,075</u>	<u>10</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (Note (6)(n))	-	-	3,802	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(p))	80,508	1	(18,038)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	198	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that will not be reclassified subsequently to profit or loss	<u>80,706</u>	<u>1</u>	<u>(14,236)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note (6)(p))	(27,531)	-	233,392	2
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(390)	-	-	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>(27,921)</u>	<u>-</u>	<u>233,392</u>	<u>2</u>
8300	Other comprehensive income, net of tax	<u>52,785</u>	<u>1</u>	<u>219,156</u>	<u>2</u>
	Total comprehensive income	<u>\$ 1,164,848</u>	<u>13</u>	<u>1,308,231</u>	<u>12</u>
	Earnings per share (Note (6)(q))				
9750	Basic earnings per share (in New Taiwan dollars)	<u>\$ 4.00</u>		<u>3.91</u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 3.98</u>		<u>3.87</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
QUANTA STORAGE INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Share capital Ordinary shares	Capital surplus	Retained earnings		Unappropriated retained earnings	Exchange on differences on translation of foreign financial statements	Total other equity interest (losses) from financial assets measured at fair value, through other comprehensive income	Total equity
			Legal reserve	Special reserve				
Balance at January 1, 2022	\$ 2,783,589	2,027,242	1,565,929	410,473	2,017,169	(303,142)	(64,991)	8,436,269
Profit for the year ended December 31, 2022	-	-	-	-	1,089,075	-	-	1,089,075
Other comprehensive income	-	-	-	-	3,802	233,392	(18,038)	219,156
Comprehensive income	-	-	-	-	1,092,877	233,392	(18,038)	1,308,231
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	99,685	-	(99,685)	-	-	-
Special reserve	-	-	-	(42,340)	42,340	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(640,225)	-	-	(779,404)
Others	-	77	-	-	-	-	-	77
Balance at December 31, 2022	2,783,589	1,888,140	1,665,614	368,133	2,412,476	(69,750)	(83,029)	8,965,173
Profit for the year ended December 31, 2023	-	-	-	-	1,112,063	-	-	1,112,063
Other comprehensive income	-	-	-	-	244	(27,921)	80,462	52,785
Comprehensive income	-	-	-	-	1,112,307	(27,921)	80,462	1,164,848
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	109,424	-	(109,424)	-	-	-
Special reserve	-	-	-	(215,354)	215,354	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(751,569)	-	-	(890,748)
Others	-	14	-	-	-	-	-	14
Balance at December 31, 2023	\$ 2,783,589	1,748,975	1,775,038	152,779	2,879,144	(97,671)	(2,567)	9,239,287

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 1,348,648	1,328,606
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	34,487	25,318
Amortization expense	9,349	10,716
Expected credit gain	(21,307)	-
Net profit on financial assets or liabilities at fair value through profit or loss	(56,782)	(74,363)
Interest expense	720	1,609
Interest income	(53,968)	(12,326)
Dividend income	(35,942)	(35,698)
Share of profit of subsidiaries and associates accounted for using equity method	(183,267)	(422,654)
Gains from lease modification	-	(831)
Total adjustments to reconcile profit (loss)	<u>(306,710)</u>	<u>(508,229)</u>
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(1,485,819)	(858,249)
Notes and accounts receivable	344,526	39,531
Other receivables	78,784	(23,068)
Other receivables due from related parties	(6,179)	45,625
Inventories	(694)	5,515
Net defined benefit asset	-	49,135
Other operating assets	(18)	(6,039)
Total changes in operating assets	<u>(1,069,400)</u>	<u>(747,550)</u>
Total changes in operating liabilities:		
Contract liabilities	108,477	6,226
Accounts payable	(31,186)	(33,381)
Accounts payable to related parties	50,270	252,757
Other payables	(28,328)	133,922
Provisions	9,004	10,004
Other current liabilities	(15,184)	118,354
Refund liabilities	(12,945)	(456)
Other non-current liabilities	(2,257)	(5,150)
Total changes in operating liabilities	<u>77,851</u>	<u>482,276</u>
Total changes in operating assets and liabilities	<u>(991,549)</u>	<u>(265,274)</u>
Total adjustments	<u>(1,298,259)</u>	<u>(773,503)</u>
Cash inflows generated from operations	50,389	555,103
Interest received	52,812	14,504
Dividends received	35,942	35,698
Interest paid	(720)	(1,692)
Income taxes paid	(216,174)	(273,975)
Net cash flows (used in) from operating activities	<u>(77,751)</u>	<u>329,638</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(230,000)	-
Proceeds from capital reduction of investments accounted for using equity method	-	891,216
Dividends received from investments accounted for using equity method	1,429,393	-
Acquisition of property, plant and equipment	(20,340)	(125,364)
Acquisition of intangible assets	(9,106)	(8,355)
Decrease in other financial assets	267,121	798,935
Net cash flows from investing activities	<u>1,437,068</u>	<u>1,556,432</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(387,520)
Return of dividends over the years	14	77
Payment of lease liabilities	(23,421)	(18,219)
Cash dividends paid	(890,748)	(779,404)
Net cash flows used in financing activities	<u>(914,155)</u>	<u>(1,185,066)</u>
Net increase in cash and cash equivalents	445,162	701,004
Cash and cash equivalents at beginning of period	848,092	147,088
Cash and cash equivalents at end of period	<u>\$ 1,293,254</u>	<u>848,092</u>

See accompanying notes to parent company only financial statements.



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Quanta Storage Inc.:

Opinion

We have audited the consolidated financial statements of Quanta Storage Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Please refer to Note (4)(o) for accounting policies of revenue recognition and refer to Note (6)(s) for explanation of significant accounts.

Description of the key audit matter:

Sales revenue is the main indicator for investors and management to evaluate the financial statements or business performance of the Group. Revenue recognized at the point of time correctly is significant for the financial statements. Therefore, the timing for revenue recognition has been identified as a key audit matter.



How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the accounting policy of revenue recognition and confirming whether the accounting treatment is in line with the accounting standard regulations; reviewing relevant shipping documents and forms during a period before and after the balance sheet date to ensure that sales revenue is recognized in the appropriate period in the financial statements.

Other Matter

Quanta Storage Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lien, Shu-Ling and Chen, Yi-Chun.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (Note 6(a))	\$ 2,019,785	14	2,032,187	14	2120			
1110 Current financial assets at fair value through profit or loss (Note 6(b))	3,420,744	24	1,121,680	8	2130			
1120 Current financial assets at fair value through other comprehensive income (Note 6(c))	905,308	6	796,388	6	2171			
1170 Notes and accounts receivable, net (Notes 6(e) and (7))	2,533,359	18	2,762,374	20	2200			
1200 Other receivables (Note 6(e))	96,810	-	179,820	1	2230			
1220 Current tax assets	610	-	22,244	-	2250			
1310 Inventories (Note 6(f))	640,563	5	1,344,098	10	2280			
1476 Other current financial assets (Notes 6(a), (b) and (8))	1,364,832	10	3,093,540	22	2300			
1479 Other current assets, others	115,895	1	123,581	1	2365			
	<u>11,097,906</u>	<u>78</u>	<u>11,475,912</u>	<u>82</u>				
Non-current assets:								
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	-	-	794	-	2570			
1535 Non-current financial assets at amortised cost, net (Note 6(d))	476,224	3	-	-	2580			
1550 Investments accounted for using equity method (Note 6(g))	21,792	-	21,941	-	2640			
1600 Property, plant and equipment (Note 6(h))	2,193,244	16	2,117,303	15	2670			
1755 Right-of-use assets (Note 6(i))	122,652	1	159,902	1				
1780 Intangible assets (Note 6(j))	20,959	-	22,946	-				
1840 Deferred tax assets (Note 6(o))	255,373	2	226,839	2				
1980 Other non-current financial assets (Note 8))	28,810	-	24,468	-				
1995 Other non-current assets, others	23,296	-	1,442	-	3110			
	<u>3,142,350</u>	<u>22</u>	<u>2,575,635</u>	<u>18</u>	3200			
					3300			
					3400			
					36XX			
Total assets	<u>\$ 14,240,256</u>	<u>100</u>	<u>14,051,547</u>	<u>100</u>				
Liabilities and Equity								
Current liabilities:								
Current financial liabilities at fair value through profit or loss (Note 6(b))	\$ 3,803	-	-	-				
Current contract liabilities (Note 6(s))	400,301	3	327,688	2				
Accounts payable (Note 7)	2,124,166	15	2,123,933	15				
Other payables	1,020,826	8	1,009,560	8				
Current tax liabilities	397,389	3	181,058	1				
Current provisions (Note 6(m))	299,817	2	283,971	2				
Current lease liabilities (Note 6(l))	63,974	-	63,280	-				
Other current liabilities	44,797	-	109,000	1				
Current refund liabilities	17,241	-	30,430	-				
	<u>4,372,314</u>	<u>31</u>	<u>4,128,920</u>	<u>29</u>				
Non-Current liabilities:								
Deferred tax liabilities (Note 6(o))	189,231	2	497,078	4				
Non-current lease liabilities (Note 6(l))	52,425	-	89,882	1				
Net defined benefit liability, non-current (Note 6(o))	1,359	-	1,367	-				
Other non-current liabilities, others	37,525	-	21,639	-				
	<u>280,540</u>	<u>2</u>	<u>609,966</u>	<u>5</u>				
Total liabilities	<u>4,652,854</u>	<u>33</u>	<u>4,738,886</u>	<u>34</u>				
Equity attributable to owners of parent (Notes 6(c) and (p)):								
Ordinary share	2,783,589	20	2,783,589	20				
Capital surplus	1,748,975	12	1,888,140	13				
Retained earnings	4,806,961	34	4,446,223	32				
Other equity	(100,233)	(L)	(152,779)	(L)				
	<u>9,239,287</u>	<u>65</u>	<u>8,965,173</u>	<u>64</u>				
Total equity attributable to owners of parent:	<u>348,115</u>	<u>2</u>	<u>347,488</u>	<u>2</u>				
Non-controlling interests	<u>9,587,402</u>	<u>67</u>	<u>9,312,661</u>	<u>66</u>				
Total equity	<u>\$ 14,240,256</u>	<u>100</u>	<u>14,051,547</u>	<u>100</u>				

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QUANTA STORAGE INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

	<u>2023</u>		<u>2022</u>	
	Amount	%	Amount	%
Operating Revenues:				
4110 Sales revenue (Notes (6)(s) and (7))	\$ 10,376,033	100	12,118,494	100
Operating costs:				
5110 Cost of sales (Note (6)(f))	<u>7,720,973</u>	<u>74</u>	<u>9,381,968</u>	<u>77</u>
Gross profit from operations	<u>2,655,060</u>	<u>26</u>	<u>2,736,526</u>	<u>23</u>
Operating expenses:				
6100 Selling expenses	473,467	5	513,074	4
6200 General and administrative expenses	413,972	4	461,098	4
6300 Research and development expenses	638,446	6	670,673	6
6450 Expected credit gain (Note (6)(e))	<u>(21,705)</u>	<u>-</u>	<u>(893)</u>	<u>-</u>
	<u>1,504,180</u>	<u>15</u>	<u>1,643,952</u>	<u>14</u>
Net operating income	<u>1,150,880</u>	<u>11</u>	<u>1,092,574</u>	<u>9</u>
Non-operating income and expenses:				
7100 Interest income (Note (6)(u))	137,246	2	79,582	-
7010 Other income (Note (6)(u))	35,942	-	56,509	-
7020 Other gains and losses, net (Note (6)(u))	85,888	1	191,303	2
7050 Financial costs (Note (6)(u))	<u>(3,245)</u>	<u>-</u>	<u>(4,183)</u>	<u>-</u>
7070 Share of loss of associates accounted for using equity method (Note (6)(g))	<u>(149)</u>	<u>-</u>	<u>(7,570)</u>	<u>-</u>
	<u>255,682</u>	<u>3</u>	<u>315,641</u>	<u>2</u>
Profit before income tax	<u>1,406,562</u>	<u>14</u>	<u>1,408,215</u>	<u>11</u>
7950 Less: Income tax expense (Note (6)(o))	<u>293,251</u>	<u>3</u>	<u>288,138</u>	<u>2</u>
Profit	<u>1,113,311</u>	<u>11</u>	<u>1,120,077</u>	<u>9</u>
8300 Other comprehensive income (loss):				
8310 Items that may not be reclassified subsequently to profit or loss				
8311 Gains on remeasurements of defined benefit plans(Note (6)(n))	381	-	3,802	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(p))	80,450	-	(18,038)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may not be reclassified subsequently to profit or loss	<u>80,755</u>	<u>-</u>	<u>(14,236)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation (Note (6)(p))	(28,755)	-	234,508	2
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(28,755)</u>	<u>-</u>	<u>234,508</u>	<u>2</u>
8300 Other comprehensive income (after tax)	<u>52,000</u>	<u>-</u>	<u>220,272</u>	<u>2</u>
8500 Total comprehensive income	<u>\$ 1,165,311</u>	<u>11</u>	<u>1,340,349</u>	<u>11</u>
Profit (loss) attributable to:				
8610 Owners of parent	\$ 1,112,063	11	1,089,075	9
8620 Non-controlling interests	<u>1,248</u>	<u>-</u>	<u>31,002</u>	<u>-</u>
	<u>\$ 1,113,311</u>	<u>11</u>	<u>1,120,077</u>	<u>9</u>
Comprehensive income (loss) attributable to:				
8710 Owners of parent	\$ 1,164,848	11	1,308,231	11
8720 Non-controlling interests	<u>463</u>	<u>-</u>	<u>32,118</u>	<u>-</u>
	<u>\$ 1,165,311</u>	<u>11</u>	<u>1,340,349</u>	<u>11</u>
Earnings per share (Note (6)(r))				
9750 Basic earnings per share (in New Taiwan Dollars)	<u>\$ 4.00</u>		<u>3.91</u>	
9850 Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 3.98</u>		<u>3.87</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Non-controlling interests	Total equity	
	Share capital			Other equity						
	Ordinary shares	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Total equity			
		Capital surplus	Legal reserve					Special reserve	Unappropriated retained earnings	
\$	2,783,589	2,027,242	1,565,929	410,473	2,017,169	(303,142)	(64,991)	8,436,269	315,370	8,751,639
	-	-	-	-	1,089,075	-	-	1,089,075	31,002	1,120,077
	-	-	-	-	3,802	233,392	(18,038)	219,156	1,116	220,272
	-	-	-	-	1,092,877	233,392	(18,038)	1,308,231	32,118	1,340,349
	-	-	99,685	-	(99,685)	-	-	-	-	-
	-	-	-	(42,340)	42,340	-	-	-	-	-
	-	(139,179)	-	(640,225)	(640,225)	-	-	(779,404)	-	(779,404)
	-	77	-	-	-	-	-	77	-	77
	2,783,589	1,888,140	1,665,614	368,133	2,412,476	(69,750)	(83,029)	8,965,173	347,488	9,312,661
	-	-	-	-	1,112,063	-	-	1,112,063	1,248	1,113,311
	-	-	-	-	244	(27,921)	80,462	52,785	(785)	52,000
	-	-	-	-	1,112,307	(27,921)	80,462	1,164,848	463	1,165,311
	-	-	109,424	-	(109,424)	-	-	-	-	-
	-	-	-	(215,354)	215,354	-	-	-	-	-
	-	(139,179)	-	-	(751,569)	-	-	(890,748)	-	(890,748)
	-	-	-	-	-	-	-	-	164	164
	-	14	-	-	-	-	-	14	-	14
\$	2,783,589	1,748,975	1,775,038	152,779	2,879,144	(97,671)	(2,567)	9,239,287	348,115	9,587,402

Balance at January 1, 2022

Profit for the year ended December 31, 2022

Other comprehensive income for the year ended December 31, 2022

Comprehensive income for the year ended December 31, 2022

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends on ordinary shares

Others

Balance at December 31, 2022

Profit for the year ended December 31, 2023

Other comprehensive income for the year ended December 31, 2023

Comprehensive income for the year ended December 31, 2023

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends on ordinary shares

Changes in non-controlling interests

Others

Balance at December 31, 2023

See accompanying notes to consolidated financial statements.

QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 1,406,562	1,408,215
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	350,143	351,587
Amortization expense	20,632	21,723
Expected credit gain	(21,705)	(893)
Net profit on financial assets or liabilities at fair value through profit or loss	(59,382)	(74,553)
Interest expense	3,245	4,183
Interest income	(137,246)	(79,582)
Dividend income	(35,942)	(35,698)
Share of loss of associates accounted for using equity method	149	7,570
Losses on disposal of property, plan and equipment	8,247	7,344
Impairment loss on non-financial assets	-	27,488
Expenses on employee stock options	164	-
Losses (gains) from lease modification	516	(1,814)
Total adjustments to reconcile profit (loss)	<u>128,821</u>	<u>227,355</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(2,235,085)	(798,364)
Notes and accounts receivable	245,159	170,053
Other receivables	81,013	2,541
Inventories	689,964	521,648
Net defined benefit asset	-	49,135
Other current assets	6,412	18,323
Total changes in operating assets	<u>(1,212,537)</u>	<u>(36,664)</u>
Changes in operating liabilities:		
Contract liabilities	72,605	(14,115)
Accounts payable	34,996	(686,616)
Other payables	13,830	20,114
Provisions	15,846	5,707
Other non-current liabilities	(63,247)	8,945
Net defined benefit liability	373	1,367
Refund liabilities	(13,189)	(9,660)
Total changes in operating liabilities	<u>61,214</u>	<u>(674,258)</u>
Total changes in operating assets and liabilities	<u>(1,151,323)</u>	<u>(710,922)</u>
Total adjustments	<u>(1,022,502)</u>	<u>(483,567)</u>
Cash inflows generated from operations	384,060	924,648
Interest received	139,129	69,268
Dividends received	35,942	35,698
Interest paid	(3,245)	(4,283)
Income taxes paid	(393,097)	(291,218)
Net cash flows from operating activities	<u>162,789</u>	<u>734,113</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(28,470)	-
Acquisition of financial assets at amortised cost	(476,224)	-
Acquisition of property, plant and equipment	(366,084)	(725,774)
Proceeds from disposal of property, plant and equipment	2,026	2,385
Acquisition of intangible assets	(18,617)	(18,970)
Decrease in other financial assets	1,707,225	940,375
Increase in other non-current assets	(22,174)	(439)
Increase in other non-current liabilities	12,199	-
Net cash flows from investing activities	<u>809,881</u>	<u>197,577</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(442,899)
Return of dividends over the years	14	77
Payment of lease liabilities	(69,537)	(68,328)
Cash dividends paid	(890,748)	(779,404)
Net cash flows used in financing activities	<u>(960,271)</u>	<u>(1,290,554)</u>
Effect of exchange rate changes on cash and cash equivalents	(24,801)	47,971
Net decrease in cash and cash equivalents	<u>(12,402)</u>	<u>(310,893)</u>
Cash and cash equivalents at beginning of period	<u>2,032,187</u>	<u>2,343,080</u>
Cash and cash equivalents at end of period	<u>\$ 2,019,785</u>	<u>2,032,187</u>

See accompanying notes to consolidated financial statements.

Appendix 4

**Quanta Storage Inc.
Shareholdings of all directors**

Record date: April 09, 2024

Title	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Type	Shares	Shareholding ratio (%)	Type	Shares	Shareholding ratio (%)	
Chairperson	HO, SHI-CHI	June 07, 2023	Ordinary share	1,143,097	0.41%	Ordinary share	1,143,097	0.41%	
Director	Representative of Quanta Computer Inc.: Alan Tsai								
Director	Representative of Quanta Computer Inc.: C.T. Huang	June 07, 2023	Ordinary share	82,881,664	29.78%	Ordinary share	82,881,664	29.78%	
Director	Representative of Quanta Computer Inc.: Elton Yang								
Independent Director	WANG, KUAN-SHEN	June 07, 2023	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent Director	TSAI, YEOU-JYH	June 07, 2023	Ordinary share	60,000	0.02%	Ordinary share	60,000	0.02%	
Independent Director	CHEN, YEN-HAU	June 07, 2023	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
	Total			84,084,761			84,084,761		

Total shares issued on June 07, 2023: 278,358,910

Total shares issued on April 09, 2024: 278,358,910

Note: 1. The company's directors are required to hold in aggregate no less than 12,000,000 shares. The company's directors together held 84,024,761 shares as of April 09, 2024.

2. The Company has established an Audit Committee, therefore the requirement for supervisors to hold shares is not applicable

3. Shares held by independent directors are not included in the calculation of combined shares held by all directors

Appendix 5

Quanta Storage Inc.

Rules of Procedure for Shareholder Meetings

Amended on June 9, 2015

- Article 1: Shareholders' meetings of the Company shall be conducted in accordance with these rules of procedure. Any matter not stated in these rules of procedure shall be handled in accordance with relevant laws and regulations.
- Article 2: Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meeting based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- The Company shall furnish the attending shareholder and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- Article 3: The attendance and voting are calculated on the basis 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.
- Article 4: The meeting shall be held at the premises of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 4-1: When the company convenes a shareholders' meeting, the company shall prepare a manual for shareholders' meeting proceedings and shall disclose such manual together with other information related to the said shareholders' meeting in a public notice to be published 15 days prior to the scheduled meeting date of that shareholders' meeting.
- Time, method, content and compliance requirement of the notice stated in the previous paragraph shall be handled in accordance with the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.
- Article 4-2: A shareholder holding one percent or more of the total number of issued shares may submit to the company 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 more item will be included in the meeting agenda. 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. Prior to the date of issuance of the notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results. In the handbook of the shareholders meeting, the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- If the proposal is accepted prior to the date of the shareholders' meeting, and the shareholder who made the proposal is absent from the meeting and did not request a proxy to deliver their opinion, the chair may set aside the proposal immediately and no further discussion and voting shall be carried out.
- When shareholders make proposals as provided in Article 172-1 of the Company Act that are accepted into the agenda for the ordinary shareholders' meeting, if there are similar proposals, the chairperson may combine them and handle them in full compliance with Article 18 of these Rules.
- Article 5: If the meeting is convened by the board of directors, the chairperson of the board of directors shall chair the meeting. If the chairperson of the board of directors is on leave or absent or for any reason cannot exercise their power and authority, the vice chairperson shall act on their behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or for any reason unable to exercise their power and authority, the chairperson of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on their behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the board of directors.

If the meeting is convened by a party with the power to convene other than the board of directors, the convening party shall chair the meeting.

Article 6: The company may appoint its attorneys, CPAs, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 7: Audio or video recordings shall be made of the entire process of the meeting and these recordings shall be preserved for a least one year.

Article 8: The chairperson 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 after two postponements no quorum can yet be constituted but the shareholders present at the meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with paragraph 1 of Article 175 of the Company Act.

If during the process of the meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairperson may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.

Article 9: If the meeting is convened by the board of directors, the agenda of the meeting shall be set by the board of directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the meeting is convened by any person, other than the board of directors, entitled to convene such meeting.

Unless otherwise resolved at the meeting, the chairperson cannot announce adjournment of the meeting before all the matters for discussion (including extemporary motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairperson and continue the meeting in the same or a different place after the meeting is adjourned. However, in the event that the chairperson adjourns the meeting in violation of these rules of procedure, the shareholders may designate, by a majority of the votes represented by shareholders attending the meeting, one person as chairperson to continue the meeting.

Article 10: When a shareholder present at the meeting wishes to speak, a speech note should be filled out with a summary of the speech, the shareholder's number (or the number of attendance card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairperson.

If any shareholder present at the meeting submits a speech note but does not speak, the shareholder shall be deemed to not have spoken. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairperson and the shareholder speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise the chairperson shall stop such interruption.

Article 11: Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes, but it may be extended once for 3 minutes with the consent of the chairperson.

If the shareholder's speech violates the rules of previous paragraphs or exceeds the scope of the agenda item, the chairperson may terminate the speech.

Article 12: Any legal entity designated as proxy by a shareholder to present at the meeting may appoint only one representative to attend the meeting.

If two or more representatives of a corporate shareholder are designated to attend the meeting, only one representative can speak for each discussion item.

Article 13: After an attending shareholder has spoken, the chair may respond or direct relevant personnel to

respond.

- Article 14: When the chairperson deems that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
- Article 15: 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 the company. The result of voting shall be announced at the meeting and records shall be maintained.
- Article 16: During the meeting, the chairperson may, at their discretion, announce a break.
- Article 17: Except as otherwise provided in the Company Act and the 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, if no objections are made by the shareholders present after inquiry by the chairperson and no electronic votes are cast against a proposal, such proposal is deemed to be adopted with the same effect as if it had been adopted through a voting process.
- Article 18: If there is an amendment or alternative to one motion, the chairperson may combine the amendment or alternative into the original motion, and determine their order for resolution. If any one of the amended or alternative motions is resolved, the others shall be considered as rejected, upon which no further resolution shall be required.
- Article 19: The chairperson may conduct the disciplinary officers (or security guards) to assist in maintaining order at the meeting place. Such disciplinary officers (or security guards) shall wear armbands marked "Disciplinary Officers" for identification purposes. When a shareholder disturbs the order of a meeting and dissuading the shareholder has no effect, the chairperson may direct the disciplinary officers (or security guards) to escort the shareholder from the meeting.
- Article 20: Matters not stipulated herein shall be handled in accordance with the Company Act and other rules.
- Article 21: These rules of procedures shall be effective from the date they are approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 6

Quanta Storage Inc. Articles of Incorporation

[Section I] General Provisions

- Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act , and its name shall be Quanta Storage Inc. (Quanta Storage Inc. in English Language)
- Article 2: The scope of business of the company shall be as follows:
1. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing;
 2. CC01120 Data Storage Media Manufacturing and Duplicating;
 3. CC01080 Electronics Components Manufacturing;
 4. CE01030 Optical Instruments Manufacturing;
 5. F113050 Wholesale of Computers and Clerical Machinery Equipment;
 6. F118010 Wholesale of Computer Software;
 7. F119010 Wholesale of Electronic Materials;
 8. F401010 International Trade;
 9. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing;
 10. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import;
 11. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering;
 12. CB01010 Mechanical Equipment Manufacturing;
 13. F113010 Wholesale of Machinery;
 14. F213080 Retail Sale of Machinery and Tools;
 15. F219010 Retail Sale of Electronic Materials;
 16. JA02010 Electric Appliance and Electronic Products Repair;
 17. CC01110 Computer and Peripheral Equipment Manufacturing;
 18. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may provide guarantees, if necessary.
- Article 4: When the company invests in other company as a shareholder, it shall not be subject to the restriction of Article 13 of the Company Act.
- Article 5: The head office of the Company shall be in Taoyuan City. Pursuant to the resolutions adopted by the board of directors, the Company may, if necessary, establish branches or factories at home or abroad.
- Article 6: Any and all public announcements to be made by the company shall comply with Article 28 of the Company Act.

[Section II] Capital Stock

- Article 7: The total authorized capital stock of the company is Three Billion and Eight Hundred Million New Taiwan dollars, divided into Three Hundred Eighty Thousand shares with a par value of Ten New Taiwan dollars. The board of directors is authorized to issue the unissued shares in installments, of which Ten Million shares are reserved for issuance of employee stock options.

Where the price of the employee stock options is set to be lower than the closing price of the Company's common stock on the date that the options are issued, the Company may grant the options, by over two-thirds of the votes in the shareholders' meeting attended by a majority of shares represented by the shareholders present at the meeting.

The shares are to be transferred to employees at a price lower than the average price of the shares actually bought back and shall be adopted by a majority vote at a meeting of shareholders

attended by shareholders representing two-thirds or more of the total number of the outstanding shares of the Company.

The company's issuing of new restricted employee shares shall be approved at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.

The subject of the company's issuing of employee stock options, transferring bought back shares to employees and issuing of new restricted employee shares may include employees of companies controlled by the company or subsidiaries of the company meeting certain specific requirements. The specific requirements shall be specified by the board of directors.

Article 8: All share certificates issued by the Company shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws. The company may issue registered stock without printing share certificates or may combine and print multiple shares in one share certificate, provided that any shares shall be recorded by a centralized securities custodian or placed under the custody of such custodian.

Article 9: The administration of shareholder services shall be handled in accordance with relevant laws and regulations.

[Section III] Shareholder Meetings

Article 10: Shareholders' meetings may be ordinary meetings or extraordinary meetings and may be convened in accordance with the Company Act and applicable laws.

A notice to convene an ordinary meeting shall be given to the shareholders no later than thirty days prior to the scheduled meeting date; while a notice to convene an extraordinary meeting shall be given to the shareholders no later than fifteen days prior to the scheduled meeting date. Such notice shall specify the meeting date, place and reason for convening such meetings. Such notice may be made by a public announcement to shareholders holding less than 1,000 registered shares.

Article 10-1 The Company may convene the shareholder's meeting by video or in other methods announced by the competent authority.

Article 11: A shareholder who for any reason cannot attend a shareholders' meeting may appoint a proxy to attend the meeting by delivering a proxy form printed by the company specifying the scope of authority in accordance with the Company Act and the "Regulations Governing Use of Proxies by Public Companies for Attendance at Shareholders Meeting" issued by the competent authority in charge of securities affairs.

Article 12: The chairperson of the board of directors shall chair the Shareholders' Meeting unless otherwise provided by the Company Act. If the chairperson of the board of directors is on leave or absent or for any reason cannot exercise their power and authority, the vice chairperson shall act on their behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or for any reason unable to exercise their power and authority, the chairperson of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on their behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the board of directors.

The shareholders' meeting shall be held in accordance with the Company's Procedure for Shareholder Meetings.

Article 13: Each shareholder shall be entitled to one vote for each share owned, except for shareholders who under Article 179, paragraph 2 of the Company Act have no voting rights.

Article 14: Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

When the Company convenes a shareholders' meeting, shareholders may exercise their voting right by way of electronic transmission; the method of exercising their voting right shall be described in the shareholders' meeting notice and handled in accordance with relevant laws and regulations.

A shareholder who exercises their voting right at a shareholders meeting by way of electronic transmission as set forth in the preceding paragraph shall be deemed to have attended the said shareholders' meeting in person. However, their rights with respect to extemporary motions and amendments to original proposals of that meeting are considered waived.

[Section IV] Directors

Article 15: The company will have seven to nine directors. The election of directors shall adopt a candidate nomination system, and the shareholders shall elect from among the nominees listed in the roster of directors candidates. The term of office of each director shall be three years. The directors are eligible for reelection after the expiry of their term of office.

The number of independent directors of the Company shall not be less than three and not less than one-fifth of the total number of directors. The election of independent directors and non-independent directors shall be carried out simultaneously and be counted separately.

The professional qualifications, restrictions on shareholding and concurrent positions held, assessment of independence, method of nomination and appointment, exercising duties and rights and other matters for compliance with respect to independent directors shall be handled in accordance with Securities and Exchange Act and relevant regulations.

With the resolution approved by the board of directors, the company may take out liability insurance for its directors. The total shareholdings of all Directors shall meet the requirement as separately specified by the competent authority in charge of securities affairs, if any.

Article 16: The board of directors shall be organized by the directors. The board of directors shall elect a chairperson of the board of directors from among the directors by majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairperson of the board, if necessary for the business. The chairperson of the board of directors shall be the authorized representative of the company.

Article 17: Meetings of the board of directors shall be convened by the chairperson of the board of directors and shall be notified to each director seven days prior to the meeting date. In emergency circumstances, however, a meeting may be called on shorter notice.

Notification for the meetings of the board of directors of the previous paragraph may be communicated in writing, email or fax.

The chairperson of the board shall preside at all meetings of the board of directors. If the chairperson of the board of directors is on leave or absent or for any reason cannot exercise their power and authority, the vice chairperson shall act on their behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or for any reason unable to exercise their power and authority, the chairperson of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on their behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the board of directors.

If a meeting of the board of directors takes place via videoconference, then the directors taking part in such a videoconference shall be deemed to have attended the meeting in person.

Where a director is unable to attend the meeting of the board of directors, they appoint another director to attend the meeting by proxy with a proxy form setting forth the scope of authorization.

Article 18: Unless otherwise provided by the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 19: In compliance with Securities and Exchange Act, the Company shall establish an Audit Committee, which shall be composed of all the independent directors. The Committee shall not be fewer than three persons in number, one of whom shall be convener, and at least one of

whom shall have accounting or financial expertise.

Scope of responsibilities, organizational regulations and other compliance matters of the Company's Audit Committee shall be handled in accordance with relevant laws and regulations and the Articles of Incorporation.

Article 20: The board of directors may be compensated for their transportation or paid other allowance with the approval of the board of directors. The board of directors is authorized to determine the remuneration for directors based on the degree of their involvement in the Company's operations and the value of their contribution, after taking into account the prevailing rate in the industry.

[Section V] Managers

Article 21: The Company shall have several general managers and deputy general managers. The appointment, discharge and compensation shall be handled in accordance with Article 29 of the Company Act. The scope of managers' duties operating the Company and authority for signing documents shall be set by the board of directors.

[Section VI] Accounting

Article 22: The fiscal year of the Company starts on January 1 and ends on December 31. Account closure shall be undertaken at the end of fiscal year.

Article 23: At the end of the fiscal year, the Company's board of directors shall prepare and submit to the shareholders' meeting the following documents for ratification:

- I. Business report.
- II. Financial statements.
- III. Surplus earning distribution or loss off-setting proposals.

Article 24: Distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. The Company shall not pay dividends or bonuses if there are no surplus earnings.

Article 25: If the Company has gained profit within a fiscal year, no less than 5% of the profit shall be reserved as the employees' compensation and no more than 3% shall be reserved as the directors' remuneration. However, if the Company still has accumulated losses, an amount shall first be reserved to cover the losses.

Employee's compensation as prescribed in the preceding paragraph is distributed in the form of stocks or cash, the employees qualifying for such distribution may include employees of companies controlled by the Company or subsidiaries of the Company meeting certain specific requirements. However, distribution to employees of subordinate companies shall only be by way of new shares issued by the Company. The specific requirements shall be specified by the board of directors.

Distribution of employees' compensation and directors' remuneration shall be approved by the board of directors and reported to the shareholders.

Article 25-1: When allocating profit for each fiscal year, the Company shall pay tax in accordance with the law and cover accumulated losses of previous years. If there is still a surplus, the Company shall set aside 10% as legal reserve, until the accumulated legal capital reserve equals the total capital of the Company; then, after adding or removing from a special capital reserve depending on the necessity for the Company's operations or relevant laws, it will be accumulated as distributable surplus together with the accumulated undistributed surplus of previous fiscal years. The board of directors is in charge of making a proposal for the amount and method of distributing retained earning to the shareholders' meeting in accordance to the Company's dividend policy. However, the issuing of dividends in cash shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and it shall be reported to the shareholders' meeting.

The cash dividend policy is established by board of directors on the basis of the Company's operating and investment plan, capital expenditure budget and the internal and external

business environment.

- Article 25-2: The dividend policy of the Company is as follows:
The Company may consider factors such as finance, business and management for the amount of earnings to distribute. Distribution of retained earnings in cash dividends take precedence, and can also be distributed in stock dividends. The Company is currently in a phase steady growth. However in consideration of financial planning and capital need, the Company uses a remaining dividends policy. The retained earnings will first be reserved as capital, and the remaining earnings are distributed in the form of cash dividends, and the total cash dividends per year will not less than 50% of the total dividends allocated in the current year.
- Article 25-3: The Company may, in accordance with Article 241 of the Company Act, issue part or all of the legal reserve and the capital reserve in proportion to the number of shares held by the original shareholders. It shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and it shall be reported to the shareholders' meeting.

[Section VII] Supplemental Provisions

- Article 26: The Company's charter and operational regulations shall be separately adopted by the board of directors.
- Article 27: For any matter that is not stipulated in these articles, the matter shall be conducted according to the Company Act.
- Article 28: These articles were created on February 3, 1999.
The first amendment was made on June 7, 2000.
The second amendment was made on September 11, 2000.
The third amendment was made on April 23, 2002.
The fourth amendment was made on June 12, 2003.
The fifth amendment was made on June 11, 2004.
The sixth amendment was made on June 14, 2005.
The seventh amendment was made on June 9, 2006.
The eighth amendment was made on June 11, 2007.
The ninth amendment was made on June 13, 2008.
The tenth amendment was made on June 19, 2009.
The eleventh amendment was made on June 14, 2010.
The twelfth amendment was made on June 9, 2015.
The thirteenth amendment was made on June 29, 2016.
The fourteenth amendment was made on June 13, 2017.
The fifteenth amendment was made on June 20, 2019.
The fifteenth amendment was made on June 14, 2022.