

**Stock Code : 3444**

**NICHING INDUSTRIAL  
CORPORATION**

**Handbook for the 2024  
Annual Meeting of  
Shareholders**

**Time: Jun 13st, 2024 ( Thursday ) , 10:00 am**

**Place: 2nd floor, 60 Tienpao Street, Taichung 407 Taiwan,  
R.O.C.(World Trade Center Taichung) ( Physical  
shareholders meeting)**

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# **2024 Annual Shareholders' Meeting Procedure**

I. Call the Meeting to Order

II. Chairman Remarks

III. Report on Company Affairs

IV. Adoptions

V. Proposed Resolution

VI. Questions and Motions

VII. Meeting Adjourned

# **NICHING INDUSTRIAL CORPORATION**

## **2024 Annual Shareholders' Meeting Agenda**

I、Time: 10:00a.m. on Jun 13st,2024 (Thursday)

II、Meeting type: Physical Meeting

2nd floor, 60 Tienpao Street, Taichung 407 Taiwan,  
R.O.C. (World Trade Center Taichung)

III、Call the Meeting to Order

IV、Chairman Remarks

V、Report on Company Affairs

1. 2023 business report ◦
2. 2023 Audit Committee's review report ◦
3. Reporting the balance of Lending Funds to Other Parties and Endorsement and Guarantees provided by NICHING as of the end of 2023. ◦
4. Report on 2023 Directors' Remuneration and Employees' Compensation ◦
5. Report on 2023 annual earnings distribution cash dividend ◦
6. Evaluation result for remuneration for directors and managerial officers of 2023. ◦

VI、Adoptions

1. Adoption of the 2023 Business Report and Financial Statements ◦
2. Adoption of the Proposal for Distribution of 2023 Earnings ◦

VII、Proposed Resolution

1. Capitalization of earnings by issuing new shares ◦

VIII、Questions and Motions

IX、Meeting Adjourned

# Report on Company Affairs

## **1. 2023 business report ◦**

2023 Business Report, please refer to Chinese version, Appendix 1, P.8-10 for details.

## **2. 2023 Audit Committee's review report ◦**

2023 Audit Committee's Review Report, please refer to Chinese version, Appendix 2, P.11 for details.

## **3. Reporting the balance of Lending Funds to Other Parties and Endorsement and Guarantees provided by NICHING as of the end of 2023 ◦**

Balance of Loaning of Funds and Making of Endorsements / Guarantees in the end of Dec. 2023 was zero.

## **4. Report on 2023 Directors' Remuneration and Employees' Compensation ◦**

- (1) According to Niching's company rulers.
- (2) Refer to the income before tax amount of 2023 is NTD111,843,323, suggest allocating remuneration of 5% for employees at NT\$6,019,555; and 2.1% for directors at NT\$2,528,212.

## **5. Report on 2023 annual earnings distribution cash dividend ◦**

- (1) The net income of 2023 is NT\$93,544,584. The distribution of cash dividends will be NT\$101,463,548 at NT\$2.3 each share; stock dividends will be NT\$8,822,910 at NT\$0.2 each share. Profits Distribution Statement of 2023.
- (2) This case was approved by the board of directors on March 7, 2023, to issue cash Dividend NT\$101,463,548, NT\$2.3 distributed per share Yuan.
- (3) Cash distributed to NT\$1, any odd amount less than NT\$1 distributed will be included in the company's other income.
- (4) After this case is approved by the shareholders' regular meeting, the board of directors will be authorized to set another ex-dividend basis date and related distribution matters.

(5) The report has been approved by the Audit Committee and will be submitted to Shareholders Meeting after approved by Board Meeting.

## **6. Evaluation result for remuneration for directors and managerial officers of 2023. ◦**

- (1) In accordance with the company's "Articles of Association", "Organizational Rules of the Salary and Remuneration Committee", "Remuneration Management Measures for Directors and Managers" and "Performance Evaluation of the Board of Directors""Evaluation Method" to evaluate the performance of individual directors and use the evaluation results as the basis for calculating the salary remuneration of individual directors.
- (2) According to the company's "Remuneration Management Measures for Directors and Managers" and "Employee Remuneration "Labor Management Measures" and "Performance Bonus Management Measures" for individual evaluation  
The performance of managers, and the evaluation results will be used as the salary of individual managers The basis for calculating salary remuneration.
- (3) Contents and amounts of performance evaluation results and salary remuneration of directors and managers  
The relevance and reasonableness of the amount have been reviewed by the Salary and Remuneration Committee.  
It is reasonable and the resolution of the board of directors was passed without objection.

# Adoptions

## **1. Adoption of the 2023 Business Report and Financial Statements °**

- (1) The Company's 2023 Parent-company-only & Consolidated Financial Statements were audited by independent auditors, Mr. Tseng, Done-yuin and Mr. Ting-Chien Su of Deloitte Taiwan. Also, Business Report and Financial Statements have been approved by the Board and examined by the supervisors of the Company.
- (2) The 2023 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1, P.8-10 and Appendix 3, P.12~P.31.

Resolution:

## **2. Adoption of the Proposal for Distribution of 2023 Earnings ° .**

- (1) The net income of 2023 is NT\$93,544,584. The distribution of cash dividends will be NT\$101,463,548 at NT\$2.3 each share; stock dividends will be NT\$8,822,910 at NT\$0.2 each share. Profits Distribution Statement of 2023.
- (2) Cash dividends will be distributed up to NT\$1, and odd amounts less than NT\$1 will be distributed. The amount shall be included in the company's other income.
- (3) After this case is approved by the regular meeting of shareholders, the board of directors will be authorized to set a new base date for ex-rights and dividends and related payment matters.
- (4) If the company subsequently changes its share capital and affects the number of outstanding shares, and the dividend rate of shareholders' allotment changes accordingly, the board of directors shall be authorized to handle it with full authority.

Resolution:

## **Proposed Resolution**

### **1. Capitalization of earnings by issuing new shares. °**

- (1) Allocate Stock Dividends from Available Retained Earnings to Shareholders of NT\$8,822,910, to Increase Capital by issuance of 882,291 new shares at NT\$10 per share. The stock dividend of 20 share for every 1000 shares.
- (2) In conjunction with the non-physical transfer operation, all shareholders who receive stocks through transfer of collective insurance will receive odd shares as specified in the preceding paragraph. The funds will be used to offset the expenses allocated by shareholders for collective insurance.
- (3) The rights and obligations of the new capital increase shares are the same as those of the issued shares. Once approved by the shareholders' regular meeting, the rights and obligations of the new shares will be granted. The board of directors has full authority to handle matters related to the subsequent capital increase.
- (4) Subsequent changes in the company's share capital affected the number of outstanding shares, and the shareholder allotment rate changed accordingly. When any action is taken, the shareholders' regular meeting shall be requested to authorize the board of directors to handle the matter with full authority.
- (5) If this capital increase proposal needs to be changed due to factual requirements or review by the competent authority, it is planned to submit a proposal to the shareholders. The Eastern Conference authorizes the Board of Directors to handle the matter.
- (6) The report has been approved by the Audit Committee and will be submitted to Shareholders Meeting after approved by Board Meeting.

Resolution:

## **Questions and Motions**

## **Meeting Adjourned**



NICHING INDUSTRIAL CORPORATION  
2023 Business Report

## I · Operating results

Thousands of NTD, Except Earnings Per Share

	2023	2022
Sales	838,853	876,778
Service revenue	137,544	183,620
Total operating revenue	976,397	1,060,398
GROSS PROFIT	255,756	310,949
Operating expenses	180,477	186,892
OPERATING INCOME	36,565	110,067
INCOME BEFORE INCOME TAX	111,844	234,124
NET INCOME	93,545	195,976
EARNINGS PER SHARE (EPS)	2.16	5.01

1. The operational layout has integrated the three areas of channel agency, self-owned advanced materials, and value-added reinvestment, transforming it into an integrated material supplier. However, the semiconductor industry boom in 2023 did not decline as quickly as expected. Compared with 2022 High-quality profit performance shows that profits decline first squat and then jump.
2. Changes in revenue/gross profit
  - (1) The capacity utilization rate of packaging and testing plants has increased quarter by quarter, but there is still a gap compared with 2022 and some product inventories remain unchanged. Continued adjustments resulted in a 8% decline in consolidated revenue in 2023, but it was still in line with expectations in terms of overall industry conditions. Driver IC-related products decreased by 3% annually, packaging and testing related products decreased by 7% annually, and semiconductor substrate products decreased by 32% annually. The gross profit margin dropped from 29% to 26%.
  - (2) The semiconductor carrier board category experienced the largest decline in performance in 2023. However, it continued to increase the proportion of logic carrier boards, optimize its product mix, and focus on high-performance computing and network communication application markets. It has climbed steadily quarter by quarter since the low point in 2023Q1.
  - (3) In-house advanced materials focus on nano-sintered silver glue, high thermal conductivity silver pastes and customized silver pastes, with revenue growing by 40%. In addition to the stable shipment of customized silver paste, high thermal conductivity silver pastes products have been officially certified by small power component customers, setting a new milestone for silver paste products and confirming the success of the development of its own technology.
3. Operating expenses are moderately reflected in employee rewards due to reduced profits, but we continue to expand the number of R&D personnel for our own products and R&D investment in testing and equipment, etc., led to a slight decrease in overall operating expenses of 3%.

4. Non-operating income and expenses decreased by 67%, mainly due to the decline of value-added reinvestment enterprises due to the downturn of China's economy and the decrease in exchange income less, profit contribution decreased by 41.06 million yuan, and exchange income of 39.45 million yuan in 2022 has disappeared, but cash After the capital increase, the capital was sufficient and interest income increased by 5.78 million yuan.
5. To sum up, the net profit after tax decreased by 102,431 thousand yuan compared with the same period last year, and EPS decreased by 57%.
6. The achievement rate of the after-tax net profit budget for 2023 was only 56%. This was due to the fact that the semiconductor boom did not bottom out as expected and the value-added transformation Investment returns also fell short of expectations.

Research and development status.

#### Nano sintered silver glue

We have developed low-temperature sintering silver glue with ultra-high thermal conductivity using our own technology, which can achieve lower sintering temperatures and is suitable for large-size chip packaging. It is used in high-end packaging products such as high-power components, high-speed computing components, and new energy vehicle semiconductor components.

At present, US customers have passed the certification and are actively expanding to more domestic and foreign customers to expand the market and product lines.

#### High thermal conductivity silver paste

High heat dissipation solid chip and interface thermal conductive materials used in LED/semiconductor packaging. With high heat dissipation ( $>30\text{W/mK}$ ) and high bonding strength, it provides packaged components to meet high life and high reliability requirements, such as automotive, HPC chips, etc.

It has been verified by Taiwan LED and power component manufacturers. Actively promote the introduction of client mass production to strive for more profits.

#### Customized silver paste

Based on many years of silver paste development experience, we can quickly develop customized products in response to customer needs. And continue to explore new application markets and transform them into future business sports. Currently, we have successfully developed a number of silver pastes for automotive electronics and sensing components, all of which have entered the mass production stage.

At present, automotive electronics customers are continuing to develop new products and are deeply exploring the existing optoelectronic market to develop diversified markets and increase the profitability and development of silver paste products.

Flame retardant, wear-resistant nylon 6/polyester masterbatch.

The effects of industrial trends have not yet materialized, and it was decided to stop the development of this project.

## II · Summary of 113 Business Plan

### Operating strategy

Based on integrity and innovation, we build a trustworthy and mutually beneficial enterprise that realizes our dreams.

### Expected sales quantity and its basis.

Due to the large variety of products and the large impact of product mix on sales volume, the product sales volume in 2024 is expected to be approximately 67,801,000 PCs.

### Important production and marketing policies

As the semiconductor industry slowly rebounds, coupled with the trend of advanced packaging and heterogeneous integration, Niching's main products related to packaging and testing, driver IC related, and semiconductor carrier boards are actively launching comprehensive profit improvement plans. The operational layout has integrated channel agents, self-owned advanced materials, and value-added investment to transform into an integrated material supplier. The expansion strategy of increasing the proportion of self-owned products and supplying multiple product groups is expected to become the future growth momentum of Niching. The production and marketing policies focus on the following:

-Developing own advanced materials: R&D and mergers and acquisitions.

#### 1. Own research and development:

The silver paste products are being promoted smoothly according to the development blueprint, and the technology is being extended. Low temperature sintering silver glue, high thermal conductivity silver Paste and customized silver paste have been used in RF-IC, consumer IC, LED rear lights, and touch panels for 2023. Board and cold chain temperature control system will be extended to ultra-high thermal conductivity TIM, high-power components and LED, The industrial layout of automotive diodes, interior electronic components and IoT electronic components is becoming increasingly complete.

#### 2. Acquisition of Heat Sink heating plate manufacturers:

Establish different Heat Sink electroplating processes, including electrolytic nickel plating & electroless nickel plating, and can undertake all There are encapsulation customer needs, and the service is more comprehensive to become the customer Heat Sink's safe, timely supply, One of the leading suppliers of high quality and high technology.

-Expand value-added investment: alliance-based mutually beneficial operations.

1. Niching and STNC (Simmtech Suzhou) strengthen and deepen their cooperative relationship in China. In addition to both In addition to existing products and customers, we are committed to exploring the Chinese System IC Substrate market to create a dual win. Niching's shareholding ratio in STNC will be increased from 30% to 49%, and the commission calculation has been reduced from cost the profit center commission rate was

increased, and the general manager of STNS was transferred to Niching Company for overall management. The cross-strait business teams and alliance operations are mutually beneficial, and the profit contribution will be significant from 2024.

2. Mutual support and deepening cooperation with Liteng Company of Japan's Enplas Group to grasp the substantial growth of 5G and HPC We will continue to invest in long-term opportunities and maintain a high market share in the high-end Socket market.

-Integrated Material Solutions: Product Line Expansion Strategies.

#### 1. Product line expansion

In addition to consolidating the existing driver IC-related, packaging and testing-related and carrier board-related product lines, we are also close to customer needs Seeking to expand market share and continue to penetrate the automotive market to optimize profitability. In addition, through dedicated sales the exhibition department expands its product lines, especially vacuum valves and cutting and grinding wheels that have obtained agency rights in 2023 New products will accelerate the acquisition of market share and substantial profit contribution.

#### 2.IC heat dissipation solution

In today's highly digitized era, the performance and heat dissipation requirements of IC chips are increasing day by day. Profit Machinery is committed to providing excellent IC cooling solutions, from TIM, Die attach, low-temperature sintering From silver to heat sinks, our products provide a full range of support for our customers' applications. through innovation With technology and continuous R&D efforts, we will continue to provide customers with efficient and reliable cooling solutions. solutions to help them stand out in a highly competitive market.

### III 、 Future company development strategy

Niching has entered its glorious 30th year. In the past 30 years, Niching has been committed to product research and development, market expansion and social contribution. It has not only achieved excellent results in business, but also played a positive role in society. In order to celebrate this important milestone, we organized a series of grand celebration activities, including Yushan Challenge, Sports Family Day, Sun Moon Lake Swimming, Charity Road Run and many other exciting activities. Gather internal employees and their families, as well as external customers and the public, to share the achievements and future vision of Niching Enterprises over the past 30 years. The theme of the celebration is "BE YOUNG! BEYOND!", which not only reflects the ever-lasting youthful vitality of LIKE, but also expresses LIKE's confidence and determination for future challenges.

Integrating channel agents, self-owned advanced materials, and value-added reinvestment, and transforming into an integrated material supplier to achieve synergy will be the company's long-term development strategy in the future.

IV 、Affected by the external competitive environment, regulatory environment and overall operating environment

The overall global economy has been affected by high inflation and the Russia-Ukraine war, which has suppressed consumption; the chip war between China and the United States, geopolitics is prevalent, and the United States, Europe, Japan, and South Korea are actively developing semiconductor independence; the sustainable development of corporate ESG, etc., are all related to the growth and decline of the semiconductor industry. Applications such as AI, 5G, and high-performance computing have continued to innovate in technology, driving advanced manufacturing processes and advanced packaging. Niching Company continues to strengthen its operating structure and deploy in multiple ways to respond to industry changes in a timely manner, seize business opportunities or avoid risks, maximize shareholder value, and attaches great importance to corporate governance to achieve sustainable business operations.

# Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and the Proposal for Distribution of 2023 Earnings. The CPA firm of Deloitte & Touche was retained to Audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and the Proposal for Distribution of 2023 Earnings 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.

Chairman of the Audit Committee :

SHIH,MING-TSUNG

CHANG,CHIA-HSING

TSAI,TU-MING

March 7th, 2024

**Independent Auditors' Report**

To the Board of Directors and  
Shareholders of NICHING INDUSTRIAL CORP. :

**Opinion**

We have audited the accompanying parent company only financial statements of Niching Industrial Corporation (the“Company”) and its subsidiaries (collectively the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are described as follows:

### **Commission Revenue Recognition**

The group recognizes commission revenue based on the degree of completion of services provided under contracts. Commission revenue is recognized by the company as an agent upon fulfilling contractual obligations, based on the expected right to commission revenue calculated according to the commission rate stipulated in the contract upon transfer of goods at the sales price. Since the transfer of goods is arranged by another party, and commission revenue represents a significant proportion of total operating income, the recognition of commission revenue is classified as a key audit matter. Refer to Notes 4, to the consolidated financial statements.

Our key audit procedures performed in respect of commission revenue recognition included the following:

1. We conducted control testing to understand the commission revenue recognition process and the design and implementation of related control systems;
2. We obtained commission contracts, orders, and shipment records provided by suppliers to confirm the authenticity of commission revenue recognition;

We Conducted calculations to verify the accuracy of commission revenue recognition.

### **Other Matter**

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

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

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



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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng, and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 7, 2024

#### Notice to Readers

*The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

ASSET	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 398,797	28	\$ 327,431	23
Notes receivable (Notes 4 and 5)	41	-	301	-
Trade receivables from unrelated parties(Notes 4, 5 and 7)	397,705	28	452,365	32
Trade receivables from related parties(Notes 4, 5 , 7 and 25)	45,727	3	79,882	6
Other receivables (Notes 4 and 25)	1,875	-	969	-
Inventories (Notes 4 and 8)	67,008	5	60,048	4
Other current assets	<u>7,061</u>	<u>-</u>	<u>5,933</u>	<u>-</u>
Total current assets	<u>918,214</u>	<u>64</u>	<u>926,929</u>	<u>65</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	64,603	5	52,425	4
Investments accounted for using the equity method (Notes 4 and 11)	198,831	14	204,822	14
Property, plant and equipment (Notes 4, 12 and 26)	223,341	16	226,154	16
Right-of-use assets (Notes 4 and 13)	8,997	1	4,668	-
Other intangible assets (Notes 4)	623	-	670	-
Deferred tax assets (Notes 4 and 21)	7,081	-	6,261	1
Prepaid investments	1,726	-	1,788	-
Other non-current assets (Notes 4)	<u>6,884</u>	<u>-</u>	<u>5,949</u>	<u>-</u>
Total non-current assets	<u>512,086</u>	<u>36</u>	<u>502,737</u>	<u>35</u>
<b>TOTAL</b>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 14 and 26)	\$ -	-	\$ 150,000	10
Notes payable	942	-	381	-
Trade payables	233,559	16	227,968	16
Other payables (Notes 15 and 20)	50,741	4	68,343	5
Current tax liabilities (Notes 4 and 21)	20,727	2	23,571	2
Lease liabilities - current (Notes 4, 13)	4,131	-	2,299	-
Other current liabilities	<u>4,170</u>	<u>-</u>	<u>7,275</u>	<u>1</u>
Total current liabilities	<u>314,270</u>	<u>22</u>	<u>479,837</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 21)	2,871	-	3,597	-
Lease liabilities - non-current (Notes 4 and 13)	5,058	-	2,477	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	20,833	2	22,689	2
Guarantee deposits	<u>799</u>	<u>-</u>	<u>803</u>	<u>-</u>
Total non-current liabilities	<u>29,561</u>	<u>2</u>	<u>29,566</u>	<u>2</u>
Total liabilities	<u>343,831</u>	<u>24</u>	<u>509,403</u>	<u>36</u>
<b>EQUITY</b>				
Ordinary shares	441,146	31	391,146	27
Capital surplus	261,106	18	56,611	4
Retained earnings				
Legal reserve	143,923	10	124,129	9
Unappropriated earnings	250,760	18	343,159	24
Other equity				
Exchange differences on translation of foreign financial statements	( 8,826)	( 1)	( 7,370)	( 1)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	<u>( 1,640)</u>	<u>-</u>	<u>12,588</u>	<u>1</u>
Total equity	<u>1,086,469</u>	<u>76</u>	<u>920,263</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>

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

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 18 and 25)				
Sales revenue	\$ 838,853	86	\$ 876,778	83
Service revenue	<u>137,544</u>	<u>14</u>	<u>183,620</u>	<u>17</u>
SALES	976,397	100	1,060,398	100
 COST OF GOODS SOLD (Notes 8 and 19)	<u>720,641</u>	<u>74</u>	<u>749,449</u>	<u>71</u>
 GROSS PROFIT	<u>255,756</u>	<u>26</u>	<u>310,949</u>	<u>29</u>
 OPERATING EXPENSES				
Selling and marketing expenses (Notes 19)	76,877	8	83,014	8
General and administrative expenses(Notes 19)	68,632	7	72,029	6
Research and development expenses(Notes 19)	34,714	3	31,249	3
Expected credit loss (Notes 4, 5 and 7)	<u>254</u>	<u>-</u>	<u>600</u>	<u>-</u>
Total operating expenses	<u>180,477</u>	<u>18</u>	<u>186,892</u>	<u>17</u>
 PROFIT FROM OPERATIONS	<u>75,279</u>	<u>8</u>	<u>124,057</u>	<u>12</u>
 NON-OPERATING INCOME AND EXPENSES(Notes 4)				
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	18,914	2	59,972	6
Interest income	7,323	1	2,517	-
Rental income	4,774	1	4,990	-
Dividend income	1,008	-	2,351	-
Other income (Note 25)	4,683	-	2,123	-
Net foreign exchange gain (Notes 27)	1,292	-	40,741	4
Finance costs (Notes 19)	( 1,066)	-	( 2,044)	-
Other expenses	<u>( 363)</u>	<u>-</u>	<u>( 583)</u>	<u>-</u>
Total non-operating income and expenses	<u>36,565</u>	<u>4</u>	<u>110,067</u>	<u>10</u>
 PROFIT BEFORE INCOME TAX	111,844	12	234,124	22
 INCOME TAX EXPENSE (Notes 4 and 21)	<u>18,299</u>	<u>2</u>	<u>38,148</u>	<u>4</u>
 NET PROFIT FOR THE YEAR	<u>93,545</u>	<u>10</u>	<u>195,976</u>	<u>18</u>

(Continued)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(\$ 15,008)	( 2)	\$ 2,508	-
Remeasurement of defined benefit plans (Note 16)	1,924	-	2,450	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	341	-	(1,572)	-
	<u>(12,743)</u>	<u>( 2)</u>	<u>3,386</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	( 475)	-	2,974	1
Exchange differences on translation, associates and joint ventures accounted for using equity method	( 981)	-	727	-
	<u>(1,456)</u>	<u>-</u>	<u>3,701</u>	<u>1</u>
Other comprehensive income for the year	<u>(14,199)</u>	<u>( 2)</u>	<u>7,087</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 79,346</u>	<u>8</u>	<u>\$ 203,063</u>	<u>19</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	93,545	10	195,976	18
Non-controlling interests	-	-	-	-
	<u>\$ 93,545</u>	<u>10</u>	<u>\$ 195,976</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (ATTRIBUTABLE TO:				
Owners of the Corporation	79,346	8	203,063	19
Non-controlling interests	-	-	-	-
	<u>\$ 79,346</u>	<u>8</u>	<u>\$ 203,063</u>	<u>19</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.16</u>		<u>\$ 5.01</u>	
Diluted	<u>\$ 2.16</u>		<u>\$ 4.98</u>	

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

(Concluded)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation					Other Equity		Total Equity
	Ordinary Shares (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 4 and 11)	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income (Note 4 and 9)	
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 391,146	\$ 56,611	\$ 110,643	\$ 5,711	\$ 242,962	(\$ 11,071)	\$ 11,162	\$ 807,164
Appropriation of 2021 earnings								
Legal reserve	-	-	13,486	-	(13,486)	-	-	-
Special reserve	-	-	-	(5,711)	5,711	-	-	-
Cash dividends	-	-	-	-	(89,964)	-	-	(89,964)
Net profit for the year ended December 31, 2022	-	-	-	-	195,976	-	-	195,976
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,960	3,701	1,426	7,087
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	197,936	3,701	1,426	203,063
BALANCE AT DECEMBER 31, 2022	391,146	56,611	124,129	-	343,159	(7,370)	12,588	920,263
Appropriation of 2022 earnings								
Legal reserve	-	-	19,794	-	(19,794)	-	-	-
Cash dividends	-	-	-	-	(167,635)	-	-	(167,635)
Issuance of ordinary shares for cash	50,000	198,995	-	-	-	-	-	248,995
Share-based payments arrangements	-	5,500	-	-	-	-	-	5,500
Net profit for the year ended December 31, 2023	-	-	-	-	93,545	-	-	93,545
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,539	(1,456)	(14,282)	(14,199)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	95,084	(1,456)	(14,282)	79,346
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(54)	-	54	-
BALANCE AT DECEMBER 31, 2023	\$ 441,146	\$ 261,106	\$ 143,923	\$ -	\$ 250,760	(\$ 8,826)	(\$ 1,640)	\$ 1,086,469

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

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 111,844	\$ 234,124
Adjustments for:		
Depreciation expenses	16,369	15,158
Amortization expenses	47	84
Expected credit loss	254	600
Finance costs	1,066	2,044
Interest income	( 7,323)	( 2,517)
Dividend income	( 1,008)	( 2,351)
Share-based compensation	5,500	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 18,914)	( 59,972)
Loss on disposal of property, plant and equipment	6	163
Impairment income recognized on non-financial assets	( 1,047)	( 2,046)
Unrealized foreign currency exchange loss	3,011	3,483
Amortization of prepayments	1,786	1,758
Changes in operating assets and liabilities		
Notes receivable	260	( 98)
Trade receivables	82,439	( 27,530)
Other receivables	( 796)	510
Inventories	( 5,913)	8,792
Prepayments	( 549)	( 1,973)
Other current assets	( 558)	116
Notes payable	561	( 461)
Trade payables	8,587	( 36,207)
Other payables	( 17,715)	11,172
Other current liabilities	( 3,103)	2,848
Net defined benefit liabilities	<u>68</u>	<u>303</u>
Cash generated from operations	174,872	148,000
Interest received	7,206	2,047
Interest paid	( 1,066)	( 2,044)
Income tax paid	<u>( 22,348)</u>	<u>( 35,068)</u>
Net cash generated from operating activities	<u>158,664</u>	<u>112,935</u>

(Continued)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(\$ 27,200)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	14	-
Proceeds from sale of financial assets at amortized cost	-	2,610
Payments for property, plant and equipment	( 6,900)	( 5,196)
Increase in refundable deposits	( 542)	( 1,237)
Payments for intangible assets	-	( 497)
Increase in other non-current assets	( 2,193)	( 2,026)
Increase in prepayments for machinery and equipment	( 2,525)	( 6,303)
Dividends received	<u>24,932</u>	<u>14,141</u>
Net cash generated from (used in) investing activities	<u>( 14,414)</u>	<u>1,492</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	170,000
Decrease in short-term borrowings	( 150,000)	( 146,671)
Decrease in guarantee deposit received	( 4)	( 455)
Repayment of the principal portion of lease liabilities	( 3,862)	( 3,018)
Dividends paid	( 167,635)	( 89,964)
Proceeds from issuance of ordinary shares	<u>248,995</u>	<u>-</u>
Net cash used in financing activities	<u>( 72,506)</u>	<u>( 70,108)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>( 378)</u>	<u>3,347</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>71,366</b>	<b>47,666</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>327,431</b></u>	<u><b>279,765</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 398,797</b></u>	<u><b>\$ 327,431</b></u>

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

(Concluded)



## **Independent Auditors' Report**

To the Board of Directors and  
Shareholders of NICHING INDUSTRIAL CORP. :

### **Opinion**

We have audited the accompanying parent company only financial statements of Niching Industrial Corporation (the“Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole,

and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements for the year ended December 31, 2023 are described as follows:

#### Commission Revenue Recognition

The company recognizes commission revenue based on the degree of completion of services provided under contracts. Commission revenue is recognized by the company as an agent upon fulfilling contractual obligations, based on the expected right to commission revenue calculated according to the commission rate stipulated in the contract upon transfer of goods at the sales price. Since the transfer of goods is arranged by another party, and commission revenue represents a significant proportion of total operating income, the recognition of commission revenue is classified as a key audit matter. Refer to Notes 4, to the parent company only financial statements.

Our key audit procedures performed in respect of commission revenue recognition included the following:

1. We conducted control testing to understand the commission revenue recognition process and the design and implementation of related control systems;
2. We obtained commission contracts, orders, and shipment records provided by suppliers to confirm the authenticity of commission revenue recognition;
3. We Conducted calculations to verify the accuracy of commission revenue recognition.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng, and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 7, 2024

#### Notice to Readers

*The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

## Niching Industrial Corporation

### BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 357,559	25	\$ 279,120	20
Notes receivable (Notes 4 and 5)	41	-	301	-
Trade receivables from unrelated parties(Notes 4, 5 and 7)	395,763	28	444,665	31
Trade receivables from related parties(Notes 4, 5 , 7 and 24)	45,733	3	80,863	6
Other receivables (Notes 4 and 24)	1,192	-	501	-
Inventories (Notes 4 and 8)	67,008	5	60,031	4
Other current assets	<u>5,969</u>	<u>-</u>	<u>5,434</u>	<u>-</u>
Total current assets	<u>873,265</u>	<u>61</u>	<u>870,915</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	64,603	5	52,425	4
Investments accounted for using the equity method (Notes 4 and 10)	243,805	17	257,024	18
Property, plant and equipment (Notes 4, 11 and 25)	222,347	16	224,995	16
Right-of-use assets (Notes 4 and 12)	5,426	-	4,283	-
Other intangible assets (Notes 4)	623	-	670	-
Deferred tax assets (Notes 4 and 20)	7,081	1	6,261	1
Prepaid investments	1,726	-	1,788	-
Other non-current assets (Notes 4)	<u>6,045</u>	<u>-</u>	<u>5,147</u>	<u>-</u>
Total non-current assets	<u>551,656</u>	<u>39</u>	<u>552,593</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 1,424,921</u>	<u>100</u>	<u>\$ 1,423,508</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 13 and 25)	\$ -	-	\$ 150,000	11
Notes payable	942	-	381	-
Trade payables to unrelated parties	233,477	17	224,826	16
Trade payables to related parties (Note 24)	2,111	-	1,539	-
Other payables (Notes 14, 19 and 24)	46,996	3	64,396	4
Current tax liabilities (Notes 4 and 20)	20,727	2	23,571	2
Lease liabilities - current (Notes 4, 12)	2,534	-	1,898	-
Other current liabilities	<u>4,137</u>	<u>-</u>	<u>7,068</u>	<u>-</u>
Total current liabilities	<u>310,924</u>	<u>22</u>	<u>473,679</u>	<u>33</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 20)	2,871	-	3,597	-
Lease liabilities - non-current (Notes 4 and 12)	3,025	-	2,477	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	20,833	2	22,689	2
Guarantee deposits	<u>799</u>	<u>-</u>	<u>803</u>	<u>-</u>
Total non-current liabilities	<u>27,528</u>	<u>2</u>	<u>29,566</u>	<u>2</u>
Total liabilities	<u>338,452</u>	<u>24</u>	<u>503,245</u>	<u>35</u>
<b>EQUITY</b>				
Ordinary shares	441,146	31	391,146	28
Capital surplus	261,106	18	56,611	4
Retained earnings				
Legal reserve	143,923	10	124,129	9
Unappropriated earnings	250,760	18	343,159	24
Other equity				
Exchange differences on translation of foreign financial statements	( 8,826)	( 1)	( 7,370)	( 1)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	( 1,640)	-	12,588	1
Total equity	<u>1,086,469</u>	<u>76</u>	<u>920,263</u>	<u>65</u>
<b>TOTAL</b>	<u>\$ 1,424,921</u>	<u>100</u>	<u>\$ 1,423,508</u>	<u>100</u>

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

# Niching Industrial Corporation

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 17 and 24)				
Sales revenue	\$ 833,256	86	\$ 854,561	83
Service revenue	<u>131,275</u>	<u>14</u>	<u>180,204</u>	<u>17</u>
SALES	964,531	100	1,034,765	100
COST OF GOODS SOLD (Notes 8 and 18)	<u>723,887</u>	<u>75</u>	<u>738,790</u>	<u>71</u>
GROSS PROFIT	<u>240,644</u>	<u>25</u>	<u>295,975</u>	<u>29</u>
OPERATING EXPENSES				
Selling and marketing expenses (Notes 18 and 24)	64,185	7	70,143	7
General and administrative expenses(Notes 18)	57,363	6	59,797	6
Research and development expenses(Notes 18)	34,714	3	31,249	3
Expected credit loss (Notes 4, 5 and 7)	<u>255</u>	<u>-</u>	<u>631</u>	<u>-</u>
Total operating expenses	<u>156,517</u>	<u>16</u>	<u>161,820</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>84,127</u>	<u>9</u>	<u>134,155</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES(Notes 4)				
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 10)	12,161	1	51,053	5
Interest income	6,233	1	1,997	-
Rental income	4,774	1	4,990	1
Dividend income	1,008	-	2,351	-
Other income (Note 24)	3,480	-	706	-
Net foreign exchange gain (Notes 26)	1,341	-	41,281	4
Finance costs	( 923)	-	( 1,989)	-
Other expenses	<u>( 357)</u>	<u>-</u>	<u>( 420)</u>	<u>-</u>
Total non-operating income and expenses	<u>27,717</u>	<u>3</u>	<u>99,969</u>	<u>10</u>

(Continued)

**Niching Industrial Corporation**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 111,844	12	\$ 234,124	23
INCOME TAX EXPENSE (Notes 4 and 20)	<u>18,299</u>	<u>2</u>	<u>38,148</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>93,545</u>	<u>10</u>	<u>195,976</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	( 15,008)	( 2)	2,508	-
Remeasurement of defined benefit plans (Note 15)	1,924	-	2,450	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>341</u>	<u>-</u>	<u>(1,572)</u>	<u>-</u>
	( 12,743)	( 2)	3,386	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	( 475)	-	2,974	1
Exchange differences on translation, associates and joint ventures accounted for using equity method	<u>(981)</u>	<u>-</u>	<u>727</u>	<u>-</u>
	<u>(1,456)</u>	<u>-</u>	<u>3,701</u>	<u>1</u>
Other comprehensive income for the year	<u>(14,199)</u>	<u>(2)</u>	<u>7,087</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 79,346</u>	<u>8</u>	<u>\$ 203,063</u>	<u>20</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 2.16</u>		<u>\$ 5.01</u>	
Diluted	<u>\$ 2.16</u>		<u>\$ 4.98</u>	

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

(Concluded)

# Niching Industrial Corporation

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Retained Earnings (Note 16)			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 4 and 10)	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income (Note 4 and 9)	
BALANCE AT JANUARY 1, 2022	\$ 391,146	\$ 56,611	\$ 110,643	\$ 5,711	\$ 242,962	(\$ 11,071)	\$ 11,162	\$ 807,164
Appropriation of 2021 earnings								
Legal reserve	-	-	13,486	-	(13,486)	-	-	-
Special reserve	-	-	-	(5,711)	5,711	-	-	-
Cash dividends	-	-	-	-	(89,964)	-	-	(89,964)
Net profit for the year ended December 31, 2022	-	-	-	-	195,976	-	-	195,976
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,960	3,701	1,426	7,087
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	197,936	3,701	1,426	203,063
BALANCE AT DECEMBER 31, 2022	391,146	56,611	124,129	-	343,159	(7,370)	12,588	920,263
Appropriation of 2022 earnings								
Legal reserve	-	-	19,794	-	(19,794)	-	-	-
Cash dividends	-	-	-	-	(167,635)	-	-	(167,635)
Issuance of ordinary shares for cash	50,000	198,995	-	-	-	-	-	248,995
Share-based payments arrangements	-	5,500	-	-	-	-	-	5,500
Net profit for the year ended December 31, 2023	-	-	-	-	93,545	-	-	93,545
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,539	(1,456)	(14,282)	(14,199)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	95,084	(1,456)	(14,282)	79,346
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(54)	-	54	-
BALANCE AT DECEMBER 31, 2023	\$ 441,146	\$ 261,106	\$ 143,923	\$ -	\$ 250,760	(\$ 8,826)	(\$ 1,640)	\$ 1,086,469

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



## Niching Industrial Corporation

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 111,844	\$ 234,124
Adjustments for:		
Depreciation expenses	14,484	13,327
Amortization expenses	47	84
Expected credit loss	255	631
Finance costs	923	1,989
Interest income	( 6,233 )	( 1,997 )
Dividend income	( 1,008 )	( 2,351 )
Share-based compensation	5,500	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 12,161 )	( 51,053 )
Impairment loss(income) recognized on non-financial assets	( 1,064 )	1,428
Unrealized foreign currency exchange loss	2,835	4,526
Amortization of prepayments	1,600	1,564
Changes in operating assets and liabilities		
Notes receivable	260	( 98 )
Trade receivables	77,719	( 28,001 )
Other receivables	( 640 )	237
Inventories	( 5,913 )	3,652
Prepayments	( 340 )	( 1,816 )
Other current assets	( 164 )	( 44 )
Notes payable	561	( 461 )
Trade payables	12,334	( 31,458 )
Other payables	( 17,518 )	9,614
Other current liabilities	( 2,931 )	2,639
Net defined benefit liabilities	68	303
Cash generated from operations	180,458	156,839
Interest received	6,233	1,997
Interest paid	( 923 )	( 1,989 )
Income tax paid	( 22,348 )	( 35,068 )
Net cash generated from operating activities	<u>163,420</u>	<u>121,779</u>

(Continued)

## Niching Industrial Corporation

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(\$ 27,200)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	14	-
Proceeds from sale of financial assets at amortized cost	-	2,610
Payments for property, plant and equipment	( 6,781)	( 4,586)
Increase in refundable deposits	( 490)	( 1,235)
Payments for intangible assets	-	( 497)
Increase in other non-current assets	( 2,008)	( 1,832)
Increase in prepayments for machinery and equipment	( 2,525)	( 6,303)
Dividends received	<u>24,932</u>	<u>14,141</u>
Net cash generated from (used in) investing activities	( <u>14,058</u> )	<u>2,298</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	170,000
Decrease in short-term borrowings	( 150,000)	( 146,671)
Decrease in guarantee deposit received	( 4)	( 456)
Repayment of the principal portion of lease liabilities	( 2,279)	( 1,403)
Dividends paid	( 167,635)	( 89,964)
Proceeds from issuance of ordinary shares	<u>248,995</u>	<u>-</u>
Net cash used in financing activities	( <u>70,923</u> )	( <u>68,494</u> )
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,439	55,583
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>279,120</u>	<u>223,537</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 357,559</u>	<u>\$ 279,120</u>

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

(Concluded)

## Articles of Incorporation

### Chapter 1 General Provisions

Article 1: This company shall be organized and named NICHING INDUSTRIAL CORPORATION in accordance with the provisions of the Company Law on Joint Stock Companies.

The English name of our company is NICHING INDUSTRIAL CORPORATION.

Article 2: The businesses operated by our company are as follows:

- one, CA04010 Surface treatment industry
- two, F107990 Other chemical products wholesale industry
- three, F113050 Wholesale of computers and office equipment
- Four, F119010 Electronic materials wholesale industry
- five, F207990 Other chemical retail trade
- six, F213030 Computer and office equipment retail industry
- seven, F219010 Electronic materials retail industry
- eight, F401010 International trade industry
- Nine, I301010 Information software services industry
- ten, JZ99050 Brokerage service industry
- eleven, CC01030 Electrical appliances and audio-visual electronic products manufacturing
- twelve, CC01080 Electronic component manufacturing
- Thirteen, CC01120 Data storage media manufacturing and reproduction industry
- fourteen, CC01110 Computer and peripheral equipment manufacturing industry
- fifteen, In addition to permitted businesses, businesses that are not prohibited or restricted ZZ99999 by laws and regulations may be operated.

Article 2-1 : The total amount of the company's reinvestment in other related enterprises may exceed 40% of the paid-in share capital, and is not subject to the restrictions on the total amount of reinvestment in Article 13 of the Company Law .

Article 2-2: The Company may provide external guarantees.

Article 3: The company has its head office in Taichung City. If necessary, it may, by resolution of the board of directors, establish branches at home and abroad in accordance with the law.

Article 4: The company's announcement method shall be handled in accordance with Article 28 of the Company Law.

Article 4-1 : When the company's stocks plan to cancel the public issuance, a special resolution of the shareholders' meeting shall be submitted, and this provision shall not be changed during the period of establishment and listing .

## Chapter 2 Shares

Article 5: The total capital of the company is set at NT \$700,000,000, divided into 70,000,000 shares of NT\$10 per share, and the board of directors is authorized to issue it in installments.

Within the first capital amount, NT\$50,000,000 is reserved for the issuance of employee stock option certificates, totaling 5,000,000 shares at NT\$10 per share, which may be issued in installments in accordance with the resolution of the board of directors.

When the company's shares are legally repurchasable by the company itself, the board of directors is authorized to do so in accordance with legal provisions. When a company issues shares, it is not required to print the shares, but it should contact the centralized securities depository institution for registration.

Article 6: The company's stock shall be in registered form, signed or stamped by three or more directors. Shares issued after the company's public issuance and issued by the competent authority in accordance with the law are exempt from printing stock certificates.

Article 7: The company's handling of stock affairs shall be handled in accordance with the "Stock Affairs Handling Guidelines for Companies with Public Issuance of Stocks" unless otherwise provided by laws and regulations.

Article 8: Delete.

Article 9: Delete.

Article 10: Delete.

Article 11: Changes in the shareholder register shall not be made within 60 days before the shareholders' regular meeting, within 30 days before the shareholders' extraordinary meeting, or within five days before the base date when the company decides to distribute dividends, dividends, or other benefits.

## Chapter 3 Shareholders Meeting

Article 12: Shareholders' meetings are divided into two types: regular meetings and extraordinary meetings. Regular meetings are convened at least once a year and within six months after the end of each fiscal year. Extraordinary meetings are convened in accordance with the law when necessary.

Article 12-1 : A regular meeting of shareholders shall be convened thirty days in advance, and an extraordinary meeting of shareholders shall be convened fifteen days in advance. The date, location, and reason for convening the meeting shall be notified to each shareholder and announced. The notice of convening a shareholders' meeting may be issued electronically if approved by the shareholders.

Article 13: If a shareholder is unable to attend the shareholders' meeting for any

reason, he or she may issue a power of attorney and entrust a proxy to attend in accordance with Article 177 of the Company Law.

Article 14: When a shareholders' meeting is held, the chairman shall be the chairman. In the absence of the chairman, the chairman shall designate a director to act as his/her proxy. If no such appointment is made, the directors shall nominate one person from each other to act as his/her proxy.

Article 15: Each shareholder of the company has one voting right per share, but those who occur in the company under the circumstances specified in Article 179 of the Company Law shall not have the right to vote.

Article 16: Unless otherwise provided by the Company Law, resolutions of the shareholders' meeting must be attended by shareholders representing more than half of the total number of issued shares and must be approved by more than half of the voting rights of the shareholders present.

Shareholders of the Company may exercise their voting rights electronically. Shareholders who exercise their voting rights electronically are deemed to be present in person, and relevant matters shall be handled in accordance with legal provisions.

The company's shareholders' meeting can be held via video conference or other methods announced by the central competent authority.

Article 17: The resolutions of the shareholders' meeting shall be recorded in minutes, signed or sealed by the chairman. The minutes of the meeting should record the year, month, day, venue, proceedings and results of the meeting, the name of the chairman and the method of resolution. The minutes should be distributed to all shareholders within 20 days after the meeting and should be kept permanently during the existence of the company. The minutes of proceedings referred to in the preceding paragraph may be distributed by announcement or electronic means.

#### Chapter 4 Directors

Article 18: The company shall have seven to eleven directors and shall adopt a candidate nomination system. The directors shall be elected from a list of candidates by the shareholders' meeting. The term of office shall be three years, and all directors may be re-elected. The Company may, during the director's term of office, purchase liability insurance for his liability for compensation in accordance with the law within the scope of his business execution.

The company's director election method adopts the registered cumulative voting method. Each share has the same voting rights as the number of directors to be elected. One person can be elected collectively, or several people can be elected separately.

Independent directors and non-independent directors should be nominated separately and elected together, and the number of

elected directors should be calculated separately.

Article 18-1 : There should be more than half of the directors of the company , and at least one should not have any of the following relationships .

1. Spouse.

2. Relatives within the second degree of affinity.

Article 18-2 : Among the above-mentioned directors of the company, at least three independent directors shall be selected by the shareholders' meeting from the list of candidates for independent directors. The professional qualifications, shareholdings, part-time restrictions, nomination and election methods and other matters that should be complied with by independent directors shall comply with the relevant regulations of the security's regulatory authority.

Article 19: When the vacancy reaches one-third of the number of directors, a shareholders' meeting shall be convened immediately to elect by-elections. Their term shall be limited to the period of filling the original term. If the vacancy of directors is less than the number of by-elections and a by-election is necessary, most of the directors elected shall be elected immediately. The person selected shall perform the duties on his/her behalf.

Article 20: When a director's term of office expires but fails to be re-elected, his/her duties will be extended until the time when a director is re-elected and takes office.

Article 21: The directors shall organize the board of directors to elect a chairman from each other with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present and may elect one from each other as the vice-chairman in the same manner. In accordance with laws, articles of association, shareholders' meetings and the board of directors execute all affairs of the company according to the resolutions.

Article 22: The company's operating policies and other important matters shall be decided by the board of directors.

Except for the convening stipulated in Article 203 of the Judiciary, the chairman shall convene and serve as the chairman. The chairman shall not perform his duties.

When the appointment is made, the chairman of the board of directors shall designate one director to act on his behalf. If no appointment is made, the directors shall nominate one person to act on his behalf.

Article 23: Unless otherwise provided by the Company Law, a board of directors meeting must be attended by more than half of the directors and must be conducted with the consent of more than half of the directors present. If a director is unable to attend for any reason, he or she must issue a power of attorney outlining the reasons for the convening. The scope of authorization includes entrusting other directors to attend the board of directors as proxy, but only one person is authorized by one person.

Article 23-1 : The board of directors shall be convened once every quarter. The

reason for the convening shall be clearly stated and all directors shall be notified seven days in advance; however, in case of emergency, the board of directors may be convened at any time. Board of Directors convenings can be held in writing, fax and email.

Article 24: The proceedings of the board of directors shall be recorded in minutes, signed or sealed by the chairman, and distributed to all directors within twenty days after the meeting. The minutes shall record the essentials of the proceedings and their results. The minutes shall be recorded with the attendance record. The director's signature book and the power of attorney for the proxy to attend shall be kept in the company. The board of directors can hold a video conference, and directors who participate in the meeting via video conference are deemed to be present in person.

Article 25: The company shall set up an audit committee in accordance with the provisions of the Securities and Exchange Law, consisting of all independent directors. Audit Committee and its members  
The exercise of the duties and powers of the officers and related matters shall be handled in accordance with the Company Law, the Securities and Exchange Law and the laws and regulations of other competent authorities.

#### Chapter 5 Managers and Staff

Article 26: The company has several general managers and deputy general managers, and their appointment, dismissal and remuneration shall be handled in accordance with the relevant provisions of the Company Law.

Article 27: Delete.

Article 28: Delete.

#### Chapter Six Final Accounts

Article 29: At the end of each fiscal year of the company, the board of directors shall prepare the following schedules and submit them to the audit committee for review thirty days before the regular shareholders' meeting and then submit them to the shareholders' meeting for approval: ( 1 ) Business report (2) Financial statements (3) ) Proposal on profit distribution or loss appropriation.

Article 30: If the company makes a profit during the year, it shall allocate no less than 2% for employee remuneration and no more than 3% for director and supervisor remuneration. However, if the company still has accumulated losses, it should reserve the compensation amount in advance.

The employee remuneration mentioned in the preceding paragraph may be in the form of stocks or cash, and the recipients of the benefits may include employees of affiliated companies who meet the conditions set by the board of directors.

Article 30-1 : In addition to withholding income tax in accordance with the law,

the company's net income after the annual final accounts should first make up for the losses of previous years, and then add items other than the current period's net profit after tax to the balance and include it in the current year's undistributed surplus. Ten percent of the amount shall be deposited as statutory surplus reserve, but this limit shall not apply when the statutory surplus reserve accumulation has reached the total capital of the company. The special surplus reserve shall be appropriated or transferred in accordance with laws or regulations of the competent authority . If there is a remaining balance, together with the accumulated undistributed earnings, the board of directors shall prepare a distribution proposal. If it is done by issuing new shares, it shall be submitted to the shareholders' meeting for resolution and then distributed. If it is done in the form of cash, it shall be resolved by the board of directors.

The Company distributes all or part of dividends and bonuses or statutory surplus reserves and capital reserves in the form of cash payments.

To do so , the board of directors may be authorized to do so with the attendance of more than two-thirds of the directors and the consent of more than half of the directors present.

and report to the shareholders' meeting.

The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs, domestic and foreign competition, and taking into account factors such as shareholders' interests. When distributing dividends to shareholders, it is based on the new distributable surplus in the current year. At least 40% of the total dividends shall be allocated to shareholders, which may be in the form of cash or stocks, of which cash dividends shall not be less than 10% of the total dividends.

Article 31: When directors of the company perform their duties for the company, the company may pay remuneration regardless of the company's operating profits or losses.

The remuneration authorizes the board of directors to make remuneration based on the degree of participation in the company's operations and the value of the contribution, which shall not exceed the usual level of peers certainly. If the company has a surplus, remuneration will be distributed in accordance with the provisions of Article 30.

#### Chapter 7 Supplementary Provisions

Article 32: The company's organizational regulations and service rules shall be separately determined by the board of directors.

Article 33: Matters not specified in these Articles of Association shall be handled in accordance with the Company Law and other legal provisions.



Article 34 :

This Article of Association was concluded on May 3, 1993.

The first revision was made on May 14, 1995.

The second amendment was made on August 26, 1998.

The third revision was on June 5, 2001.

The fourth amendment was made on May 22, 2002.

The fifth amendment was made on November 27, 2002.

The sixth amendment was made on July 18 , 2003.

The seventh revision was made on September 15,2003.

The eighth amendment was made on June 20 , 2005 .

The ninth amendment was made on June 22, 2006 .

The tenth revision was made at Dec 28,2006.

The eleventh revision was made at Mar 16,2007.

The twelfth amendment was made at Jun 28 ,2007.

The thirteenth amendment was made on June 19 ,2009.

The fourteenth amendment was made on June 15, 2012.

The fifteenth amendment was made on June 18, 2015.

The sixteenth amendment was made on June 21 , 2016.

The seventeenth amendment was made on June 14 , 2018 .

The 18th amendment was made on June 16, 2020.

The 19th amendment was made on June 15, 2022.

### 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

(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.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

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. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular 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.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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.

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 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers 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.

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.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

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.

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.

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.

#### Article 4

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.

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. 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.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation 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.

#### Article 5

(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.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

## Article 6

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

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. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

### 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.

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.

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.

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.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

## Article 6-1

(Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary

motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

## Article 7

(The chair and non-voting participants of a shareholders meeting)

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.

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.

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.

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.

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.

## Article 8

(Documentation of a shareholders meeting by audio or video)

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.

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.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

## Article 9

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, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose informatio

n concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

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. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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.

## Article 10

### (Discussion of proposals)

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.

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.

The 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 a greement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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.

## Article 11

### (Shareholder speech)

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.

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.

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.

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.

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.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

## Article 12

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

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.

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.

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.

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.

## Article 13

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.

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.

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.

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 or online, 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.

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. 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.

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.

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.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

#### Article 14

(Election of directors and supervisors)

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, and the names of directors and supervisors not elected and number of votes they received.

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.

#### Article 15

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.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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 deli



berations 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.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

## Article 16

(Public disclosure)

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, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

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 Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MO PS within the prescribed time period.

## Article 17

(Maintaining order at the meeting place)

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

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."

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.

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.

## Article 18

(Recess and resumption of a shareholders meeting)

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.

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.

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.

#### Article 19

(Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

#### Article 20

(Location of the chair and secretary of virtual-only shareholders meeting)

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

#### Article 21

(Handling of disconnection)

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postponed or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Reg

ulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporation shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

#### Article 22

(Handling of digital divide)

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

#### Article 23

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.

**Shareholding Status of Directors**

1. The paid-in capital of the Company is NT\$ 441,145,860 . The issued and outstanding shares are 44,114,586 shares.
2. According to Article 26 of Securities and Exchange Act, the minimum shareholding of all of the directors is 3,600,000 shares.
3. As of the book closure date of this annual shareholders' meeting, the shareholding of all of directors in the shareholders book, which complies with the requirement under Article 26 of Securities and Exchange Act, are as follows:

Title	Name	Shareholdings in the shareholders book as of 15 April 2024 (share)
Chairman	Chang Chun-Hui	1, 210, 659
Director	Chang Wei-Sen	478, 382
Director	Chang Hung-Gi	1, 784, 337
Director	Simmtech Holdings Co., Ltd	1, 916, 183
Independent Director	Chang Chia-Hsing	0
Independent Director	Shih Ming-Tsung	0
Independent Director	Tsai Du-Ming	0
Total		5, 389, 561