

Stock Code : 3679



Nishoku Technology Inc.

General Shareholders' Meeting 2024  
Meeting Handbook  
(Translation)

Meeting type: Physical Shareholders Meeting

Time : **9:00A.M.**, Thursday, June **13, 2024**

Location : Amazing Hall Xinzhuang Branch Theatre C1

Address : No.40, Siyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)

Note to Readers :

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 version shall prevail.

Nishoku Technology Inc.  
Handbook for the 2024 Annual Meeting of Shareholders

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## [Meeting Procedure]

**Meeting type:** Physical Shareholders Meeting

**Time:** 9:00 a.m. on Thursday, June 13, 2024

**Location:** Amazing Hall, Xinzhuang Branch

(Theater C1, No. 40, Siyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan)

1. **Call the Meeting to Order**
2. **Chairperson's address**
3. **Reported Matters**
  - (1) 2023 Business Report
  - (2) Audit Committee's review Report
  - (3) Report of all endorsements and guarantees tendered in 2023
  - (4) Report on 2023 Directors' and Employees' remunerations
  - (5) Report on the Distributions of the Cash Dividends for 2023
  - (6) Report on implementation of private placement of securities in 2023
  - (7) Report on Cash Distribution from Capital Reserve
4. **Acknowledged Matters**
  - (1) Adoption of the 2023 Business Report and Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2023 Earnings
5. **Extemporary Motions**
6. **Adjournment**

## [Reported Matters]

### Report No. 1

The 2023 Business Report

#### Explanation:

The 2023 Business Report is attached as Appendix I.

### Report No. 2

The Audit Committee review Report

#### Explanation:

The 2023 Audit Committee's Review Report is attached as Appendix II.

### Report No. 3

All Endorsement/Guarantees Tendered in 2023

#### Explanation:

The Status Of Endorsement And Guarantee of the company and its subsidiaries in 2023 is stated as follows:

December 31, 2023 Unit: NT\$ thousand

Company Name Of Endorser	Endorseees		Balance Of Endorsements -End	Accumulative Endorsement as a Percentage of current net worth (%)
	Company Name	Relation		
Nishoku Technology Inc.	NISHOKU TECHNOLOGY VIETNAM Co., Ltd.	Subsidiary, 100% owned by Nishoku Technology Inc.	1,406,289	31.60%
Total (the Company)			1,406,289	

- The endorseees are subsidiaries to be directly or indirectly 100% owned by Nishoku Technology Inc. The purposes of endorsements and guarantees for subsidiaries are the derivative liabilities of guarantee resulting from group sharing of credit line of bank.
- In accordance with "Procedures for Endorsement/Guarantees" of Nishoku Technology Inc., the limit of endorsement/guarantees make to subsidiaries in which the Company holds directly or indirectly 100% of the voting shares is not restricted to the limit for endorsement/guarantees to one single entity; provided that it shall not exceed the accumulated total of endorsement/guarantees to other entities. As of Mar. 31, 2024, the balance of the Company's endorsement/ guarantees accounted for 31.48% of the Company's net worth.

### Report No. 4

Report on the distributions of the remunerations to the Employees and Directors for 2023

**Explanation:**

1. Pursuant to Article 20 of the Company's Articles of Incorporation, in circumstances where the Company has an annual profit, the Company shall appropriate remuneration of no less than 1% and no higher than 5% to employees and directors, respectively.
2. The Company's 2023 remuneration to employees and directors has been approved by the Remuneration Committee and the Board are NT\$ 24,300,000 and NT\$ 9,156,000, respectively. The compensations shall be distributed in form of cash.

**Report No. 5**

Report on the Distributions of the Cash Dividends for 2023

**Explanation:**

1. Pursuant to Article 20 of the Company's Articles of Incorporation, the Board is authorized to distribute dividends and bonuses in cash after resolution, and submitted such distribution to the shareholders' meeting.
2. The 2023 profit distributable to shareholders totaling NT\$441,281,603 is proposed and approved by special resolution to be distributed in the form of cash only, of NT\$7 per share. Cash dividends distributed are rounded down to the nearest NTD 1. The fractional amount is recorded under the Company's other revenue, and the Chairman is authorized to determine the ex-dividend date and distribution date. If the number of shares participating in the distribution is affected by the Company's buying back, transfer of treasury stock, convert or cancellation, or conversion of employee share subscription warrant by issuance or conversion, and thus requires adjustment to the percentage of dividends distributable in cash, the Chairman is fully authorized to handle such matters.

**Report No. 6**

Report on implementation of private placement of securities in 2023

**Explanation:**

1. The Company's shareholder' meeting on June 15, 2023 approved the issuance of ordinary shares through a private placement, and it is planned to issue no more than 10,000 thousand ordinary shares through private placement. As per the provisions of Article 43-6, paragraph 7 of the Securities and Exchange Act, the private placement of securities may be conducted in two installments within one year from the date of the resolution adopted by the shareholders' meeting.
2. The above private placement of ordinary shares has not been conducted so far, and the Company has not yet selected qualified subscribers and planned not to continue to conduct the private placement during the remaining period.

## **Report No. 7**

### Report on Cash Distribution from Capital Reserve

#### **Explanation:**

1. Pursuant to Article 20 of the Company's Articles of Incorporation, the Board is authorized distribute all or part of the capital reserve, by adopting special resolution, in cash, and report to the shareholders' meeting.
2. The Company will distribute cash from the capital reserve generated from the premium to the par value of the issued shares. As of December 31, 2023, the capital reserve entered in books is NT\$939,512,494, and NT\$31,520,115 will be distributed in cash based on the shareholding proportion of each shareholder (or NT\$0.5 per share). The distribution is up to NT\$1, and rounded off under NT\$1. The fractions under NT\$1 will be included in the Company's other income, and the chairman is authorized to determined the distribution base date and payment date.
3. If the number of shares participating in the distribution is affected by the Company's buying back, transfer of treasury stock, convert or cancellation, or conversion of employee share subscription warrant by issuance or conversion, and thus requires adjustment to the percentage of dividends distributable in cash, the Chairman is fully authorized to handle such matters.

## [Acknowledged Matters]

### **Proposal No.1**

(Proposed by the Board of Directors)

Adoption of the 2023 Business Report and Financial Statements

#### **Explanation:**

1. The Company's 2023 financial statements and business report have been approved by the Board. The financial statements have been audited by CPAs Yung-Hua Huang and Sheng-Ho Yu of KPMG, and audit reports have been made accordingly.
2. The 2023 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Handbook as Appendix 1, 3 and 4.

#### **Resolutions:**

### **Proposal No.2**

(Proposed by the Board of Directors)

Adoption of the Proposal for Distribution of 2023 Earnings

#### **Explanation:**

1. 2023 net profit of NT\$487,097,457 deduct the special reserve of NT\$62,747,711, and the beginning undistributed earnings was NT\$1,692,603,742, the distributable retained earnings is calculated to NT\$2,116,953,488. Proposed cash dividend for shareholders NT\$441,281,603, NT\$7 per share.( Calculated based on the number of circulating shares on 2024/4/26)
2. The 2023 Earnings Distribution Table is attached in the Meeting Handbook as Appendix 5.

#### **Resolution:**

**[Extemporaneous Motions]**

**[Adjournment]**



## Nishoku Technology Inc. 2023 Business Report

### 1. The 2023 Business result:

#### (1) Performance Of Business Plan

In 2023, global central banks implemented tightened monetary policies to respond to high inflation, and the cumulative effect should impact the end demand, dampening the global economic growth momentum. Fortunately, inflationary pressure cooled down significantly and interest rate hikes by various countries were coming to an end in the second half of the year. Benefiting from strong consumption, the United States witnessed the return of investment in manufacturing, driving fixed investment; thus, its economy was not affected by high interest rates and unexpectedly stable. Facing the insufficient domestic demand and the sluggish real estate market after the pandemic, China's economic recovery in the post-pandemic period was not as strong as expected.

Due to the weakening end demand and continuous inventory adjustments made by the industry chain, the Company's 2023 consolidated operating revenue totaled NT\$3.508 billion, a year-on-year decrease of 10.67%, but our annual gross margin increased to 26%; our earnings per share after tax were NT\$7.77, a year-on-year decrease of NT\$3.55.

Unit: NT\$ thousand

Year	2023	2022	Percentage of change (%)
Net operating income	3,508,729	3,927,929	(11%)
Operating cost	2,592,872	2,996,260	(13%)
Gross profit	915,857	931,669	(2%)
Operating profit	471,260	456,518	3%
Non-Operating Income	199,541	503,684	(60%)
Profit before tax	670,801	960,202	(30%)
Profit after tax	487,097	709,643	(31%)
Gross profit (%)	26%	24%	
Operating profit (%)	13%	12%	

#### (2) Status of Budget Execution

Not available as Nishoku Technology Inc. had not declared 2023 financial forecast.

### (3) Financial Receipt and Expenditure, and Profitability Analysis

Items of analysis		2023	2022
Financial Structure & Solvency	Current ratio (%)	209.54	256.24
	Quick ratio (%)	194.64	234.68
	Interest coverage ratio	13.00	28.00
	Debt to assets ratio (%)	47.82	47.78

Items of analysis		2023	2022
Profitability	ROA (%)	6.10	8.20
	Return on shareholders' equity (%)	10.71	15.66
	Income before tax as a percentage of paid-in capital (%)	106.41	152.30
	Net profit rate (%)	13.88	18.07
	After tax EPS (NTD)	7.77	11.32

### (4) Status of R&D

Besides discussing with the end customers about the design in aim to grasp the opportunities, the Company also has been dedicating itself in studying the key technologies and production capabilities. With the coupling of existing mature technologies, the Company has extended the technology to multiple compound production process and continued to develop new production processes. For example, the waterproof TPR materials, electronic parts such as FPC flexible board, IMR laser spraying production technologies. The technologies not only provides customers with diverse and refined choices, but also become the core for saving post processing costs and creating profits.

## 2. 2024 Business Prospects

### (1) Business strategy

- i. Increase the production capacity of Vietnam plant and accelerate vertical integration in response to the opportunity of order transfers ◦
- ii. Introduce the environmentally friendly processes and use environmentally friendly materials to improve the Company's competitiveness as a green industry.

- iii. Optimize the performance reward system and enhance the readiness of key personnel to strengthen human capital ◦
- iv. Effectively implement cost control, and pursue the maximization of shareholders' equity.

## (2) Forecast of Sales Quantity and Its Basis

The Company took into the account the the overall external environmental changes and future developments in the estimation of future sales volume, based on which, the Company formulates with reference to past business operation, Company's current status and future development trend. As the Company does not disclose its 2023 financial forecast, the estimated sales volume shall not be disclosed.

## (3) Policies on Production and Marketing

- i. Continue to improve production process capability and yield, and enhance cost control and inventory management ◦
- ii. Actively develop new market applications, expand product width, and maintain the market competitiveness.
- iii. Continue to expand global product lines and sales regions to reduce the operational risk of excessively concentrated product development.

## **3. Future Developing Strategies of Company**

In face of the rapid changes and challenges of the domestic and international environment, the future development strategies are as follows:

- i. To respond to the reorganization of the global supply chain, the production base in Vietnam has been expanded, to meet the order shifting demands.
- ii. Improve industrial green technology, we are expected to add water-based spraying process, and solidify the core competitiveness of enterprises.
- iii. Continue with the development of various automated processes to improve efficiency and streamline manpower.
- iv. Further research on the compound process and seek the integration of the midstream and downstream industry chains to create comprehensive benefits.

#### **4. Impacts of the external competitive environment, regulatory environment, and the overall business environment**

Looking ahead to 2024, There are still many downward risks for the global economic outlook. For example, the geopolitical tensions may impact the economic outlook, and the Russo-Ukrainian War, the Israeli–Palestinian conflict, and the Red Sea crisis have made the trade outlook highly uncertain. The overall global inflation has alleviated, U.S. economic growth has begun to show signs of slowing down; China's economic growth is also lower than expected; and most economies are estimated to grow at a slower pace than in the ten years before the COVID-19 pandemic broke out. Global trade is in a downturn, and financial conditions have also posed daunting challenges. The Company will be cautious and prudent in 2024 to face future political and economic changes ahead , continues to commit to the integration of group resources and organizations to improve internal efficiency and strengthen risk management to meet future challenges with a stable operating robustness. Moreover, the Company lay emphasis on the dynamics of the external competitive environment to respond to changes in the market environment and fully grasp the changes in relevant regulations. We stay prepared and take appropriate response measures to reduce the operational risks of future industry and overall environmental changes.

Nishoku Technology Inc.

Chairman	Chen, Piao-Fu
General Manager	Tsai, Chien-Sheng
Accounting Head	Lin, Tzu-Hsuan

## **Audit Committee's Review Report**

Date: April 26, 2024

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit the Company's Individual and Consolidated Financial Statements and has issued an unqualified opinion. The aforementioned Business Report, Financial Statements, and proposal for allocation of 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 Article 14-4 Exchange Act and the Article 219 of Company Act., we hereby submit this report.

Sincerely,

The 2024 Annual Meeting of Shareholders

Nishoku Technology Inc.

Convener of the Audit Committee: Lin, Horng-Chang



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company’ s financial statements are stated as follows:

Investments accounted for using equity method

Please refer to Note 4(h) “Investments in subsidiaries” and Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” of the financial statements.

Description of key audit matter

The Company’ s investments accounted for using equity method are all subsidiaries of the Company. Based on the scope and nature of their businesses which may influence the outcome of their operations, the impairment assessment of accounts receivable, and net realizable value of inventories in certain subsidiaries required the Managements to make subjective judgments, which is the major source of estimation uncertainty. Therefore, the impairment assessment of accounts receivable, and valuation of inventories of the investments accounted for using equity method are the key audit matters for our audit.

How the matter was addressed in our audit :

Our principal audit procedures on the impairment assessment of accounts receivable of the investments accounted for using equity method included assessing whether the impairment of accounts receivable has been set aside in accordance with the Company' s policy, including inquiring from the Management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable. With respect to the evaluation of inventories, our principal audit procedures included: to understand whether the accounting policy for inventory evaluation is consistency with the Company; examine the accuracy of the aging of inventories by sampling and analyses the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)  
February 29, 2024

**Notes to Readers**

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

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



(English Translation of Financial Statements Originally Issued in Chinese.)  
NISHOKU TECHNOLOGY INC.

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 493,857	7	698,742	9	2100	Short-term borrowings (note 6(i))	\$ 1,000,000	13	850,000	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	35,006	-	32,052	-	2170	Notes and accounts payable	121,210	2	104,108	1
1170	Accounts receivable, net (notes 6(c) and 7)	207,661	3	244,439	3	2180	Accounts payable to related parties (note 7)	20,581	-	37,750	-
130X	Inventories (note 6(d))	9,403	-	14,424	-	2230	Current tax liabilities	63,028	1	85,725	1
1470	Other current assets	22,824	-	13,156	-	2280	Current lease liabilities (note 6(k))	2,715	-	3,998	-
1476	Other current financial assets (note 7)	188,790	3	218,100	3	2300	Other current liabilities (note 6(q))	106,738	1	122,849	3
		<u>957,541</u>	<u>13</u>	<u>1,220,913</u>	<u>15</u>	2320	Long-term liabilities, current portion (note 6(j))	200,000	3	50,000	1
								<u>1,514,272</u>	<u>20</u>	<u>1,254,430</u>	<u>17</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	203,426	3	189,543	2	2540	Long-term borrowings (note 6(j))	850,000	11	1,300,000	16
1535	Non-current financial assets at amortised cost, net (note 6(e))	1,547,894	20	1,471,919	19	2570	Deferred tax liabilities (note 6(m))	722,569	10	729,801	9
1551	Investments accounted for using equity method (notes 6(f) and 7)	4,507,183	60	4,720,368	60	2580	Non-Current lease liabilities (note 6(k))	-	-	2,715	-
1600	Property, plant and equipment (note 6(g))	295,608	4	297,524	4			<u>1,572,569</u>	<u>21</u>	<u>2,032,516</u>	<u>25</u>
1755	Right-of-use assets (note 6(h))	2,687	-	6,673	-			<u>3,086,841</u>	<u>41</u>	<u>3,286,946</u>	<u>25</u>
1840	Deferred income tax assets (note 6(m))	22,562	-	20,812	-		<b>Total liabilities</b>				
1990	Other non-current asset	240	-	5,571	-		<b>Equity attributable to owners (notes 6(n) and (o)):</b>				
		<u>6,579,600</u>	<u>87</u>	<u>6,712,410</u>	<u>85</u>	3110	Ordinary share	630,402	8	630,482	8
						3200	Capital surplus	973,549	13	973,766	12
							<b>Retained earnings:</b>				
						3310	Legal reserve	741,898	10	670,934	9
						3320	Special reserve	264,595	4	344,942	4
						3350	Unappropriated retained earnings	2,179,701	29	2,313,463	29
								<u>3,186,194</u>	<u>43</u>	<u>3,329,339</u>	<u>42</u>
						3400	Other equity	(339,845)	(5)	(287,210)	(4)
							<b>Total equity</b>	<u>4,450,300</u>	<u>59</u>	<u>4,646,377</u>	<u>58</u>
<b>Total assets</b>		<u>\$ 7,537,141</u>	<u>100</u>	<u>7,933,323</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 7,537,141</u>	<u>100</u>	<u>7,933,323</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese.)  
**NISHOKU TECHNOLOGY INC.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4110	<b>Sales revenue</b> (notes 6(q) and 7)	\$ 956,088	100	1,127,042	100
4170	Less: Sales returns	336	-	765	-
	<b>Net Operating revenues</b>	<u>955,752</u>	<u>100</u>	<u>1,126,277</u>	<u>100</u>
5000	<b>Operating costs</b> (notes 6(d), (g), (l), 7 and 12)	<u>687,628</u>	<u>72</u>	<u>792,068</u>	<u>70</u>
5910	Less: Unrealized profit from sales	<u>(15,546)</u>	<u>(2)</u>	<u>8,302</u>	<u>1</u>
	<b>Gross profit from operations</b>	<u>283,670</u>	<u>30</u>	<u>325,907</u>	<u>29</u>
6000	<b>Operating expenses</b> (notes 6(c), (g), (l), (o) and 12)				
6100	Selling expenses	10,185	1	7,864	1
6200	Administrative expenses	137,647	15	150,240	13
6300	Research and development expenses	13,508	1	16,542	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	-	-	(113)	-
		<u>161,340</u>	<u>17</u>	<u>174,533</u>	<u>15</u>
	<b>Net operating income</b>	<u>122,330</u>	<u>13</u>	<u>151,374</u>	<u>14</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (note 6(s))	119,326	12	43,519	4
7020	Other gains and losses, net (note 6(t))	21,531	2	263,152	23
7050	Finance costs, net (note 6(k))	(37,686)	(4)	(29,309)	(3)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	<u>389,728</u>	<u>41</u>	<u>456,630</u>	<u>41</u>
	<b>Total non-operating income and expenses</b>	<u>492,899</u>	<u>51</u>	<u>733,992</u>	<u>65</u>
7900	<b>Profit before tax</b>	<u>615,229</u>	<u>64</u>	<u>885,366</u>	<u>79</u>
7950	Less: Income tax expenses (note 6(m))	<u>128,132</u>	<u>13</u>	<u>175,723</u>	<u>16</u>
	<b>Profit</b>	<u>487,097</u>	<u>51</u>	<u>709,643</u>	<u>63</u>
8300	<b>Other comprehensive income (loss):</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(78,435)	(8)	100,434	9
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	<u>15,687</u>	<u>(1)</u>	<u>(20,087)</u>	<u>(2)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(62,748)</u>	<u>(7)</u>	<u>80,347</u>	<u>7</u>
8500	<b>Total comprehensive income</b>	<u>\$ 424,349</u>	<u>44</u>	<u>789,990</u>	<u>70</u>
9750	Basic earnings per share (NT dollars) (note 6(p))	<u>\$ 7.77</u>		<u>11.32</u>	
9850	Diluted earnings per share (NT dollars) (note 6(p))	<u>\$ 7.71</u>		<u>11.24</u>	

(English Translation of Financial Statements Originally Issued in Chinese.)

**NISHOKU TECHNOLOGY INC.**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Other equity</u>	<u>Unearned Stock-Based Employee Compensation</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>		
<b>Balance at January 1, 2022</b>	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699
Profit for the year ended December 31, 2022	-	-	-	-	709,643	-	-	709,643
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	80,347	-	80,347
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	709,643	80,347	-	789,990
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	60,669	-	(60,669)	-	-	-
Special reserve appropriated	-	-	-	34,483	(34,483)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(532,748)	-	-	(532,748)
Capital surplus at cash dividends	-	(31,338)	-	-	-	-	-	(31,338)
Issuance of shares exercise of employee stock option	50	258	-	-	-	-	-	308
Restricted employee stock	3,720	23,361	-	-	-	-	(22,615)	4,466
<b>Balance at December 31, 2022</b>	630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377
Profit for the year ended December 31, 2023	-	-	-	-	487,097	-	-	487,097
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(62,748)	-	(62,748)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	487,097	(62,748)	-	424,349
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	70,964	-	(70,964)	-	-	-
Special reserve appropriated	-	-	-	(80,347)	80,347	-	-	-
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)
Retirement of restricted employee stock	(320)	(2,010)	-	-	-	-	2,330	-
Restricted employee stock	240	1,793	-	-	-	-	7,783	9,816
<b>Balance at December 31, 2023</b>	\$ 630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)	4,450,300

(English Translation of Financial Statements Originally Issued in Chinese.)  
NISHOKU TECHNOLOGY INC.

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

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 615,229	885,366
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization expense	8,862	9,307
Reversal of impairment loss determined in accordance with IFRS 9	-	(113)
Interest expense	37,686	29,309
Interest income	(116,963)	(43,218)
Remuneration cost of restricted employee stock	9,816	4,466
Share of profit of subsidiaries accounted for using equity method	(389,728)	(456,630)
Gain (loss) on financial assets at fair value through profit or loss	(16,838)	23,103
Gain on disposal of property, plant and equipment	-	(5)
Unrealized loss (profit) from sales	(15,546)	8,302
Recognition losses on (reversal of) inventory valuation and obsolescence	(2,799)	3,249
<b>Total adjustments to reconcile profit (loss)</b>	(485,510)	(422,230)
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Accounts receivable (including related parties)	36,778	57,224
Inventories	7,820	10,422
Other current assets and other financial assets	(4,406)	3,726
	40,192	71,372
<b>Changes in operating liabilities:</b>		
Notes and accounts payable (including related parties)	(67)	(34,803)
Other current liabilities	(10,606)	10,106
	(10,673)	(24,697)
<b>Total changes in operating assets and liabilities</b>	29,519	46,675
<b>Total adjustments</b>	(455,991)	(375,555)
Cash inflow generated from operations	159,238	509,811
Interest received	116,734	43,340
Interest paid	(37,639)	(29,196)
Income taxes paid	(151,133)	(104,835)
<b>Net cash flows from operating activities</b>	87,200	419,120
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(75,975)	(207,852)
Acquisition of Non-Current financial assets at fair value through profit or loss-non-current	-	(13,820)
Acquisition of investments accounted for using equity method	(188,160)	-
Cash dividends from investments accounted for using equity method	391,684	217,378
Refund of capital reduction from subsidiary	336,500	392,480
Acquisition of property, plant and equipment	(1,106)	(674)
Proceeds from disposal of property, plant and equipment	-	5
Decrease in other receivables due from related parties	29,539	31,654
Increase in other non-current assets	(280)	(395)
<b>Net cash flows from investing activities</b>	492,202	418,776
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	150,000	(650,000)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from (repayments of) long-term borrowings	(300,000)	200,000
Payment of lease liabilities	(4,045)	(4,045)
Cash dividends paid	(630,242)	(564,086)
Exercise of employee share options	-	308
<b>Net cash flows used in financing activities</b>	(784,287)	(1,117,823)
<b>Net decrease in cash and cash equivalents</b>	(204,885)	(279,927)
<b>Cash and cash equivalents at beginning of period</b>	698,742	978,669
<b>Cash and cash equivalents at end of period</b>	\$ 493,857	698,742



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## Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Impairment of accounts receivable

Please refer to Note 4(g) “Financial instruments” Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” of the consolidated financial statements.

Description of key audit matter:

The Group engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Group vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's policy, including inquiring from the management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

## 2.Impairment of inventory

Please refer to Note 4(h) "Inventory", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of mold and electronic parts. As different series or models of electronic products are rapidly being replaced by new ones, it may impact the inventory of the older ones to be slow moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. The assessment of impairment loss requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the inventories valuation policies of the Group; inspecting whether those policies are applied; examine the accuracy of the aging of inventories by sampling and analyses the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

## **Other Matter**

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung Hua and Yu, Sheng Ho.

KPMG

Taipei, Taiwan (Republic of China)

February 29, 2024

**Notes to Readers**

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

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



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

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022 (After Restatement)			Liabilities and Equity	December 31, 2023		December 31, 2022 (After Restatement)	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 3,535,076	42	3,865,998	43	2100	Short-term borrowings (note 6(h))	\$ 1,368,460	16	1,157,100	13
1110 Current financial assets at fair value through profit or loss (note 6(b))	40,109	-	37,039	-	2170	Notes and Accounts payable	469,999	6	515,027	6
1170 Notes and accounts receivables, net (note 6(c))	1,189,635	14	1,183,964	14	2280	Current lease liabilities (note 6(j))	23,348	-	24,703	-
130X Inventories (note 6(d))	351,253	5	451,819	5	2300	Other current liabilities (note 6(p))	409,115	5	426,627	5
1470 Other current assets	34,448	-	23,225	-	2322	Long-term borrowings, current portion (note 6(i))	200,000	2	50,000	1
1476 Other current financial assets (note 8)	27,149	-	7,246	-			<u>2,470,922</u>	<u>29</u>	<u>2,173,457</u>	<u>25</u>
	<u>5,177,670</u>	<u>61</u>	<u>5,569,291</u>	<u>62</u>		<b>Non-Current liabilities:</b>				
Non-current assets:					2540	Long-term borrowings (note 6(i))	850,000	10	1,300,000	15
1511 Non-current financial assets designated at fair value through profit or loss (note 6(b))	203,426	2	189,543	2	2570	Deferred tax liabilities (note 6(l))	733,090	9	745,877	7
1535 Non-current financial assets at amortised cost (note 6(e))	1,547,894	18	1,471,919	17	2580	Non-current lease liabilities (note 6(j))	22,167	-	46,313	1
1600 Property, plant and equipment (note 6(f))	1,420,753	17	1,479,566	17	2670	Other non-current liabilities, others	3,028	-	1,867	-
1755 Right-of-use assets (note 6(g))	44,772	1	70,976	1			<u>1,608,285</u>	<u>19</u>	<u>2,094,057</u>	<u>23</u>
1840 Deferred income tax assets (note 6(l))	38,349	-	41,735	-		<b>Total liabilities</b>	<u>4,079,207</u>	<u>48</u>	<u>4,267,514</u>	<u>48</u>
1985 Long-term prepaid rents	63,181	1	65,693	1		<b>Equity attributable to owners of parent (notes 6(m) and (n)):</b>				
1990 Other non-current assets	33,462	-	25,168	-	3110	Ordinary share	630,402	7	630,482	7
	<u>3,351,837</u>	<u>39</u>	<u>3,344,600</u>	<u>38</u>	3200	Capital surplus	973,549	11	973,766	11
						Retained earnings:				
					3310	Legal reserve	741,898	9	670,934	8
					3320	Special reserve	264,595	3	344,942	3
					3350	Unappropriated retained earnings	2,179,701	26	2,313,463	26
							<u>3,186,194</u>	<u>38</u>	<u>3,329,339</u>	<u>37</u>
					3400	Other equity	(339,845)	(4)	(287,210)	(3)
						<b>Total equity</b>	<u>4,450,300</u>	<u>52</u>	<u>4,646,377</u>	<u>52</u>
<b>Total assets</b>	<u>\$ 8,529,507</u>	<u>100</u>	<u>8,913,891</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 8,529,507</u>	<u>100</u>	<u>8,913,891</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	<b>Operating revenues (note 6(p))</b>	\$ 3,567,359	102	3,997,848	102
4170	Less: Sales returns and allowances	58,630	2	69,919	2
	<b>Net Operating revenues</b>	<u>3,508,729</u>	<u>100</u>	<u>3,927,929</u>	<u>100</u>
5000	Operating costs (notes 6(d), (f), (g), (k) and 12)	2,592,872	74	2,996,260	76
	<b>Gross profit from operations</b>	<u>915,857</u>	<u>26</u>	<u>931,669</u>	<u>24</u>
6000	<b>Operating expenses: (notes 6(c), (f), (g), (k), (n), (q) and 12)</b>				
6100	Selling expenses	63,593	2	60,633	2
6200	Administrative expenses	298,646	9	316,602	8
6300	Research and development expenses	81,061	2	98,013	2
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,297	-	(97)	-
		<u>444,597</u>	<u>13</u>	<u>475,151</u>	<u>12</u>
	<b>Net operating income</b>	<u>471,260</u>	<u>13</u>	<u>456,518</u>	<u>12</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (note 6(r))	197,048	6	89,824	2
7020	Other gains and losses, net (note 6(s))	58,380	2	449,426	11
7050	Finance costs, net (note 6(j))	(55,887)	(2)	(35,566)	(1)
	<b>Total non-operating income and expenses</b>	<u>199,541</u>	<u>6</u>	<u>503,684</u>	<u>12</u>
7900	<b>Profit before tax</b>	670,801	19	960,202	24
7950	<b>Less: Income tax expenses (note 6(l))</b>	183,704	5	250,559	6
	<b>Profit</b>	<u>487,097</u>	<u>14</u>	<u>709,643</u>	<u>18</u>
8300	<b>Other comprehensive income (loss):</b>				
8360	<b>Item that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(78,435)	(2)	100,434	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(l))	15,687	-	(20,087)	(1)
8300	<b>Other comprehensive income (after tax)</b>	<u>(62,748)</u>	<u>(2)</u>	<u>80,347</u>	<u>2</u>
8500	<b>Total comprehensive income</b>	<u>\$ 424,349</u>	<u>12</u>	<u>789,990</u>	<u>20</u>
	<b>Profit, attributable to:</b>				
8610	Profit, attributable to owners of parent	<u>\$ 487,097</u>	<u>14</u>	<u>709,643</u>	<u>18</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	<u>\$ 424,349</u>	<u>12</u>	<u>789,990</u>	<u>20</u>
9750	Basic earnings per share (NT dollars) (note 6(o))	<u>\$ 7.77</u>		<u>11.32</u>	
9850	Diluted earnings per share (NT dollars) (note 6(o))	<u>\$ 7.71</u>		<u>11.24</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Share capital					Total other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned Stock-Based Employee compensation	Total equity attributable to owners of parent	Total equity	
<b>Balance at January 1, 2022</b>	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699	4,415,699	
Profit for the year ended December 31, 2022	-	-	-	-	709,643	-	-	709,643	709,643	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	80,347	-	80,347	80,347	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	709,643	80,347	-	789,990	789,990	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	60,669	-	(60,669)	-	-	-	-	
Special reserve appropriated	-	-	-	34,483	(34,483)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(532,748)	-	-	(532,748)	(532,748)	
Capital surplus at cash dividends	-	(31,338)	-	-	-	-	-	(31,338)	(31,338)	
Issuance of shares exercise of employee stock option	50	258	-	-	-	-	-	308	308	
Restricted employee stock	3,720	23,361	-	-	-	-	(22,615)	4,466	4,466	
<b>Balance at December 31, 2022</b>	630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377	4,646,377	
Profit for the year ended December 31, 2023	-	-	-	-	487,097	-	-	487,097	487,097	
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(62,748)	-	(62,748)	(62,748)	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	487,097	(62,748)	-	424,349	424,349	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	70,964	-	(70,964)	-	-	-	-	
Special reserve appropriated	-	-	-	(80,347)	80,347	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)	(630,242)	
Retirement of restricted employee stock	(320)	(2,010)	-	-	-	-	2,330	-	-	
Restricted employee stock	240	1,793	-	-	-	-	7,783	9,816	9,816	
<b>Balance at December 31, 2023</b>	\$ 630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)	4,450,300	4,450,300	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 670,801	960,202
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization expense	238,912	234,522
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,297	(97)
Interest expense	55,887	35,566
Interest income	(183,903)	(84,882)
Compensation cost of restricted stock awards for employees	9,816	4,466
Loss (gain) on financial assets at fair value through profit or loss	(16,953)	23,519
Loss (Gain) on disposal of property, plant and equipment	(12,520)	643
Recognition losses on (reversal of) inventory valuation and obsolescence	(38,081)	5,249
<b>Total adjustments to reconcile profit</b>	<u>54,455</u>	<u>218,986</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit and loss-current	-	65,144
Notes and accounts receivables	(6,968)	168,728
Inventories	138,647	62,803
Other current assets and financial assets	4,222	16,659
	<u>135,901</u>	<u>313,334</u>
<b>Changes in operating liabilities:</b>		
Notes and accounts payables	(45,028)	(73,481)
Other current liabilities	3,507	(6,495)
	<u>(41,521)</u>	<u>(79,976)</u>
<b>Total adjustments</b>	<u>148,835</u>	<u>452,344</u>
Cash inflow generated from operations	819,636	1,412,546
Interest received	165,249	80,110
Interest paid	(53,774)	(34,457)
Income taxes paid	(210,047)	(184,247)
<b>Net cash flows from operating activities</b>	<u>721,064</u>	<u>1,273,952</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(75,975)	(152,492)
Acquisition of financial assets at fair value through profit or loss-non-current	-	(13,820)
Acquisition of property, plant and equipment	(206,038)	(237,053)
Proceeds from disposal of property, plant and equipment	47,320	10,299
Decrease in refundable deposits	625	2,681
Increase in other non-current assets	(11,984)	(4,653)
<b>Net cash flows used in investing activities</b>	<u>(246,052)</u>	<u>(395,038)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	211,360	(580,660)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from (repayments of ) long-term borrowings	(300,000)	200,000
Increase (decrease) in guarantee deposits	1,162	(1,608)
Payments of lease liabilities	(25,519)	(31,992)
Cash dividends paid	(630,242)	(564,086)
Exercise of employee share options	-	308
<b>Net cash flows used in financing activities</b>	<u>(743,239)</u>	<u>(1,078,038)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(62,695)	65,689
<b>Net decrease in cash and cash equivalents</b>	(330,922)	(133,435)
<b>Cash and cash equivalents at beginning of period</b>	3,865,998	3,999,433
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,535,076</u>	<u>3,865,998</u>

**Nishoku Technology Inc.**  
**2023 Earnings Distribution Table**

Unit: NTD

Item	Amount
Beginning retained earnings	1,692,603,742
Add: Current year net income after tax	487,097,457
Less: Legal reserve	0
Less: Special reserve	(62,747,711)
Earnings to be allocated	2,116,953,488
Total Distribution :	
Cash dividend to shareholders (NT\$ 7/ share)	441,281,603
Closing undistributed earnings	1,675,671,885

Chairman: Chen, Piao-Fu

General Manager: Tsai, Chien-Sheng

Accounting Head: Lin, Tzu-Hsuan

**Nishoku Technology Inc.**  
**Rules and Procedures of Meetings of Shareholders**

Article 1

For the purposes of setting up a favorable governing system for corporate shareholders meetings, strengthening supervising function, and reinforcing managerial function, this measure is made in accordance with Article 5 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for our compliance.

Article 2

Except for other stipulations by laws or rules, the measure for shareholders meetings of the company shall be executed in accordance with this measure.

Article 3

The Company's shareholders meeting shall, unless otherwise provided for in laws or regulations, be convened by the Board of Directors.

Any change to the convention method of the Company's shareholders' meetings shall be resolved by the board of directors, and no later than mailing the shareholders meeting notice.

The Company 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) 30 days prior to the date of a regular shareholders meeting or 15 days prior to the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days prior the date of the regular shareholders meeting or 15 days prior to the date of the special shareholders meeting. However, in the case of the Company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held. In addition, 15 days before the date of the shareholders meeting, the Company shall also prepare 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 .

For the agenda handbooks and supplementary information in the preceding paragraph, The Company shall furnish to the shareholders for reference on the date of the shareholders' meeting in the following manners:

I. For the physical shareholders' meeting, such information shall be distributed at the site of the meeting.

II. For the video-assisted shareholders' meeting, such information shall be distributed at the site of the meeting, and transmitted to the video conference platform.

III. Where a shareholders' meeting is convened in the manner of video conference, such information shall be transmitted to the video conference platform as the electronic files.

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.

Matters pertaining to election or discharge of directors and supervisors, alteration of 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, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Matters including the accession date regarding election of directors shall be listed in the agenda of shareholders meeting. After the election at the shareholders meeting, there shall be no changes to accession date by special motions or other means.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. Besides, the proposed motion by shareholders shall not be listed as meeting motion by the Board with regard to any of conditions stated paragraph 4 on Article 172-1 of Company Act.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or electronically, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of

the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

#### Article 4

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by providing the proxy form issued by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company within two days before the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend in the manner of video conference, a written notice of proxy cancellation should be submitted to the Company 2 days before the meeting. If the cancellation notice is submitted after that time, the exercise of voting right by the proxy in the meeting 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 the Company, 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.

When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph does not apply.



## Article 6

(Preparation of documents such as the attendance book)

The Company shall specify in its shareholders, proxy solicitors, proxy agents (“shareholders” hereafter) meeting notices the time during which shareholder attendance registrations 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; the time during which shareholder attendance registrations will be accepted at the video conference platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed 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.

The Company 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.

The Company 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.

Where the Company convenes the video shareholders’ meetings, and shareholders intend to attend in the manner of of video conference shall register with the Company at least two day prior to the meeting date.

Where the Company convenes the video shareholders’ meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders’ meeting, and retain the disclosure of such until the meeting ends.

### Article 6-1

(Matters to be specified in notice when the video shareholders’ meetings are convened)

Where the Company convenes the video shareholders’ meetings, the meeting notice shall specify the following matters:

I. The method for shareholders to attend the video conference and exercise of their rights.

II. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, and the follows shall be at least included:

(I) Time and date for the postponement or re-convention when the aforesaid continual failure that cannot be eliminated and thus a postponement or re-convention is required.

(II) The shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.

(III) Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued, if the total attending shares still meet the statutory quorum for shareholders' meeting commencement after deducting these shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.

(IV) The handling method where the results of all proposal are announced but the extempore motions are not proceeded.

III. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference 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 chairperson shall appoint one of the managing directors 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 director serves as chair, as referred to in the preceding paragraph, the 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 (including at least one independent directors), the convener of the Audit Committee 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.

The Company 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 1 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 the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video.

The records and audio- and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio- and video recordings are provided to the organizer of the video conference for custody.

## 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, shares registered at the video conference 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. 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 1 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; where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment at the video conference 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 1 month; where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per 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

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant motions (including extemporary motions and changes in the original motions) shall be voted on a case-by-case basis. 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 agreement 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 and call for a vote, and arrange appropriate time for discussion.

#### 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 shareholders' meetings are convened in the manner of video conference, the shareholders attending in the manner of video conference may inquire with text at the video conference platform of the meeting since the chair announcing the meeting commencement till the adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.

## 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.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another 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 3 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 the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by electronic means, and also correspondence means. 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. However, the shareholder is deemed 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 the Company 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 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. Unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event that the shareholder intends to attend the shareholders meeting in person or in the manner of video conference, a written declaration of intent to retract the voting rights that has already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days prior to the date of the shareholders meeting. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. When a shareholder has exercised voting rights by correspondence or electronic means, and also 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 the Company'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 the Company.

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.

Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference shall vote via the video conference platform to each proposal and election after the Chairman declares the meeting commencement. Such voting shall be completed before the Chairman declares the end of voting; anyone misses the deadline is deemed abstention.

Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections.

Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to the regulations, but then intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.

These who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal, other than extempore motions.

#### Article 14

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, 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 name of unelected directors as well as their number of votes 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 1 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.

#### 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 minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and voting results (including calculation of voting shares) of various meeting agendas. In cases of director elections, the number of voting shares of director candidates shall be revealed. These minutes must be retained for as long as the Company exists.

Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video

conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified.

Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.

## Article 16

(Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting; where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, and retain the disclosure of such until the meeting ends.

Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed at the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS 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 the Company, 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 5 days in accordance with Article 182 of the Company Act.

## Article 19

(Information disclosure for video conference)

Where the shareholders' meetings are convened in the manner of video conference, the Company shall disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.

## Article 20

(Location of the chair and recorder-keeper of video shareholders' meetings)

When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location.

## Article 21

(Handling communication interruption)

Where the shareholders' meeting is convened in the manner of video conference, before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to nature disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply.

Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.

For the meeting is to be postponed or re-convened as specified in Paragraph 1, the shareholders who registered to attend the original meeting via the video conference, and have completed the acceptance, but not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares,

voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting.

The postponement or re-convention of shareholders' meetings conducted per Paragraph 1 needs not again discuss and resolve the proposal that have completed voting and vote calculation, with the announcement of voting results, or the list of elected directors.

Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 1 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convention of the meeting per Paragraph 1 is not required.

Under the circumstances to continue the meeting as specified in the preceding paragraph, the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.

Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 1, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph.

## Article 22

(Handling digital gap)

Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.

## Article 23

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## **Nishoku Technology Inc. Articles of Incorporation**

### **Chapter 1 General Principles**

- Article 1           The company is named Nishoku Technology Inc. in accordance with organization stipulations of Company Act.
- Article 2           The operating businesses are listed as follows:
1. CQ01010 Die Manufacturing
  2. F106030 Wholesale of Die
  3. F206030 Retail Sale of Die
  4. C805990 Other Plastic Products Manufacturing
  5. F401010 International Trade
  6. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1         For purposes of business requirement or investing relationship, the company may conduct external guarantee for the same business, endorsement and guarantee on loan from financial institution, and affairs of mutual funding accommodation.
- Article 2-2         The total corporate re-investment amount in other companies is not subject to Article 13 of Articles of Incorporation and may exceed 40% of company's paid-in capital with consent from the Board.
- Article 3           The company's headquarter is located in New Taipei City. When necessary the Board may resolve to set up branch offices domestically and abroad.
- Article 4           The announcement methods shall proceed in accordance with Article 28 of Company Act except for other protocols by securities authorities.

### **Chapter 2 Stock Shares**

- Article 5           The capital sum of the company is NT\$1,500,000,000 to be divided for 150,000,000 shares of NT\$10 per share to be issued by several times. The preceding capital sum has reserved NT\$20,000,000 to be divided for 2,000,000 shares for stock option, special stock for stock option, or for the use of company with stock option to exercise power of stock option. In accordance with Company Act and other related laws and rules, the Board is

authorized to issue the shares for several times.

Article 5-1 The employees who are entitled to the transfer or distribution of the treasury stock bought back by the Company, share subscription warrant issued to employees, issued new shares for capital increase and restricted stock must be employees of the controlling or subsidiary company meeting certain criteria. The Board is authorized to determine such criteria

Article 6 Deleted

Article 7 The stock shares of the company are registered shares. They shall be numbered and signed by directors representing the Company or affixed with seals thereof and may be issued after notarization by law.

The issued stock shares by the company may not be necessary to print out hard copies. However, the centralized securities depository enterprise shall be contacted for shares registration or preservation. The way of stock share issuing shall proceed in accordance with Company Act and relevant laws and rules.

Article 8 The rename for transfer of shares shall be suspended by 60 days before regular shareholders meeting, or 30 days before temporary shareholders meeting, or 5 days before the company decides to distribute stock dividends or other interest.

Article 8-1 The stock affairs shall proceed in accordance with stipulation of “Regulations Governing the Administration of Shareholder Services of Public Companies” issued by the securities authorities.

Article 8-2 Deleted.

### **Chapter 3 Shareholders Meeting**

Article 9 There are regular and temporary shareholders meetings. By law, the regular one shall be convened by the Board at least once every year within 6 months by end of every accounting year. The temporary one shall be convened by law if necessary.

The convening of regular shareholders meeting shall be conducted by 30 days before the meeting, and temporary shareholders meeting shall be convened by 15 days before the meeting. By law, every shareholder shall be informed of meeting date, location, and matters for meeting in written or electronic means. For shareholders with less than 1000 shares, announcement without notification is eligible

During shareholders meeting, the President is acting as chairperson. In case

the President is taking leave or fails to perform his duty for certain reasons, one of the directors may be appointed as chairperson. In case the President has not appointed any director as the chairperson, the directors shall elect one director as the chairperson of meeting. For meeting convened by other conveners, the chairperson shall be the convener. For more than two conveners, the chairperson shall be elected from one of them.

Article 9-1 The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 10 In case shareholder may not attend shareholders meeting for certain reasons, a form of proxy printed by the company with expressly statement of authorization scope, signature, or stamp can be presented for proxy to attend the meeting. The measure for proxy shareholder to attend the meeting shall proceed in accordance with Article 177 of Company Act and " Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies " issued by the authorities.

Article 11 The issued shares by the company have 1 voting power for each share except for the shares without voting power regulated by Paragraph 2 on Article 179 of Company Act.

Article 12 Except for other stipulations of Company Act, the resolutions of shareholders meeting shall be approved for execution with favorable votes by more than half of participating shareholders representing total issued shares of the company in shareholders meeting.

#### **Chapter 4 Directors And Audit Committee**

Article 13 The company shall entitle 7 to 11 directors with 3-year term of office to be elected in shareholders meeting by voting for competent candidates. The former elected can be re-elected for service.

In accordance with Article 192-1 of Company Act, the elections for directors of the company shall be done by nomination system with candidates. Shareholders shall elect among a list of candidates of directors.

For directors, there are 3~4 independent directors. The independent directors' qualification, shareholding and other business limit, nomination, mean of election, and other matters to be comply with shall be executed by relevant laws and stipulations.

Article 13-1 The Company establishes Remuneration Committees and other functional committees in accordance with laws and regulations and depending on business operation needs.

Pursuant to Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee, which shall be composed of the entire number of independent directors. The Audit Committee shall carry out duties as prescribed by the Company Act, Securities and Exchange Act and other regulations governing the power of Audit Committee. The number of Audit Committee members, term of office, rules and procedures of audit committee meetings, exercising of power and other matters to be complied with shall be handled in accordance to relevant rules and regulations as prescribed by the competent authority or the Charters of the Audit Committee.

Article 14 The Board is organized by the President. The President is elected by more than half of participating directors of more than 2/3 of all directors. The President represents the company outwards.

The Board shall be convened by the President as the chairperson. However, for the first Board of every session, the director who has the most favorable votes shall convene the Board. The chairperson of the Board shall be the convener. For more than two conveners, one of them shall be elected as chairperson. Every director and supervisor shall be informed of the convening of the Board by 7 days before the meeting with notification expressly stating meeting date/time, location, and agenda. For emergency, the Board can be convened at any time. The notification of convening the Board can be conducted in written, e-mail, or fax.

Article 15 In case the President is taking leave or cannot perform his duty for certain reasons his deputy shall proceed in accordance with Article 208 of Company Act.

Article 15-1 For lack of directors achieves 1/3 regulated by Articles of Incorporation or all independent directors are dismissed due to any reasons, the company shall re-elect directors by convening temporary shareholders meeting within 60 days of occurrence in accordance to the law. Except for the circumstances where the entire Board is re-elected, the tenure of succeeding directors shall expired at the end of the original service period.

Article 15-2 Any director may use form of proxy expressly stating scope of authorization for other director to attend the Board, and may exercise voting power as a proxy director for all matters discussed in the Board. Every director can only be a proxy for another director. In case the Board has video conference, the participating directors shall be regarded as attending the meeting in person.

Article 15-3 Deleted.

Article 16 The Board is authorized to determine the rewards for President, and directors in consideration of respective involving levels of corporate operation and contributed values with reference of other companies domestically and abroad.

A company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting.

### **Chapter 5 Manager**

Article 17 The company shall have manager whose appointment, removal, and reward shall proceed in accordance with Article 29 of Company Act.

### **Chapter 6 Accounting**

Article 18 The Board of the company shall make the following reports by the end of accounting year and submitted it to the shareholders meeting for ratification:  
(1) Business Report  
(2) Financial Statements  
(3) Distribution of Profits or Motion of Loss Appropriation.

Article 19 Deleted.

Article 20 In case the company has yearly profit, at least 1% shall be appropriated as staff reward and no more than 5% as rewards for directors and supervisors. However, the company's accumulated losses shall first have been covered.

The preceding staff reward shall be paid by stock shares or cash dividends. The objects of payment shall consist of employees of controlling and affiliated company meeting certain criteria determined by the Board. The preceding rewards for directors and supervisors shall only be paid by cash dividends.

The preceding 2 items shall be resolved by the Board before execution. And the shareholders meeting shall be reported.

In case the company has surplus after the general annual final settlement, tax shall be first repaid, the accumulative losses be compensated and then 10% be appropriated as legal reserve. When the accumulative legal reserve achieves paid-in capital of the company is not subject to this limitation. Then by law or stipulations of the authorities, special reserve shall be set aside or reversed. Where in case there is surplus, the Board shall propose a motion of profit distribution along with beginning retained earnings. Where surplus is distributed in form of new shares, such matter shall be submitted for shareholders meeting to resolve for stock dividends.

Pursuant to Article 240 and 241 of the Company Act, the Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The policy of cash dividends of the company is formed to match present and future development plan. In consideration of investing environment, demand of fund, competition at home and abroad, and interest of shareholders, every year at least 10% of distributable surplus for stock or cash dividends shall be appropriated as rewards for shareholders. However, when the annual distributable earnings have been all appropriated for stock and cash dividends for shareholders at less than NT\$0.5 per share, the distributable surplus may be fully retained without any distribution. The distribution of surplus can be cash or stock dividends. Among the dividends, cash shall be at least 30% of total.

### **Chapter 7 Supplementary Provisions**

- Article 21 Any unspecified matters by this article shall proceed in accordance with Company Act.
- Article 21-1 Deleted.
- Article 22 This article was made on May 20, 1980.  
1st revision was made on Nov. 10, 1983.  
2nd revision was made on Jun. 15, 1984.  
3rd revision was made on Aug. 12, 1987.  
4th revision was made on Jun. 9, 1988.  
5th revision was made on Mar. 14, 2000.  
6th revision was made on Nov. 18, 2002.  
7th revision was made on Jun. 30, 2007.  
8th revision was made on Jan. 18, 2008.  
9th revision was made on Mar. 19, 2008.  
10th revision was made on Dec. 26, 2008.  
11th revision was made on Jun. 30, 2010.  
12th revision was made on Jun. 24, 2011.  
13th revision was made on Jun. 15, 2012.  
14th revision was made on Jun. 15, 2012.  
15th revision was made on Jun. 14, 2013.  
16th revision was made on Jun. 7, 2016.  
17th revision was made on Jun. 14, 2017.



18th revision was made on Jun. 18, 2019.

19th revision was made on Jun. 16, 2020.

20th revision was made on Jun. 15, 2022.

Nishoku Technology Inc.

Chairman: Chen, Piao-Fu

## Nishoku Technology Inc. Shareholding of Directors

1. In accordance with Article 26 of “Regulations Governing Content and Compliance Requirements for Shareholders’ Meeting Agenda Handbooks of Public Companies, the lowest shareholding of all Directors shall be 5,043,858 shares.
2. The total shareholding of all Directors recorded in the shareholders’ register has met the legal standard for percentage of shareholding.
3. The Company had set up Audit Committee, so there is no applicable for the minimum required of shareholdings of supervisors by law.
4. The shareholdings of Directors:

Title	Name	Elected Date	Tenure	Shareholding when elected		Shares held as of date for suspension of share transfer	
				No. of Shares	Percentage of shareholdings	No. of Shares	Percentage of shareholdings
Chairman	Jing Hong Investment Limited Rep.: Chen, Piao-Fu	Jun. 15, 2022	3 years	3,600,000	5.74%	3,600,000	5.71%
Director	Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng	Jun. 15, 2022	3 years	2,263,956	3.61%	2,263,956	3.59%
Director	Ji Teng Investment Limited Rep.: Wu, Ying-Lan	Jun. 15, 2022	3 years	4,500,000	7.18%	4,500,000	7.14%
Director	Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien	Jun. 15, 2022	3 years	1,855,308	2.96%	1,855,308	2.94%
Director	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi	Jun. 15, 2022	3 years	2,683,082	4.28%	2,683,082	4.26%
Director	Chang Shun Investment Limited Rep.: Fan, Chia-Wen	Jun. 15, 2022	3 years	2,705,932	4.32%	2,705,932	4.29%
<b>Total shareholdings of all Directors</b>				<b>17,608,278</b>	<b>28.09%</b>	<b>17,608,278</b>	<b>27.93%</b>
Independent Director	Lin, Horng Chang	Jun. 15, 2022	3 years	0	0.00%	0	0.00%
Independent Director	Wang, Zhi-Chen	Jun. 15, 2022	3 years	0	0.00%	0	0.00%
Independent Director	Tsai, Chih-Jie	Jun. 15, 2022	3 years	0	0.00%	0	0.00%
<b>Total shareholdings of all Independent Directors</b>				<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

Note: As of the date for suspension of share transfer of this Shareholders’ Meeting, April 15, 2024, the Company’s total issued share of 63,040,229 shares.