



Stock Code : 6173

# **Prosperity Dielectrics Co., Ltd.**

## **2025 Annual Shareholders' Meeting Handbook**

**(English Translation)<sup>1</sup>**

Convening Method : Physical Shareholders' Meeting

Date : June 17, 2025

Time : 9:30 A.M.

Place : 103 Conference Room, China Motor Training Center, No.3,  
Qingnian Rd., Yangmei Dist., Taoyuan City 326, Taiwan(R.O.C.)

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<sup>1</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

**Prosperity Dielectrics Co., Ltd.**  
**2025 Annual Shareholders' Meeting Handbook**  
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**Prosperity Dielectrics Co., Ltd.**  
**Meeting Procedure and Agenda of the 2025 Annual Shareholders' Meeting**

**1. Announcement of the Commencement of the Meeting.**

**2. Chairman's Address.**

**3. Matters to Be Reported**

- (1) The 2024 Business Report and Final Account Report.
- (2) Audit Committee's Review Report.
- (3) The Distribution Report of Compensation of Employees and Directors for the year 2024.
- (4) Other Matters to Be Reported.

**4. Matters to Be Ratified and Discussed**

- (1) Ratification of the 2024 Business Report and Final Account Statements.
- (2) Ratification of the 2024 Earnings Distribution Proposal.
- (3) Discussion of the Amendments to the Articles of Incorporation of the Company.
- (4) Discussion of the Amendments to the Procedures for the Acquisition and Disposal of Assets of the Company.

**5. Other Extemporaneous Matters and Motions**

**6. Adjournment**

## Matters to Be Reported

### 1.The 2024 Business Report and Final Account Report.

Please review and approve the Company's 2024 business report and final account report. For details, please refer to pp.6– 28 of the Appendix to the Handbook.

### 2.Audit Committee's Review Report.

Please refer to p.29 of the Appendix to the Handbook for the review report from the Audit Committee.

### 3.The Distribution Report of Compensation of Employees and Directors for the year 2024.

The compensation of employees and directors for the year 2024 were NT\$16,552,932 and NT\$6,621,173, respectively , which were 2.5% and 1% of the profit and approved by the Company's board of directors on February 19, 2025. The above amounts will all be paid in cash.

### 4.Report on the Status of Repurchase of the Company's Shares.

- (1)Please refer to pp.30 - 31 of the Appendix to the Handbook for 9th plan of transferring the repurchased shares to the employees of the Company.
- (2)The status of repurchase of the Company's shares was as follows:

No.		9th
Date of BOD Resolution		6th Meeting of the Board of Directors of 11th Term on March 25, 2021
Purpose of Repurchase		Transferring the Repurchased Shares to the Employees
Repurchase Period		March 26, 2021 to March 31, 2021
Type of Shares Repurchased		Common Shares
No. of shares repurchased	Estimated	800,000 Shares
	Actual	800,000 Shares
Average Repurchase Price per Share		67.96
Reasons for Failure to Fully Repurchase the Shares		Not Applicable (Fully Repurchased)
Execution	Date of Transfer or Deadline for Cancellation of Shares	Untransferred
	Number of Shares Transferred	Not Applicable
	Number of Shares Untransferred or Cancelled	Not Applicable
	Date and Document Number of over the Counter Transaction Approved by the Competent Authority	Not Applicable

### 5.Report on the Status of Shareholders' Proposals for the 2025 Annual Shareholders' Meeting.

During the period for accepting the shareholders' proposals from April 3, 2025 to April 14, 2025, none of the shareholders holding more than 1% of the total shares of the Company submitted any written proposal to the Company in accordance with Article 172-1 of Company Act.

## Matters to Be Ratified and Discussed

### Proposal 1

Proposed by the Board of Directors

**Subject : Ratification of the 2024 Business report and Financial Statements.**

#### Explanations :

1. The Company's 2024 business report ,parent company only financial statements and consolidated financial statements(including balance sheets , statements of comprehensive income, changes in equity and cash flows) had been approved by the Board of Directors and reviewed by the Audit Committee. Please refer to pp.6 – 28 of the Appendix to the Handbook for the aforementioned statements.
2. The Company's financial statements had been audited as well as certified by Yi-Min Huang and Chin-Chuan Shih, CPAs of Deloitte & Touche.

#### Resolution :

### Proposal 2

Proposed by the Board of Directors

**Subject : Ratification of the Company's 2024 Earnings Distribution Proposal.**

#### Explanations :

- 1.The Company made a profit of NT\$498,119,244 after tax for fiscal year 2024.  
The 2024 earnings distribution proposal is as follows:

### Prosperity Dielectrics Co., Ltd. Earnings Distribution Proposal for 2024

Unit: NT\$

Summary	Amount		Note
Unappropriated earnings, beginning of year		\$2,927,459,399	
Net profit for 2024	498,119,244		
Reversal of special reserve appropriated upon the first-time adoption of IFRSs	12,341,369		
Remeasurement of defined benefit plans recognized in retained earnings	1,911,185		
Adjustments on equity method investments recognized in retained earnings	11,761,802		
Net profit for 2024 plus other profit items adjusted to the current year's unappropriated earnings other than net profit for 2024		524,133,600	
Legal reserve		(52,413,360)	
Distributable earnings		3,399,179,639	
Distributable items :			
Cash dividends to shareholders		(240,800,000)	NT\$1.4 per share
Unappropriated earnings, end of year		\$3,158,379,639	

Chairman : Yu-Heng Chiao

Manager : Chun-Hsueh Chen

Accounting Chief : Hsia-Ying Lo

2. The profit distribution is calculated based on 172,000,000 shares , which is the number of issued shares of the Company on March 28, 2025. In the event that the Company buys back shares or transfers treasury stocks to employees, thereby affecting the number of

outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend base date. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the remaining cash will be credited to other revenue by the Company.

3. Upon the approval of the annual shareholders' meeting, it is proposed that the chairman be authorized to otherwise determine the distribution record date and distribution date.
4. The Company operates for sustainable development and maintains market competitiveness in response to industrial upgrading, the Company is planning to use the unappropriated earnings to construct or purchase buildings, software or hardware equipment or technology for use in production or operation as needed for its business, and the Company will report to the National Taxation Bureau for the deduction such investment amounts from the unappropriated earnings tax base in accordance with Article 23-3 of the Statute of Industrial Innovation.

**Resolution :**

**Proposal 3**

**Proposed by the Board of Directors**

**Subject : Discussion of the Amendments to the Articles of Incorporation of the Company.**

**Explanations :**

In accordance with the amendment to Article 14, Paragraph 6 of the Securities and Exchange Act, it is proposed to amend the Articles of Incorporation of the Company. Please refer to p.32 of the Appendix to the Handbook for the comparison table of the amended articles of the Articles of Incorporation.

**Resolution :**

**Proposal 4**

**Proposed by the Board of Directors**

**Subject : Discussion of the Amendments to the Procedures for the Acquisition and Disposal of Assets of the Company.**

**Explanations :**

1. In accordance with the practical requirements, it is proposed to amend the articles of the Procedures for the Acquisition and Disposal of Assets of the Company.
2. Please refer to pp.33–36 of the Appendix to the Handbook for the comparison table of the amended articles of the Procedures for the Acquisition and Disposal of Assets of the Company.

**Resolution :**

**Other Extemporaneous Matters and Motions**

**Adjournment**

# Appendix

# Prosperity Dielectrics Co., Ltd

## 2024 Business Report

Looking back at 2024, although the global economy was impacted by geopolitical military conflicts and trade protectionism, the continuous expansion of artificial intelligence (AI) and emerging application opportunities has led to a gradual shift in global commodity trade from recession to expansion. Additionally, the U.S. Federal Reserve and central banks of several European Union countries have initiated interest rate cuts, helping to sustain moderate global economic growth.

In response to the rapid changes in the global international situation and industrial economy, the company adheres to the principle of steady growth and continues to improve its operations. In addition to the development of new products and new markets, it also strengthens resource integration, process improvement, output efficiency enhancement, new product development, management cost control, and optimization of product and customer portfolios, and continues to deploy niche products. Due to the expanding demand for emerging technology applications such as artificial intelligence, high-performance computing and cloud data services, the demand for electronic-related products has rebounded, resulting in an increase in the company's consolidated revenue and gross profit in 2024 compared to last year: the consolidated revenue in 2024 was NT\$3.72 billion, an increase of 1.9% over last year; in terms of net operating profit, the net operating profit in 2024 was NT\$490 million, an increase of 25.7% over last year; in terms of net profit after tax, the net profit in 2024 was NT\$498 million, an increase of 10.4% over last year.

The operating results of PDC for 2024 are reported as follows:

### I. Global layout and internal process transformation:

- MLCC factory completed the establishment of MES manufacturing execution system.
- MLCC factory has integrated the development of the key material.
- MLCC factory has strengthen the vertical integration of internal resource and strictly selected suppliers.
- Strengthen the mode of production and sales integration and cooperation between group companies.
- Actively improve factory constitution, optimize product mix and, enhance efficiency and strengthen product quality.

### II. New product development

- Better C/P of X1Y2 safety certified X7R MLCC.
- Low loss DF and low dc-bias MLCC.
- Hi-cap $\geq$ 10uF X7R,X7S MLCC.
- Mid-voltage & Hi-cap NPO MLCC for vehicles.
- 0508 metal plate resistors.
- 0612/1225 BME low resistance with long electrodes resistors.
- 0612/1225 anti-sulfur with long electrodes resistors.
- BME-X7R252H porcelain powder project.
- MW (microwave) LA008 porcelain powder project.



- BME-X7T871 porcelain powder project.
- 5G communication LTCC Low-K porcelain powder project.
- Varistor porcelain powder project.
- The precious metal X7R high-temperature, high-capacitance and high-voltage capacitor porcelain powder project.
- Low temperature co-fired ceramic powder and glass powder for 5G application.
- Various medium-voltage and high-voltage dielectric ceramic powder for vehicles.

### III. Financial result and profitability :

Comparison table of income statement for 2024 and 2023 is as follows:

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)			
Item	2024	2023	Growth rate
<b>Statements of Comprehensive Income</b>			
Net Revenue	3,276,584	3,260,327	0.5%
Gross Profit	701,416	626,031	12.0%
Operating Profit	430,732	347,475	24.0%
Income Before Income Tax	638,943	563,043	13.5%
Net Income	498,119	451,374	10.4%
Earnings Per Share	2.91	2.64	10.2%
<b>Consolidated Statements of Comprehensive Income</b>			
Net Revenue	3,724,038	3,653,839	1.9%
Gross Profit	798,013	701,746	13.7%
Operating Profit	490,676	390,382	25.7%
Income Before Income Tax	631,552	564,814	11.8%
Net Income (Attributable to the owner of the company)	498,119	451,374	10.4%

Looking forward to the new year, if the growth foundation in 2024 is continued, AI will expand from servers to penetrate into terminal products such as PCs, Tablets, and mobile phones. Coupled with the heating of the robot and electric vehicle markets, it is expected to become the growth momentum of electronic components in 2025. However, with the conclusion of elections around the world in 2024 and resulting political transitions, global trade, currency, and tariff policies will be reshaped. Heightened regional conflicts and intensified trade protectionism may further increase uncertainty in the global economic environment.

In the face of rapid changes in global economic market and industry, in response to the volatile market situation, the company will not only continue to monitor key factors affecting the industry and economy but also actively adopts the following countermeasures and plans, improve operational performance, and actively implement corporate governance and sustainable operation and increase shareholder remuneration :

- Continue to focus on the company's core products, invest in R&D, manufacturing and sales to enhance the company's competitiveness in order to get greater profits.
- Continue to promote smart factories to improve production efficiency.
- In response to the future market development direction, we will continue to invest in research,

development and manufacturing of special products.

- Continue to develop customers and automotive electronics distributors in Europe, America and Southeast Asia, integrate component marketing channels and strengthen customer services, and strengthen the production and sales integration and cooperation model among group companies.
- Continue to improve product quality, provide high quality products to customers.
- Continue to provide customers with innovative technology to become the best partner to create added value.
- Provide green products , continue to carry out environmental protection work and to promote ESG (Enterprise Sustainable Development).

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Prosperity Dielectrics Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Prosperity Dielectrics Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

### **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 for the year ended December 31, 2024. 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2024 is described as follows:

#### **Validity of Sales Revenue**

The Company engages mainly in the manufacturing and selling chip capacitors, chip resistors, dielectric porcelain powders and magnetic materials. For the year ended December 31, 2024, the sales revenue of the Company was NT\$3,276,584 thousand. It has been assessed that the

authenticity of sales from key customers is significant to consolidated financial statements. The existence of sales revenue from key customers was considered as a key audit matter for the audit of the Company's financial statements for the year ended December 31, 2024. For the accounting policies related to sales revenue, please refer to Note 4 of the Company's financial statements.

Our audit procedures performed in response to the aforementioned key audit matter include the following: We understood the Company's internal controls on the recognition of sales revenue from the aforementioned customers, evaluated the design of the key controls, tested the operating effectiveness of these controls and inspected the sales transactions from these customers on a sample basis to ensure the validity of the occurrence of the sales transactions.

### **Other Matter**

As described in Note 12 to the consolidated financial statements, we did not audit the financial statements of certain investments accounted for using the equity method, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors. The investments accounted for using the equity method amounted to NT\$377,977 thousand and NT\$390,462 thousand as of December 31, 2024 and 2023, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2024 and 2023 amounted to NT\$18,783 thousand and NT\$12,925 thousand, respectively.

### **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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company 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 for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Min Huang and Chin-Chuan Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 19, 2025

#### Notice to Readers

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

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

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY BALANCE SHEETS**

**DECEMBER 31, 2024 AND 2023**

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

ASSETS	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 261,126	3	\$ 589,004	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	87,025	1	68,755	1
Financial assets at amortized cost - current (Notes 4 and 8)	30,500	-	168,808	2
Notes receivable from unrelated parties (Notes 4 and 9)	25,306	-	29,651	1
Trade receivables from unrelated parties (Notes 4 and 9)	426,906	6	343,057	4
Trade receivables from related parties (Notes 4 and 26)	357,753	5	420,195	5
Other receivables from unrelated parties	18,770	-	11,443	-
Other receivables from related parties (Note 26)	3,456	-	1,371	-
Inventories (Notes 4 and 10)	592,843	8	564,042	7
Other current assets	<u>20,178</u>	<u>-</u>	<u>18,670</u>	<u>-</u>
Total current assets	<u>1,823,863</u>	<u>23</u>	<u>2,214,996</u>	<u>27</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	1,702,054	22	1,706,241	20
Financial assets at amortized cost - non-current (Notes 4 and 8)	800,218	10	281,297	3
Investments accounted for using the equity method (Notes 4 and 12)	1,987,987	25	2,209,374	27
Property, plant and equipment (Notes 4 and 13)	1,445,520	18	1,750,930	21
Right-of-use assets (Notes 4 and 14)	111,895	1	139,965	2
Computer software (Note 4)	4,133	-	6,151	-
Deferred tax assets (Notes 4 and 22)	38,130	1	32,757	-
Other non-current assets	<u>9,199</u>	<u>-</u>	<u>12,519</u>	<u>-</u>
Total non-current assets	<u>6,099,136</u>	<u>77</u>	<u>6,139,234</u>	<u>73</u>
TOTAL	<u>\$ 7,922,999</u>	<u>100</u>	<u>\$ 8,354,230</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ -	-	\$ 20,000	-
Trade payables to unrelated parties	239,140	3	229,911	3
Trade payables to related parties (Note 26)	37,964	1	20,894	-
Other payables to unrelated parties (Note 16)	394,895	5	377,321	5
Other payables to related parties (Note 26)	12,610	-	14,139	-
Current tax liabilities (Notes 4 and 22)	56,211	1	54,741	1
Lease liabilities - current (Notes 4 and 14)	29,751	-	28,781	-
Current portion of long-term borrowings (Note 15)	67,917	1	409,158	5
Other current liabilities	<u>18,584</u>	<u>-</u>	<u>10,735</u>	<u>-</u>
Total current liabilities	<u>857,072</u>	<u>11</u>	<u>1,165,680</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	-	-	66,408	1
Deferred tax liabilities (Notes 4 and 22)	161,009	2	179,739	2
Lease liabilities - non-current (Notes 4 and 14)	92,628	1	122,460	2
Deferred revenue - non-current (Notes 4 and 16)	-	-	1,509	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	4,092	-	8,617	-
Guarantee deposits received	<u>7,486</u>	<u>-</u>	<u>8,285</u>	<u>-</u>
Total non-current liabilities	<u>265,215</u>	<u>3</u>	<u>387,018</u>	<u>5</u>
Total liabilities	<u>1,122,287</u>	<u>14</u>	<u>1,552,698</u>	<u>19</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	<u>1,720,000</u>	<u>22</u>	<u>1,720,000</u>	<u>21</u>
Capital surplus	<u>497,255</u>	<u>6</u>	<u>498,708</u>	<u>6</u>
Retained earnings				
Legal reserve	732,642	9	687,087	8
Special reserve	55,421	1	67,764	1
Unappropriated earnings	<u>3,451,593</u>	<u>44</u>	<u>3,179,413</u>	<u>38</u>
Total retained earnings	<u>4,239,656</u>	<u>54</u>	<u>3,934,264</u>	<u>47</u>
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	9,583	-	(66,031)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>388,589</u>	<u>5</u>	<u>768,962</u>	<u>9</u>
Total other equity	<u>398,172</u>	<u>5</u>	<u>702,931</u>	<u>8</u>
Treasury shares	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>(1)</u>
Total equity	<u>6,800,712</u>	<u>86</u>	<u>6,801,532</u>	<u>81</u>
TOTAL	<u>\$ 7,922,999</u>	<u>100</u>	<u>\$ 8,354,230</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated February 19, 2025)

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
NET SALES (Notes 4 and 20)	\$ 3,276,584	100	\$ 3,260,327	100
COST OF SALES (Note 10)	<u>2,578,674</u>	<u>79</u>	<u>2,639,206</u>	<u>81</u>
GROSS PROFIT	697,910	21	621,121	19
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>3,506</u>	<u>-</u>	<u>4,910</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>701,416</u>	<u>21</u>	<u>626,031</u>	<u>19</u>
OPERATING EXPENSES				
Selling and marketing expenses	97,080	3	89,094	3
General and administrative expenses	103,113	3	110,637	3
Research and development expenses	<u>70,491</u>	<u>2</u>	<u>78,825</u>	<u>2</u>
Total operating expenses	<u>270,684</u>	<u>8</u>	<u>278,556</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>430,732</u>	<u>13</u>	<u>347,475</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	18,811	1	46,720	1
Interest income	41,789	1	32,230	1
Dividend income	34,336	1	45,731	1
Other income	14,726	-	18,468	1
Gain on disposal of property, plant and equipment	565	-	322	-
Gain on disposal of investments	1,456	-	-	-
Foreign exchange gain	89,529	3	2,675	-
Gain on valuation of financial assets at FVTPL	18,270	-	109,866	3
Gain on reversal of impairment loss	-	-	6,011	-
Interest expense	(7,600)	-	(13,742)	-
Miscellaneous expenses	(3,162)	-	(987)	-
Loss on disposal of investments	-	-	(31,714)	(1)
Loss on lease modifications	<u>(509)</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
Total non-operating income and expenses	<u>208,211</u>	<u>6</u>	<u>215,568</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	638,943	19	563,043	17
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(140,824)</u>	<u>(4)</u>	<u>(111,669)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>498,119</u>	<u>15</u>	<u>451,374</u>	<u>14</u>

(Continued)



**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,911	-	\$ 681	-
Unrealized valuation (loss) gain on investments in equity instruments at fair value through other comprehensive income	(359,133)	(11)	186,335	5
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(21,100)	-	23,506	1
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>75,614</u>	<u>2</u>	<u>(15,114)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(302,708)</u>	<u>(9)</u>	<u>195,408</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 195,411</u>	<u>6</u>	<u>\$ 646,782</u>	<u>20</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 2.91</u>		<u>\$ 2.64</u>	
Diluted	<u>\$ 2.90</u>		<u>\$ 2.63</u>	

(With Deloitte & Touche auditors' report dated February 19, 2025)

(Concluded)

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity (Note 19)		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2023	172,000	\$ 1,720,000	\$ 498,708	\$ 624,924	\$ 67,764	\$ 2,992,429	\$ (50,917)	\$ 579,363	\$ (54,371)	\$ 6,377,900
Appropriation of the 2022 earnings (Note 19)										
Legal reserve	-	-	-	62,163	-	(62,163)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(206,400)	-	-	-	(206,400)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	-	-	-	(16,750)	-	-	-	(16,750)
Net profit for the year ended December 31, 2023	-	-	-	-	-	451,374	-	-	-	451,374
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	681	(15,114)	209,841	-	195,408
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	452,055	(15,114)	209,841	-	646,782
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) (Note 19)	-	-	-	-	-	20,242	-	(20,242)	-	-
BALANCE, DECEMBER 31, 2023	172,000	1,720,000	498,708	687,087	67,764	3,179,413	(66,031)	768,962	(54,371)	6,801,532
Appropriation of the 2023 earnings (Note 19)										
Legal reserve	-	-	-	45,555	-	(45,555)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(206,400)	-	-	-	(206,400)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	3	-	-	5,829	-	-	-	5,832
Net profit for the year ended December 31, 2024	-	-	-	-	-	498,119	-	-	-	498,119
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	2,051	75,614	(380,373)	-	(302,708)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	500,170	75,614	(380,373)	-	195,411
Disposal of investments accounted for using the equity method	-	-	-	-	(12,343)	12,343	-	-	-	-
Differences between consideration and carrying amount of subsidiaries disposed	-	-	(1,456)	-	-	-	-	-	-	(1,456)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	5,793	-	-	-	5,793
BALANCE, DECEMBER 31, 2024	172,000	\$ 1,720,000	\$ 497,255	\$ 732,642	\$ 55,421	\$ 3,451,593	\$ 9,583	\$ 388,589	\$ (54,371)	\$ 6,800,712

(With Deloitte & Touche auditors' report dated February 19, 2025)

**PROSPERITY DIELECTRICS CO., LTD.****PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 638,943	\$ 563,043
Adjustments for:		
Depreciation expense	399,271	423,264
Amortization expense	7,750	6,989
Net gain on valuation of financial assets at FVTPL	(18,270)	(109,866)
Interest expense	7,600	13,742
Interest income	(41,789)	(32,230)
Dividend income	(34,336)	(45,731)
Share of profit of subsidiaries and associates accounted for using the equity method	(18,811)	(46,720)
Gain on disposal of property, plant and equipment	(565)	(322)
(Gain) loss on disposal of investments	(1,456)	31,714
Loss on reversal of impairment loss of non-financial assets	3,459	8,733
Unrealized gain on the transactions with subsidiaries and associates	(3,506)	(4,910)
Loss on lease modifications	509	12
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	-	259,427
Decrease in notes receivable from unrelated parties	4,345	1,666
(Increase) decrease in trade receivables from unrelated parties	(83,849)	96,552
Decrease (increase) in trade receivables from related parties	62,442	(135,986)
Decrease in other receivables from unrelated parties	94	13,066
Decrease in other receivables from related parties	5,092	2,674
(Increase) decrease in inventories	(32,260)	52,433
(Increase) decrease in other current assets	(1,508)	17,549
Increase in other non-current assets	(2,350)	(3,754)
Increase in trade payables to unrelated parties	9,229	42,011
Increase (decrease) in trade payables to related parties	17,070	(19,708)
Increase (decrease) in other payables to unrelated parties	31,132	(15,060)
Increase (decrease) in other payables to related parties	990	(3,510)
Increase (decrease) in other current liabilities	7,849	(3,731)
Decrease in net defined benefit liabilities	(2,614)	(15,049)
Cash generated from operations	954,461	1,096,298
Interest received	34,403	24,066
Dividends received	197,264	45,626
Interest paid	(6,690)	(12,357)
Income tax paid	(145,350)	(180,065)
Net cash generated from operating activities	<u>1,034,088</u>	<u>973,568</u> (Continued)

**PROSPERITY DIELECTRICS CO., LTD.****PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (359,481)	\$ (200,000)
Disposal of financial assets at fair value through other comprehensive income	-	39,945
Purchase of financial assets at amortized cost	(380,613)	(414,714)
Purchase of investments accounted for using the equity method	-	(2,500)
Disposal of subsidiaries	128,773	-
Payments for property, plant and equipment	(84,565)	(74,175)
Proceeds from disposal of property, plant and equipment	672	1,420
Increase in refundable deposits	<u>(62)</u>	<u>(2,123)</u>
Net cash used in investing activities	<u>(695,276)</u>	<u>(652,147)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short-term borrowings	(20,000)	(210,000)
Repayment of long-term loans	(409,158)	(349,591)
Refund of guarantee deposits received	(799)	(8,269)
Repayment of the principal portion of lease liabilities	(30,333)	(30,220)
Cash dividends paid to owners of the Company	<u>(206,400)</u>	<u>(206,400)</u>
Net cash used in financing activities	<u>(666,690)</u>	<u>(804,480)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(327,878)</b>	<b>(483,059)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>589,004</b></u>	<u><b>1,072,063</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 261,126</b></u>	<u><b>\$ 589,004</b></u>

(With Deloitte &amp; Touche auditors' report dated February 19, 2025)

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Prosperity Dielectrics Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Prosperity Dielectrics Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended as restated, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended as restated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is described as follows:

#### **Validity of Sales Revenue**

The Group engages mainly in the manufacturing and selling chip capacitors, chip resistors, dielectric porcelain powders and magnetic materials. For the year ended December 31, 2024, the sales revenue of the Group was NT\$3,724,038 thousand. It has been assessed that the authenticity of sales from key customers is significant to consolidated financial statements. The existence of sales revenue from key customers was considered as a key audit matter for

the audit of the Group's consolidated financial statements for the year ended December 31, 2024. For the accounting policies related to sales revenue, please refer to Note 4 of the consolidated financial statements.

Our audit procedures performed in response to the aforementioned key audit matter include the following: We understood the Group's internal controls on the recognition of sales revenue from the aforementioned customers, evaluated the design of the key controls, tested the operating effectiveness of these controls and inspected the sales transactions from these customers on a sample basis to ensure the validity of the occurrence of the sales transactions.

### **Other Matter**

We did not audit the financial statements of certain investments accounted for using the equity method, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors. The investments accounted for using the equity method amounted to NT\$377,977 thousand and NT\$390,462 thousand as of December 31, 2024 and 2023, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2024 and 2023 amounted to NT\$18,783 thousand and NT\$12,925 thousand, respectively.

We have also audited the parent company only financial statements of Prosperity Dielectrics Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

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

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

taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Min Huang and Chin-Chuan Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 19, 2025

Notice to Readers

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

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



**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 398,844	5	\$ 1,017,418	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	87,025	1	68,755	1
Financial assets at amortized cost - current (Notes 4 and 8)	282,526	4	421,735	5
Notes receivable from unrelated parties (Notes 4 and 9)	25,306	-	29,651	-
Trade receivables from unrelated parties (Notes 4 and 9)	682,770	9	568,758	7
Trade receivables from related parties (Notes 4 and 27)	230,515	3	270,150	3
Other receivables from unrelated parties	34,201	-	31,306	1
Other receivables from related parties (Note 27)	3,456	-	1,339	-
Inventories (Notes 4 and 10)	642,247	8	600,952	7
Other current assets	<u>22,494</u>	<u>-</u>	<u>20,858</u>	<u>-</u>
Total current assets	<u>2,409,384</u>	<u>30</u>	<u>3,030,922</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,702,054	21	1,706,241	20
Financial assets at amortized cost - non-current (Notes 4 and 8)	1,058,296	13	661,517	8
Investments accounted for using the equity method (Notes 4 and 13)	1,231,313	15	1,137,842	13
Property, plant and equipment (Notes 4 and 14)	1,457,543	18	1,769,437	21
Right-of-use assets (Notes 4 and 15)	119,727	2	147,780	2
Computer software (Note 4)	4,133	-	6,151	-
Deferred tax assets (Notes 4 and 23)	38,983	1	35,412	-
Other non-current assets	<u>9,469</u>	<u>-</u>	<u>12,928</u>	<u>-</u>
Total non-current assets	<u>5,621,518</u>	<u>70</u>	<u>5,477,308</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 8,030,902</u>	<u>100</u>	<u>\$ 8,508,230</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 63,411	1
Trade payables to unrelated parties	245,027	3	236,217	3
Trade payables to related parties (Note 27)	112,596	2	92,463	1
Other payables to unrelated parties (Note 17)	403,053	5	384,560	4
Other payables to related parties (Note 27)	12,915	-	14,426	-
Current tax liabilities (Notes 4 and 23)	58,747	1	58,228	1
Lease liabilities - current (Notes 4 and 15)	29,751	-	28,781	-
Current portion of long-term borrowings (Note 16)	67,917	1	409,158	5
Other current liabilities	<u>22,181</u>	<u>-</u>	<u>11,567</u>	<u>-</u>
Total current liabilities	<u>952,187</u>	<u>12</u>	<u>1,298,811</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	-	-	66,408	1
Deferred tax liabilities (Notes 4 and 23)	161,009	2	179,739	2
Lease liabilities - non-current (Notes 4 and 15)	92,628	1	122,460	2
Deferred revenue - non-current (Notes 4 and 17)	-	-	1,509	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	4,092	-	8,617	-
Guarantee deposits received	<u>20,274</u>	<u>-</u>	<u>29,154</u>	<u>-</u>
Total non-current liabilities	<u>278,003</u>	<u>3</u>	<u>407,887</u>	<u>5</u>
Total liabilities	<u>1,230,190</u>	<u>15</u>	<u>1,706,698</u>	<u>20</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital				
Ordinary shares	<u>1,720,000</u>	<u>22</u>	<u>1,720,000</u>	<u>20</u>
Capital surplus	<u>497,255</u>	<u>6</u>	<u>498,708</u>	<u>6</u>
Retained earnings				
Legal reserve	732,642	9	687,087	8
Special reserve	55,421	1	67,764	1
Unappropriated earnings	<u>3,451,593</u>	<u>43</u>	<u>3,179,413</u>	<u>37</u>
Total retained earnings	<u>4,239,656</u>	<u>53</u>	<u>3,934,264</u>	<u>46</u>
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	9,583	-	(66,031)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>388,589</u>	<u>5</u>	<u>768,962</u>	<u>9</u>
Total other equity	<u>398,172</u>	<u>5</u>	<u>702,931</u>	<u>8</u>
Treasury shares	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>6,800,712</u>	<u>85</u>	<u>6,801,532</u>	<u>80</u>
Total equity	<u>6,800,712</u>	<u>85</u>	<u>6,801,532</u>	<u>80</u>
<b>TOTAL</b>	<u>\$ 8,030,902</u>	<u>100</u>	<u>\$ 8,508,230</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated February 19, 2025)

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
NET SALES (Notes 4 and 31)	\$ 3,724,038	100	\$ 3,653,839	100
COST OF SALES (Note 10)	<u>2,926,025</u>	<u>79</u>	<u>2,952,093</u>	<u>81</u>
GROSS PROFIT	<u>798,013</u>	<u>21</u>	<u>701,746</u>	<u>19</u>
OPERATING EXPENSES				
Selling and marketing expenses	121,287	3	113,904	3
General and administrative expenses	115,560	3	118,635	3
Research and development expenses	<u>70,490</u>	<u>2</u>	<u>78,825</u>	<u>2</u>
Total operating expenses	<u>307,337</u>	<u>8</u>	<u>311,364</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>490,676</u>	<u>13</u>	<u>390,382</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	68,630	2	62,778	2
Dividend income	34,336	1	45,731	1
Other income	15,352	-	18,905	1
Gain on disposal of property, plant and equipment	565	-	-	-
Gain on disposal of investments	1,312	-	-	-
Gain on lease modifications	-	-	1	-
Foreign exchange gain	78,994	2	-	-
Gain on valuation of financial assets at FVTPL	18,270	1	108,509	3
Gain on reversal of impairment loss	-	-	6,641	-
Interest expense	(7,600)	-	(13,774)	-
Miscellaneous expenses	(3,287)	-	(4,688)	-
Loss on disposal of property, plant and equipment	-	-	(232)	-
Loss on disposal of investments	-	-	(29,522)	(1)
Loss on lease modifications	(509)	-	-	-
Foreign exchange loss	-	-	(2,212)	-
Share of loss of associates accounted for using the equity method (Notes 4 and 13)	<u>(65,187)</u>	<u>(2)</u>	<u>(17,705)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>140,876</u>	<u>4</u>	<u>174,432</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	631,552	17	564,814	16
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(133,433)</u>	<u>(4)</u>	<u>(113,440)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>498,119</u>	<u>13</u>	<u>451,374</u>	<u>13</u>

(Continued)

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,911	-	681	-
Unrealized valuation (loss) gain on investments in equity instruments at fair value through other comprehensive income	(359,133)	(10)	186,335	5
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(21,100)	-	23,506	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	68,219	2	(22,505)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>7,395</u>	<u>-</u>	<u>7,391</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(302,708)</u>	<u>(8)</u>	<u>195,408</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 195,411</u>	<u>5</u>	<u>\$ 646,782</u>	<u>18</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.91</u>		<u>\$ 2.64</u>	
Diluted	<u>\$ 2.90</u>		<u>\$ 2.63</u>	

(With Deloitte & Touche auditors' report dated February 19, 2025)

(Concluded)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity (Note 20)		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2023	172,000	\$ 1,720,000	\$ 498,708	\$ 624,924	\$ 67,764	\$ 2,992,429	\$ (50,917)	\$ 579,363	\$ (54,371)	\$ 6,377,900
Appropriation of 2022 earnings (Note 20)										
Legal reserve	-	-	-	62,163	-	(62,163)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(206,400)	-	-	-	(206,400)
Change in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	(16,750)	-	-	-	(16,750)
Net profit for the year ended December 31, 2023	-	-	-	-	-	451,374	-	-	-	451,374
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	681	(15,114)	209,841	-	195,408
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	452,055	(15,114)	209,841	-	646,782
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	-	20,242	-	(20,242)	-	-
BALANCE AT DECEMBER 31, 2023	172,000	1,720,000	498,708	687,087	67,764	3,179,413	(66,031)	768,962	(54,371)	6,801,532
Appropriation of 2023 earnings (Note 20)										
Legal reserve	-	-	-	45,555	-	(45,555)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(206,400)	-	-	-	(206,400)
Change in capital surplus from investments in associates accounted for using the equity method	-	-	3	-	-	5,829	-	-	-	5,832
Net profit for the year ended December 31, 2024	-	-	-	-	-	498,119	-	-	-	498,119
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	2,051	75,614	(380,373)	-	(302,708)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	500,170	75,614	(380,373)	-	195,411
Disposal of investments accounted for using the equity method	-	-	-	-	(12,343)	12,343	-	-	-	-
Differences between consideration and carrying amount of subsidiaries disposed	-	-	(1,456)	-	-	-	-	-	-	(1,456)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	5,793	-	-	-	5,793
BALANCE AT DECEMBER 31, 2024	172,000	\$ 1,720,000	\$ 497,255	\$ 732,642	\$ 55,421	\$ 3,451,593	\$ 9,583	\$ 388,589	\$ (54,371)	\$ 6,800,712

(With Deloitte & Touche auditors' report dated February 19, 2025)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 631,552	\$ 564,814
Adjustments for:		
Depreciation expense	406,851	445,069
Amortization expense	8,006	7,246
Net gain on valuation of financial assets at FVTPL	(18,270)	(108,509)
Interest expense	7,600	13,774
Interest income	(68,630)	(62,778)
Dividend income	(34,336)	(45,731)
Share of loss of associates accounted for using the equity method	65,187	17,705
(Gain) loss on disposal of property, plant and equipment	(565)	232
(Gain) loss on disposal of investments	(1,312)	29,522
Impairment loss of non-financial assets	3,908	2,827
Loss (gain) on lease modifications	509	(1)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	912	358,646
Decrease in notes receivable from unrelated parties	4,345	1,666
(Increase) decrease in trade receivables from unrelated parties	(114,012)	14,855
Decrease (increase) in trade receivables from related parties	39,635	(57,542)
Decrease in other receivables from unrelated parties	2,435	13,249
Decrease in other receivables from related parties	5,059	2,732
(Increase) decrease in inventories	(45,203)	61,552
(Increase) decrease in other current assets	(1,636)	18,609
Increase in other non-current assets	(2,350)	(2,987)
Increase in trade payables to unrelated parties	8,810	25,298
Increase (decrease) in trade payables to related parties	20,133	(10,012)
Increase (decrease) in other payables to unrelated parties	32,051	(26,761)
Increase (decrease) in other payables to related parties	1,008	(3,622)
Increase (decrease) in other current liabilities	10,612	(6,879)
Decrease in net defined benefit liabilities	(2,614)	(15,049)
Cash generated from operations	959,685	1,237,925
Interest received	63,335	47,930
Dividends received	34,301	45,626
Interest paid	(6,690)	(12,357)
Income tax paid	(155,215)	(181,836)
Net cash generated from operating activities	895,416	1,137,288

(Continued)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(359,481)	(200,000)
Disposal of financial assets at fair value through other comprehensive income	-	39,945
Purchase of financial assets at amortized cost	(257,570)	(791,146)
Purchase of investments accounted for using the equity methods (Note 13)	(138,330)	(2,500)
Payments for property, plant and equipment	(84,685)	(74,280)
Proceeds from disposal of property, plant and equipment	672	65,603
Increase in refundable deposits	(163)	(279)
Disposal of intangible assets	<u>-</u>	<u>13</u>
Net cash used in investing activities	<u>(839,557)</u>	<u>(962,644)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(63,411)	(163,216)
Repayments of long-term borrowings	(409,158)	(349,591)
Proceeds from guaranteed deposits received	-	6,379
Refund of guaranteed deposits received	(8,880)	-
Repayment of the principal portion of lease liabilities	(30,333)	(35,421)
Decrease in other non-current liabilities	-	(3,373)
Cash dividends paid to owners of the Company	<u>(206,400)</u>	<u>(206,400)</u>
Net cash used in financing activities	<u>(718,182)</u>	<u>(751,622)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>43,749</u>	<u>(11,181)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(618,574)</b>	<b>(588,159)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>1,017,418</b></u>	<u><b>1,605,577</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 398,844</b></u>	<u><b>\$ 1,017,418</b></u>

(With Deloitte & Touche auditors' report dated February 19, 2025)

(Concluded)

## **Review Report from the Audit Committee**

The Board of Directors has prepared and submitted the Company's 2024 business report, financial statements (including consolidated financial statements) and the profit distribution proposal, among which the financial statements (including consolidated financial statements) had been audited by Yi-Min Huang and Chin-Chuan Shih, CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements (including consolidated financial statements) and the profit distribution proposal have been reviewed by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

Prosperity Dielectrics Co., Ltd.

The convener of the Audit Committee : Eric Chen

March 28, 2025

**Prosperity Dielectrics Co.,Ltd.**  
**9th Plan of Transferring the Repurchased Shares to the Employees**

Amended on March 23, 2022

**Article 1** For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase By Exchange-Listed and OTC-Listed Companies issued by the Securities and Futures Bureau, Financial Supervisory Commission R.O.C., establishes the Plan of Transferring the Repurchased Shares to the Employees (the "Plan"). Except as otherwise provided in the relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.

**Article 2 Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights**

The shares to be transferred to the employees are common shares. Except as otherwise provided in the relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.

**Article 3 Transfer period**

In accordance with the provisions herein, transfer the repurchased shares to employees in one time or several times within five years from the date of share-repurchase.

**Article 4 Eligibility requirements for transferees and the number of shares they are allowed to subscribe for**

The transferees of the Plan are based on the principle that the full-time employees of the Company and the full-time employees of the Company's domestic and overseas subsidiaries who took up the job before the stock subscription date. In addition, the employee's subscription ratio and number of shares are determined based on their job title, salary, years of service, performance, and their contribution to the Company, and take into account the total number of shares purchased by the Company at the base date of subscription and the upper limit of the number of shares subscribed by a single employee.

The qualifications of the transferee in the preceding paragraph and the number of shares that can be subscribed will be in accordance with the relevant laws and regulations at the time of the transfer, and in consideration of the Company's operational needs and business development strategies and guidelines. The human resources department will draw up a proposal in accordance with the preceding principles to meet the rules of Compensation Committee Organization. Managers with standardized organizational procedures of the Compensation Committee shall submit them to the Compensation Committee for review and to the Board of Directors for approval. Non-managers shall submit them to the Audit Committees for review and to the Board of Directors for approval.

The domestic and overseas subsidiaries mentioned in Paragraph 1 refer to the subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares of the same invested company.

**Article 5 Procedures for transfer of shares**

The procedures of the Plan of transferring the repurchased shares to the employees :

- (1) In accordance with the resolution of the Board of Directors, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.
- (2) Regarding the employee's stock subscription base date, the criteria for the number of shares to be subscribed, the subscription payment period, the content of rights and other



operational matters, the human resources department of the Company shall make a proposal in accordance with the provisions of the Plan. Except for the qualifications of the transferee and the number of shares to be implemented in compliance with Article 4, and the rest shall be approved by the Board of Directors.

(3) If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right. The balance of the under-subscription shall be implemented in compliance with the provisions of the preceding paragraph.

(4) Count the actual number of shares being paid for subscription and process the registration of the transfer of shares.

#### **Article 6 Agreed transfer price per share**

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares. However, before the transfer, if there is an increase or decrease in the Company's issued common shares, the transfer price may be adjusted within the range of the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

The adjusted conversion price = the average price actually repurchased  $\times$  (the total number of common shares at the time the Company's repurchased shares are executed  $\div$  the total number of common shares before the Company transfers the repurchased shares to employees)

#### **Article 7 Rights and obligations subsequent to execution of the transfer**

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares.

#### **Article 8 Other rights and obligations related to the Company and its employees**

For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the Company's related operations.

Article 9 The Plan shall take effect after the resolution of the Board of Directors. In the future, if there are changes due to amend in the laws or regulations or amendments approved by the competent authority or changes based on the objective environment, they may be reported to the Board of Directors for revision.

Article 10 The enactment of the Plan shall be reported to the shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

**Prosperity Dielectrics Co.,Ltd.**  
**Comparison Table of the Amendments to**  
**the Articles of Incorporation of the Company**

Article	Current Article	Amended Article	Description
Article 28	If the Company makes a profit during the fiscal year, it shall distribute 2% to 10% as employee compensation. Employees include employees of affiliated companies who meet certain conditions. The Board of Directors resolves to distribute no more than 2% of the aforementioned profit amount as directors' remuneration. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses.	If the Company makes a profit during the fiscal year, it shall distribute 2% to 10% as employee compensation. <u>(At least 50% of the employee compensation under this item shall be distributed to entry-level staff.)</u> Employees include employees of affiliated companies who meet certain conditions. The Board of Directors resolves to distribute no more than 2% of the aforementioned profit amount as directors' remuneration. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses.	Amended in accordance with the provisions of Article Article 14, Paragraph 6 of the Securities and Exchange Act amended on August 7,2024.
Article 32	The Articles of Incorporation were enacted on May 8, 1990. The first amendment was made on May 24, 1990..... The twenty-first amendment was made on June 17, 2020. The twenty-second amendment was made on June 14, 2022 <u>and shall become effective after approval by a resolution of the shareholders' meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.</u>	The Articles of Incorporation were enacted on May 8, 1990. The first amendment was made on May 24, 1990..... The twenty-first amendment was made on June 17, 2020. The twenty-second amendment was made on June 14, 2022. <u>The twenty-third amendment was made on June 17, 2025 and shall become effective after approval by a resolution of the shareholders' meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.</u>	Amended according to actual needs.

**Prosperity Dielectrics Co., Ltd.**  
**Comparison Table of the Amendments to**  
**the Procedures of the Acquisition and Disposal of Assets**

Article No.	Current Article	Amended Article	Description
Article 4 Operating procedures	<p>Article 4 Operating procedures :</p> <p>I . Authorization amount and level.</p> <p>1.Securities:  <del>The authority for deciding on securities transaction amounts shall be handled in accordance with the company's "Hierarchical Responsibility Management Guidelines." Investments in Mainland China must be approved by the Board of Directors and subsequently submitted to the Investment Commission of the Ministry of Economic Affairs for approval before proceeding.</del></p> <p>2.Derivative Transactions:            (1) Based on the company's revenue and changes in risk exposure, the Board of Directors authorizes the General Manager to have full authority within a designated limit for transaction approval and risk control. The General Manager may also designate specific personnel to handle such matters.            (2) To align the company's authorizations with the corresponding supervisory management of banks, the authorized trading personnel must inform the bank.            (3) Derivative transactions conducted under the aforementioned authorization must be reported to the most recent Board of Directors meeting afterward.</p> <p>3.Transactions with Related</p>	<p>Article 4 Operating procedures :</p> <p>I . Authorization amount and level.</p> <p><u>For any acquisition or disposal of assets within the scope of this procedure, the responsible department shall prepare a report detailing the reason for the proposed acquisition or disposal, the subject matter, transaction counterparty, transfer price, payment terms, and basis for price reference. This report must be submitted for approval in accordance with the company's "Hierarchical Responsibility Management Guidelines," and the transaction shall then be processed according to the provisions of this procedure.</u></p> <p><u>1.Transactions meeting any of the following criteria must be approved by a resolution of the Board of Directors before execution:</u></p> <p><u>(1) The transaction amount for a single transaction reaches NT\$600 million or more.</u></p> <p><u>(2) Within one year, the cumulative transaction amount involving the acquisition or disposal of the same type of asset with the same counterparty reaches NT\$600 million or more.</u></p> <p><u>(3) Within one year, the cumulative amount of acquisition or disposal (calculated separately) of real estate or rights-of-use assets under the same development</u></p>	Amended according to the actual operational needs of the company.

Article No.	Current Article	Amended Article	Description
	<p>Parties: Relevant information must be prepared in accordance with Chapter II of this procedure and submitted for approval by both the Audit Committee and the Board of Directors before the transaction may proceed.</p> <p>4. Mergers, Spin-offs, Acquisitions, or Share Transfers: These matters shall be handled in accordance with the procedures outlined in Chapter IV of this policy, including the preparation of necessary documentation. Mergers, spin-offs, and acquisitions must be approved by a resolution of the shareholders' meeting, except where otherwise provided by law. Share transfers must be approved by the Board of Directors before execution.</p> <p>5. Others: <del>Transactions must be handled in accordance with the company's internal control system and approval authority procedures. If the transaction amount reaches the public disclosure threshold defined in Article 6, Board of Directors approval must be obtained in advance—except for acquisitions or disposals of machinery and equipment for business use, which may be submitted to the Board for retroactive recognition. If any circumstance under Article 185 of the Company Act applies, the transaction must be approved in advance by a resolution of the shareholders' meeting.</del></p>	<p><u>project reaches NT\$600 million or more.</u></p> <p><u>(4) Within one year, the cumulative amount of acquisition or disposal (calculated separately) of the same securities reaches NT\$600 million or more.</u></p> <p><u>Transactions involving purchases and sales of domestic government bonds, foreign government bonds with a credit rating not lower than the sovereign credit rating of Taiwan, bond repurchase and reverse repurchase agreements, or subscriptions/redemptions of money market funds issued by domestic securities investment trust enterprises are exempt from Board of Directors approval.</u></p> <p><u>The term “within one year” refers to the one-year period preceding the date of the current transaction, calculated retroactively. Portions of transactions that have already been approved by the Board of Directors in accordance with this procedure are not required to be counted again.</u></p> <p>2. Derivative Transactions: (1) Based on the company's revenue and changes in risk exposure, the Board of Directors authorizes the General Manager to have full authority within a designated limit for transaction approval and risk control. The General Manager may also designate specific personnel to handle such matters. (2) To align the company's authorizations with the corresponding supervisory management of banks, the</p>	

Article No.	Current Article	Amended Article	Description
		<p>authorized trading personnel must inform the bank.</p> <p>(3) Derivative transactions conducted under the aforementioned authorization must be reported to the most recent Board of Directors meeting afterward.</p> <p>3.Transactions with Related Parties: Relevant information must be prepared in accordance with Chapter II of this procedure and submitted for approval by both the Audit Committee and the Board of Directors before the transaction may proceed.</p> <p>4.Mergers, Spin-offs, Acquisitions, or Share Transfers: These matters shall be handled in accordance with the procedures outlined in Chapter IV of this policy, including the preparation of necessary documentation. Mergers, spin-offs, and acquisitions must be approved by a resolution of the shareholders' meeting, except where otherwise provided by law. Share transfers must be approved by the Board of Directors before execution.</p>	
Article 7 Investment scope and quota	<p>Article 7 Investment scope and quota</p> <p>In addition to acquiring assets for business use, the Company and the subsidiaries may still invest in real estate and securities that are not for business use, and the limits are as follows. <del>When calculating subparagraph 2, the Company's subsidiaries are reinvested into long-term equity investors, which is not limited. When calculating subparagraphs 4 and 5, for those who participate in the establishment of</del></p>	<p>Article 7 Investment scope and quota</p> <p>In addition to acquiring assets for business use, the Company and the subsidiaries may still invest in real estate and securities that are not for business use, and the limits are as follows.</p> <p>I .The total amount of non-operating real estate held shall not exceed 50% of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 30% of their</p>	Amended according to the actual operational needs of the company.

Article No.	Current Article	Amended Article	Description
	<p><del>investments or serve as directors or supervisors, and intend to hold them for a long time may not be included in the calculation.</del></p> <p>I .The total amount of non-operating real estate held shall not exceed 50% of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 30% of their respective most recent financial statements' net worth.</p> <p>II .The total amount of securities held shall not exceed 80% of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 100% of their respective net worth.</p> <p>III .The investment limit for any individual security shall not exceed <u>40%</u> of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 100% of their respective net worth.</p> <p><del>IV .The net investment by the company or any subsidiary in a single-listed or OTC-traded company shall not exceed 10% of their respective net worth based on the most recent financial statements.</del></p> <p><del>V .The combined shareholding of the company and its subsidiaries in a single-listed or OTC-traded company shall not exceed 10% of the total issued shares of that company.</del></p>	<p>respective most recent financial statements' net worth.</p> <p>II .The total amount of securities held shall not exceed 80% of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 100% of their respective net worth.</p> <p>III .The investment limit for any individual security shall not exceed <u>80%</u> of the net worth stated in the company's most recent financial statements; for subsidiaries, the limit is 100% of their respective net worth.</p>	

**Prosperity Dielectrics Co., Ltd.**  
**Shareholdings of All Directors**

Title	Name	April 19,2025		
		Type of shares	Current shareholding (shares)	Shareholding ratio (%)
Chairman	Yu-Heng Chiao	Common shares	1,065,861	0.62%
Director	Walsin Technology Corporation Representative : Yeu-Yuh Chu	Common shares	74,186,468	43.13%
Director	Walsin Technology Corporation Representative : Chih-Mou Hung	Common shares		
Director	Por-Yuan Wang	Common shares	0	0%
Independent director	Eric Chen	Common shares	10,312	0.01%
Independent director	Chin-Tain Chiu	Common shares	0	0%
Independent director	Lau Boon Leng	Common shares	0	0%
Shareholdings of all directors			75,262,641	43.76%
Note : As of the book closure date for the 2025 Annual Shareholders' Meeting, the Company had issued 172,000,000 shares of common stock.				

# Regulations



# **Prosperity Dielectrics Co.,Ltd.**

## **Articles of Incorporation(before the amendments)**

### **Chapter I General Principles**

Article 1 The Company is incorporated as a company limited by shares in accordance with the Company Act ("the Company Act"), and it is named 信昌電子陶瓷股份有限公司 in Chinese language and 「PROSPERITY DIELECTRICS CORPORATION」 in English language (the "Company").

Article 2 The business scope of the Company is as follows:

- 1.C801030 Precision Chemical Material Manufacturing
- 2.C801990 Other Chemical Material Manufacturing
- 3.CC01080 Electronics Components Manufacturing
- 4.CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- 5.F119010 Wholesale of Electronic Materials
- 6.F219010 Retail Sale of Electronic Materials
- 7.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

Article 3 The Company's re-investment is handled in accordance with the resolution of the Board of Directors, and the total investment by the Company shall not be subject to the ceiling of an amount equivalent to 40 percent of its paid-in capital.

Article 4 The Company has its head-office in Taoyuan City. Subject to the approval of the Board of Directors, the Company may, if necessary, set up branches within and outside of the Republic of China.

### **Chapter II Shares**

Article 5 The total capital of the Company is 2,200 million New Taiwan Dollars (NT\$ 2,200,000,000) which is divided into 220,000,000 shares with a face value of ten New Taiwan Dollars (NT\$10) per share. The afore-mentioned shares shall be issued in installments.

100 million New Taiwan Dollars (NT\$100,000,000) which is divided into 10,000,000 shares with a face value of ten New Taiwan Dollars (NT\$10) per share of the preceding capital is reserved for the issuance of employee stock option certificates, and the Board of Directors shall be authorized to issue them in installments as needed.

Where the Company is entitled to buy back its own shares according to the law, the Board of Directors is authorized to undertake such share buyback pursuant to the law.

If the Company intends to transfer the repurchased shares to employees at a price lower than the average price of the actual repurchased shares, it shall be approved by the shareholders' meeting of shareholders representing more than half of the total issued shares and more than two-thirds of the voting rights of the present shareholders.

Article 6 Where the shares issued by the Company are in scripless form and without physical certificates, the Company shall register the shares with the central securities depository institution.

Article 7 The affairs of the shareholders' of the Company shall be handled in accordance with the Company Act and the relevant regulations.

Article 8 The transfer, registration, loss or destruction of the share certificates of the Company shall be handled in accordance with the Company Act and the relevant regulations.

Article 9 The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

### **Chapter III Shareholders' Meetings**

Article 10 Shareholders meetings shall be of two types, general meetings and special meetings. General meetings shall be convened once a year, within six months from the end of each fiscal year in accordance with the law. Special meetings shall be convened in accordance with the law, whenever necessary.

Article 10-1 The shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 11 If a shareholder is unable to attend the shareholders' meeting in person for any reason, a shareholder may designate a proxy to attend the shareholders' meeting with a power of attorney stating the scope of authority in accordance with the Company Act and the "Regulations for the Use of Proxies for the Attendance at Stockholders Meetings of Public Companies," promulgated by the competent governmental authority.

Article 12 Unless otherwise regulated by the Company Law, the chairman of the Board of Directors shall chair the shareholders' meeting. If the chairman is on leave or cannot exercise the power and authority for any reason, his or her agency shall be appointed to act on the chairman's behalf in accordance with the provisions of Article 208 of the Company Law.

Article 13 Except otherwise provided by the laws and the regulations, a resolution of the shareholders meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

Article 14 The resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting. The dissemination of the proceedings of the preceding paragraph can be done by public announcement. The minutes shall record the time and date of the meeting, the venue, the name of the chairman, the method of adopting resolutions and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company.

### **Chapter IV Directors and Audit Committee**

Article 15 The Company shall have 7 to 9 directors, at least, 3 independent directors. The Board of Director is authorized to determine the number of directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors among the list of candidates.

The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and the regulations of the Company Act, the Securities and Exchange Act, and etc.

The election of directors shall be subject to the Rules for Election of Directors of the Company. Unless otherwise provided with by any other laws or regulations, the independent and non-independent directors shall be elected at the same time but on separate ballots.

The term of office of director shall not exceed three years but they are eligible for re-election. In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee in replacement of the supervisors, which shall consist of all independent directors. The Audit Committee or the members of the Audit Committee shall be

responsible for the responsibilities of supervisors specified under the Company Act, the Security and Exchange Act and other relevant regulations. The duties, rules of meeting, and other matters shall be conducted in accordance with the relevant rules of the competent securities authority.

Article 16 When the number of vacancies in the Board of Directors of a company equals to one third of the total number of directors, the Board of Director shall call , within 60 days ,a special meeting of shareholders to elect succeeding directors to fill the vacancies. The term of office shall be limited to the duration of the original term of office.

Article 17 In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 18 The directors organize the Board of Directors ,and shall elect a chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, the chairman of the board presides over all business on behalf of the Company in accordance with the laws, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the Board of Directors. The directors may also elect a vice chairman from each other.

Article 19 The business policy and other important matters of the Company are determined by the resolution of the Board of Directors. Except for the first meeting of the Board of Directors, which is convened in accordance with Article 203 of the Company Law, the rest of the Board of Directors is convened and chaired by the chairman. In case the chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, if the vice chairman has been appointed , the vice chairman shall act on his behalf. In case the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the Board of Directors shall designate one of directors, in the absence of such a designation, directors shall elect from among themselves an acting chairman of the Board of Directors.

In calling a meeting of the Board of Directors, a meeting notice specifying the reasons for convening shall be given to each director no later than 7 days prior to the scheduled meeting date. However,in the event of an emergency,a meeting may be convened at any time. The meeting notice may be delivered in writing or by fax or e-mail.

Article 20 Unless otherwise provided by the law, resolutions adopted at a meeting of the Board of Directors must be approved by a majority vote of the directors being present, who shall represent no less than half of the total number of directors. When a director is unable to attend the meeting of the Board of Directors due to any reason, he or she may designate other directors as their proxies to attend the meetings of the Boards of Directors,and give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting; provided that each director may act as proxy for one other director only.

Article 21 The resolutions of the Board of Director shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all directors of the Company within twenty days after the close of the meeting. The minutes shall record a summary of the essential points of the proceedings and the results of the meeting.

Article 22 (Deleted)

Article 23 Regardless of the Company's earnings, the Company is entitled to a fixed remuneration,and the number of authorized directors shall, in accordance with the recommendations of the Remuneration Commission, have regard to the degree of participation of the Company and the value of the salary, and shall, in the light of domestic and foreign standards.

Article 24 Within the directors' terms of office, the Company may purchase liability insurance for the directors' liability which shall be taken within the scope of their business according to laws.

## **Chapter V Managers and Staff**

Article 25 The Company has a president, whose appointment, dismissal and remuneration of the president are conducted in accordance with Article 29 of the Company Act.

Article 26 Other employees of the Company are appointed and dismissed by the president.

## **Chapter VI Accounting**

Article 27 At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and submit the same for recognition at the annual general shareholders' meeting in accordance with statutory procedures, not later than the 30th day prior to the meeting date of a general meeting of shareholders: ( 1 ) the business report; ( 2 ) the financial statements; and ( 3 ) the surplus earning distribution or loss off-setting proposals.

Article 28 If the Company makes a profit during the fiscal year, it shall distribute 2% to 10% as employee compensation. Employees include employees of affiliated companies who meet certain conditions. The Board of Directors resolves to distribute no more than 2% of the aforementioned profit amount as directors' remuneration.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses.

Article 28-1 If the Company has pre-tax profits at the end of the fiscal year, in addition to making up previous years' losses, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. After setting aside or reversing special reserve pursuant to applicable laws and regulations, the special surplus reserve may be set aside according to the business needs of the Company. If there is a balance and the accumulated unappropriated earnings, the Board of Directors shall draft a earnings distribution proposal. The shareholders' meeting shall be submitted to a resolution to distribute shareholder dividends.

In addition to the distribution of the Company's earnings in accordance with the provisions of the Company's articles, the principle that the proportion of cash dividends shall not exceed 50% of the shareholders' dividends distributed in the current year, and the rest shall be paid in stock dividends ; However, when the Company obtains sufficient funds to meet the annual funding needs, the above-mentioned cash distribution ratio may be increased to 100% at discretion. As listed in the preceding paragraph, the Company may decide the most appropriate dividend policy and payment method based on the actual operating conditions of the current year and the capital budget plan for the next year.

## **Chapter VII Supplementary Provisions**

Article 29 The Company's organizational rules and rules for handling matters are separately formulated by the Board of Directors.

Article 30 The Company may provide endosements or guarantee to the affiliated company.

Article 31 Any matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act ,the relevant laws and regulations.

Article 32 The Articles of Incorporation were enacted on May 8, 1990.  
The first amendment was made on May 24, 1990.

The second amendment was made on August 23, 1990.  
The third amendment was made on June 3, 1991.  
The fourth amendment was made on May 30, 1995.  
The fifth amendment was made on May 23, 1996.  
The sixth amendment was made on July 18, 1997.  
The seventh amendment was made on June 5, 2001.  
The eighth amendment was made on June 28, 2002.  
The ninth amendment was made on June 25, 2004.  
The tenth amendment was made on June 29, 2005.  
The eleventh amendment was made on June 23, 2006.  
The twelfth amendment was made on May 30, 2007.  
The thirteenth amendment was made on December 6, 2007.  
The fourteenth amendment was made on June 19, 2008.  
The fifteenth amendment was made on June 17, 2010.  
The sixteenth amendment was made on June 19, 2012.  
The seventeenth amendment was made on June 18, 2013.  
The eighteenth amendment was made on June 11, 2015.  
The nineteenth amendment was made on June 15, 2016.  
The twentieth amendment was made on June 12, 2019.  
The twenty-first amendment was made on June 17, 2020.  
The twenty-second amendment was made on June 14, 2022, and shall become effective after approval by a resolution of the shareholders' meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.

## **Prosperity Dielectrics Co.,Ltd**

### **Rules and Procedures of Shareholders' Meeting**

- Article 1 The Company's shareholders' meeting (including physical shareholders' meeting and virtual shareholders' meeting) shall be conducted in accordance with these rules. Any matter concerned that is not provided in these rules shall be handled in accordance with the related laws and regulations, and the relevant provisions of the Articles of Incorporation of the Company.
- Article 2 The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.
- The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- Shareholders and their proxies (collectively, "shareholders") shall attend the shareholders' meeting based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- On the day of the shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.
- The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Each shareholder attending the shareholders' meeting (or proxy) shall wear an attendance card and submit the attendance card in lieu of sign in.
- If the sign-in card is handed over to the company, it shall be deemed that the shareholder or agent on the sign-in card is present in person, and the company is not liable responsibility identified.
- The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- Article 3 Attendance and voting at the shareholders' meeting shall be calculated based on the numbers of shares.
- Article 4 The venue for the shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for the shareholders' meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m.
- Article 5 If the shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall

appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

If the 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.

Article 6 This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the shareholders' meeting. Staff handling administrative affairs of the shareholders' meeting shall wear identification cards or arm bands.

Article 7 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. 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 9 If the shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and the amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without the resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to the 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 the resolution of the shareholders' meeting. After the meeting is adjourned, shareholders cannot designate another person as

chairman and continue the meeting at the same or other place. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders can elect a new chair by the agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 9-1 Election or dismissal of directors, the amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The proposal, acceptance, review, etc, are handled in accordance with the Company Act and the relevant laws and regulations.

Prior to the date for issuance of notice of the shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Article 10 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. 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.

Article 11 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 five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of the representatives appointed may speak on the same proposal.

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



- Article 14 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.  
Vote counting for the 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.
- Article 15-1 The election of directors at the 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 the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.  
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 16 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.
- Article 17 Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, a shareholder shall be entitled to one vote for each share held, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.  
The voting rights of shareholders are calculated based on the voting rights of their representatives. When the Company holds the shareholder' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to extraordinary motions and the amendments to original proposals of the meeting.  
Shareholders shall exercise their voting rights in writing or electronically in accordance with the provisions of the Company Law and the "Guidelines for the Handling of Share Affairs of Companies Offering Public Shares".
- Article 18 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.

- Article 19 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."
- Article 20 These rules shall take effect after having been submitted to and approved by the shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

## **Group Business Philosophy**

- ☉ Integrity first**
- ☉ Treat Customers as Partners**
- ☉ Focus and Quality as top priority**
- ☉ Globalization**
- ☉ Stabilization and Talent development**
- ☉ Value key Stakeholders**
- ☉ Collaboration**