



Stock Code : 6173

# Prosperity Dielectrics Co., Ltd.

## 2026 Annual Shareholders' Meeting Handbook

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

Convening Method : Physical Shareholders' Meeting

Date : June 11, 2026

Time : 9:30 A.M.

Place : E68 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.**  
**2026 Annual Shareholders' Meeting Handbook**  
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## **Prosperity Dielectrics Co., Ltd.**

### **Meeting Procedure and Agenda of the 2026 Annual Shareholders' Meeting**

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

#### **2. Chairman's Address.**

#### **3. Matters to Be Reported**

- (1) The 2025 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 2025.
- (4) Other Matters to Be Reported.

#### **4. Matters to Be Ratified, Discussed, and Elected**

- (1) Ratification of the 2025 Business Report and Final Account Statements.
- (2) Ratification of the 2025 Earnings Distribution Proposal.
- (3) Discussion of the Proposal for Cash Distribution from Capital Surplus.
- (4) Discussion of the Proposal for Capital Structure Adjustment.
- (5) Discussion of the Proposal for the Release of the 12th term Directors' Non-Competition Obligations.
- (6) Election of the Company's Directors of the 13th term.
- (7) Discussion of the Proposal for the Release of the 13th term Directors' Non-Competition Obligations.

#### **5. Other Extemporaneous Matters and Motions**

#### **6. Adjournment**

## **Matters to Be Reported**

### **1.The 2025 Business Report and Final Account Report.**

Please review and approve the Company's 2025 business report and final account report. For details, please refer to pp.12– 31 of the Appendix to the Handbook.

### **2.Audit Committee’s Review Report.**

Please refer to p.32 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 2025.**

The compensation of employees and directors for the year 2025 were NT\$17,926,756 (Of this amount, NT\$14,617,309 was distributed to entry-level staff.)and NT\$7,170,702, respectively , which were 2.5% and 1% of the profit and approved by the Company’s board of directors on February 25, 2026. The above amounts will all be paid in cash.

### **4.Report on the Status of Shareholders' Proposals and Nominations for the 2026 Annual Shareholders' Meeting.**

During the period for accepting the shareholders' proposals and nominations from March 27, 2026 to April 7, 2026, none of the shareholders holding more than 1% of the total shares of the Company submitted any written proposal or nomination to the Company in accordance with Article 172-1 and Article 192-1 of Company Act.

## Matters to Be Ratified, Discussed, and Elected

### Proposal 1

Proposed by the Board of Directors

**Subject : Ratification of the 2025 Business report and Financial Statements.**

#### Explanations :

1. The Company's 2025 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.12 – 31 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 2025 Earnings Distribution Proposal.**

#### Explanations :

- 1.The Company made a profit of NT\$557,604,053 after tax for fiscal year 2025.  
The 2025 earnings distribution proposal is as follows:

**Prosperity Dielectrics Co., Ltd.  
Earnings Distribution Proposal for 2025**

Unit: NT\$

Summary	Amount		Note
Unappropriated earnings, beginning of year		\$3,158,379,639	
Net profit for 2025	557,604,053		
Remeasurement of defined benefit plans recognized in retained earnings	(3,432,752)		
Adjustments on equity method investments recognized in retained earnings	885,735		
Net profit for 2025 plus other profit items adjusted to the current year's unappropriated earnings other than net profit for 2025		555,057,036	
Legal reserve		(55,505,704)	
Distributable earnings		3,657,930,971	
Distributable items :			
Cash dividends to shareholders		(136,960,000)	NT\$0.8 per share
Unappropriated earnings, end of year		\$3,520,970,971	

Chairman : Yu-Heng Chiao

Manager : Chun-Hsueh Chen

Accounting Chief : Hsia-Ying Lo

2. The profit distribution is calculated based on 171,200,000 shares of the Company as of April 29, 2026, after deducting 800,000 canceled treasury shares from the total 172,000,000 issued shares. 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 less than NT\$1 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 Proposal for Cash Distribution from Capital Surplus.**

**Explanations :**

1. Pursuant to Article 241 of the Company Act, it is proposed to appropriate NT\$171,200,000 from the capital surplus arising from the issuance of shares at a premium over par value for cash distribution. Based on the Company's 172,000,000 issued shares as of April 29, 2026, after deducting 800,000 treasury shares to be retired, the total number of outstanding shares is 171,200,000 shares, and a cash distribution of NT\$1 per share will be made.
2. Subject to approval by the Annual General Shareholders' Meeting of this year, it is proposed to authorize the Chairman to determine the record date and distribution date separately. In the event that the number of outstanding shares changes thereafter due to the repurchase of the Company's shares, transfer or retirement of treasury shares, or other similar circumstances, resulting in a corresponding change in the cash distribution per share, the Chairman is hereby fully authorized to handle such matters at his sole discretion.

**Resolution :**

**Proposal 4**

**Proposed by the Board of Directors**

**Subject : Discussion of the Proposal for Capital Structure Adjustment.**

**Explanations :**

1. In order to enhance return on equity for shareholders and increase the Company's earnings per share, it is proposed to conduct a cash capital reduction and return capital to shareholders.
2. It is proposed to carry out a cash capital reduction in the amount of NT\$102,720,000 through the cancellation of 10,272,000 shares. Based on the Company's total issued common shares of 172,000,000 shares as of April 29, 2026, after deducting 800,000 treasury shares to be retired, the number of outstanding shares is 171,200,000 shares, and the estimated capital reduction ratio is approximately 6%. However, the actual paid-in capital after the capital reduction and the actual reduction ratio shall be calculated based on the total number of issued shares on the record date for the capital reduction and share

exchange.

3. Based on the aforementioned 171,200,000 outstanding shares after deducting 800,000 treasury shares to be retired, it is estimated that approximately 60 shares will be reduced for every 1,000 shares held (i.e., shareholders will receive approximately 940 replacement shares and a cash refund of approximately NT\$600 for every 1,000 shares held). Fractional shares of less than one share arising from the capital reduction may be consolidated by shareholders through registration with the Company's stock affairs agent within five days prior to the book closure date for the share exchange due to the capital reduction. Any remaining fractional shares that are still insufficient to constitute one full share after consolidation, or fractional shares for which consolidation registration is not completed within the prescribed period, shall be compensated in cash based on the closing price of the Company's shares on the last trading day in the centralized securities exchange market prior to the record date for the capital reduction share exchange, rounded down to the nearest whole NT dollar. The Chairman is authorized to negotiate with designated persons to purchase such fractional shares at the aforesaid closing price.
4. The new shares to be issued in exchange for this cash capital reduction are proposed to be issued in scripless form, and the rights and obligations attached thereto shall be identical to those of the original shares. Subject to approval by the Annual General Shareholders' Meeting and effectiveness upon filing with the competent authority, the Board of Directors is authorized to determine the record date for the capital reduction, the record date for the share exchange, and other related matters. Prior to the record date for this cash capital reduction, if any amendments are required due to changes in laws or regulations, instructions from the competent authority, or other objective environmental changes, the Chairman is authorized to handle such matters at his sole discretion.

**Resolution :**

**Proposal 5**

**Proposed by the Board of Directors**

**Subject : Discussion of the Proposal for the Release of Directors' Non-Competition Obligations.**

**Explanations :**

- 1.It is conducted in accordance with Article 209 of the Company Act.
- 2.One of the Company'directors concurrently may have invested in or runned business for another company which has the same or similar lines of business with the Company. Hence it is proposed to the shareholders' meeting to release the non-competition restrictions on the director in accordance with the laws.
- 3.The concurrent position has not release non-competition restrictions held by the director was as follows:

(1) Director : Representative of Walsin Technology Corporation – Mr. Chih-Mou Hung

Names of Other Companies Where directors Serves	Title of Position
INPAQ Technology Co., Ltd.	Corporation's representative as director

(2) Director : Representative of Walsin Technology Corporation – Mr. Ming-Tsan Tseng

Names of Other Companies Where directors Serves	Title of Position
Walsin Technology Corporation	President
Nitsuko Electronics Corporation	Director
Eleceram Technology Co., Ltd.	Chairman and President

**Resolution :**

**Proposal 6**

**Proposed by the Board of Directors**

**Subject : Election of the Company's Directors of the 13th term.**

**Explanations :**

1. The Company's directors of 12th term were elected on June 20, 2023 and their terms about to expire. It is proposed to submit to the 2026 Annual General Meeting of Shareholders for re-election.
2. In accordance with Article 15 of the Company's Articles of Incorporation, the Company shall have 7 to 9 directors. Among the number of directors, there shall be at least 3 independent directors.  
It is hereby proposed that the number of directors for the 13th term shall be 7 directors (including 3 independent directors). New Directors takes office upon election for a three-year term.
3. The election of directors (including independent directors) of the Company adopts the candidate nomination system stipulated in Article 192-1 of the Company Act, and the shareholders shall select and appoint directors from the list of candidates for directors. The candidate list of directors (including independent directors) proposed by Board of Director.  
Please refer to pp.34 - 35 of the Appendix to the Handbook for relevant information.
4. The new directors (including independent directors) should be appointed for a term of three years commencing on the date of election (i.e., 11 June, 2026) and ending on 10 June, 2029.

**Election :**

**Proposal 7**

**Proposed by the Board of Directors**

**Subject : Discussion of the Proposal for the Release of Directors' Non-Competition Obligations of 13th term.**

**Explanations :**

1. It is conducted in accordance with Paragraph 1, Article 209 of the Company Act, which provides that "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval."
2. For the Company's newly-elected directors who serve as directors or managerial officers in companies operating the same/similar businesses as/to the Company, please see pp.36 - 38 of the Appendix to the Handbook.
3. It is proposed that the shareholders' meeting approve the release of the newly-elected directors from non-compete restrictions on engaging in any business within the Company's business scope under Paragraph 1, Article 209 of the Company Act, as well as approve the

abstention from exercise of the disgorgement rights against the directors mentioned above as of the date of serving as directors or managerial officers of other companies engaging in competing business.

**Resolution :**

**Other Extemporary Matters and Motions**

**Adjournment**

# Appendix

# Prosperity Dielectrics Co., Ltd

## 2025 Business Report

Looking back at 2025, after two years of inventory adjustment, the passive component industry saw a gradual recovery in end-user demand. However, the US government's announcement of reciprocal tariffs in April triggered a surge in early stockpiling by various countries. Furthermore, the continued application of artificial intelligence (AI), cloud computing, and high-performance computing has driven economic development, bringing innovation and growth momentum to related industries.

In response to the rapidly changing global situation and industrial economy, the company adheres to the principle of steady growth and continues to improve its operations. Externally, the Company has actively expanded into new customers and markets. Internally, it has strengthened resource integration, improved manufacturing processes, enhanced production efficiency, accelerated new product development, implemented strict cost control measures, optimized its product and customer portfolio, and continued to develop niche products. Benefiting from strong demand for high-specification components driven by AI servers and automotive electronics, together with the gradual digestion of end-market inventories, the Company's consolidated revenue and gross profit both increased compared with the previous year in 2025. Consolidated revenue for 2025 amounted to NT\$4.055 billion, representing an increase of 8.9% year-over-year. Operating income reached NT\$680 million, an increase of 38.73% compared with the previous year. Net income after tax totaled NT\$558 million, representing a year-over-year increase of 11.94%.

The operating results of PDC for 2025 are reported as follows:

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

- To meet future operational requirements, the Company has begun construction of a new manufacturing facility in Tainan.
- MLCC factory has continued to address process bottlenecks and expand production capacity.
- MLCC factory developed “Mega” automated production equipment to enhance its competitiveness and reduce production costs.
- MLCC factory and the porcelain powder factory actively developed alternative raw materials and introduced second-source suppliers to enhance supply flexibility and reduce costs.
- MLCC factory implemented new manufacturing processes to reduce electricity consumption and material usage, thereby lowering costs and reducing carbon emissions.
- MLCC factory actively worked to improve yield and increase material utilization efficiency in order to lower costs.
- Chip Resistors factory gradually introduced new manufacturing processes to reduce costs and improve gross margin.
- Powder factory has consolidated production lines to reduce costs.
- The business division is focused on promoting the application of large-size, high-voltage MLCCs and chip resistors required for AI-related applications.
- Actively developing AI server power supply and automotive markets.
- Focused on optimizing its product portfolio, enhancing performance, and strengthening product quality.

## II. New product development

- MLCC factory successfully developed high-value X1Y2 safety-standard X7R specification chips.
- MLCC factory has completed the development of products with low loss and low DC bias characteristics.
- MLCC factory is actively developing high-capacitance ( $\geq 10 \mu\text{F}$ ) X7R and X7S specification products.
- MLCC factory successfully developed automotive-grade NPO capacitors with medium voltage and high capacitance.
- Chip Resistors factory completed the development of 1206 1.5 W 0.5 m $\Omega$  metal foil resistors.
- Chip Resistors factory completed the development of 0612/1225 long-electrode BME low-resistance and sulfur-resistant products.
- Powder factory is conducting R&D on MW (microwave) Mid-K products.
- Powder factory is conducting R&D on BME-X7R252L and X7R252H products.
- Powder factory completed the R&D of MW (microwave) LA008 ceramic powder.
- Powder factory completed the R&D of BME-X7T871 ceramic powder.
- Powder plant completed R&D of LTCC Low-K porcelain powder for 5G communication substrates for vehicles.
- Powder factory completed R&D of varistor porcelain powder.
- Powder factory has completed R&D of ceramic powder for the X7R high-temperature, high-capacitance, and high-voltage capacitors made of precious metals.
- Powder factory continues to develop low-temperature co-fired ceramic powders and glass powders for networking applications.
- Powder factory continues to develop various series of medium and high voltage dielectric ceramic powders for automotive applications.

## III. Financial result and profitability :

Comparison table of income statement for 2025 and 2024 is as follows:

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

Item	2025	2024	Growth rate
<b>Statements of Comprehensive Income</b>			
Net Revenue	3,637,399	3,276,584	11.01%
Gross Profit	932,497	701,416	32.94%
Operating Profit	648,106	430,732	50.47%
Income Before Income Tax	691,973	638,943	8.30%
Net Income	557,604	498,119	11.94%
Earnings Per Share	3.26	2.91	12.03%
<b>Consolidated Statements of Comprehensive Income</b>			
Net Revenue	4,055,349	3,724,038	8.90%
Gross Profit	984,348	798,013	23.35%
Operating Profit	680,718	490,676	38.73%
Income Before Income Tax	709,594	631,552	12.36%
Net Income (Attributable to the owner of the company)	557,604	498,119	11.94%

Looking ahead to the new year, the global economy is expected to face multiple challenges, including climate change, labor shortages, rising metal raw material prices, tariff policies, and geopolitical risks, all of which may continue to exert cost pressures. Meanwhile, the ongoing advancement of AI infrastructure and the increasing adoption of high-performance computing (HPC) are expected to drive upgrades in industry standards and technological innovation, serving as key growth drivers for the electronic components sector. According to the latest forecasts from international organizations such as S&P Global, the OECD, and the United Nations, global economic growth in 2026 is projected to range between 2.7% and 3.3%. For Taiwan, following a high growth base in 2025, the Chung-Hua Institution for Economic Research (CIER) estimates the country's economic growth for 2026 to be approximately 4.14%.

Amid the rapid changes in the global economic market and industry, the company not only continues to monitor key factors affecting the industry and economy, but also actively implements the following strategies and plans to respond to the unpredictable market conditions, enhance operational performance, and actively promote corporate governance, sustainable management, and improve shareholder returns :

- 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, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 is described as follows:

#### Validity of Sales Revenue

The Company engages mainly in the manufacturing and selling chip capacitors, chip resistors and dielectric porcelain powders. For the year ended December 31, 2025, the sales revenue of the Company was NT\$3,637,399 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, 2025. 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\$353,886 thousand and NT\$377,977 thousand as of December 31, 2025 and 2024, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2025 and 2024 amounted to NT\$23,150 thousand and NT\$18,783 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, 2025 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 25, 2026

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, 2025 AND 2024**

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

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 610,329	6	\$ 261,126	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	54,250	1	87,025	1
Financial assets at amortized cost - current (Notes 4 and 8)	36,711	-	30,500	-
Notes receivable from unrelated parties (Notes 4 and 9)	25,703	-	25,306	-
Trade receivables from unrelated parties (Notes 4 and 9)	426,286	4	426,906	6
Trade receivables from related parties (Notes 4 and 26)	476,035	5	357,753	5
Other receivables from unrelated parties	18,671	-	18,770	-
Other receivables from related parties (Note 26)	4,405	-	3,456	-
Inventories (Notes 4 and 10)	716,766	7	592,843	8
Other current assets	62,026	1	20,178	-
Total current assets	<u>2,431,182</u>	<u>24</u>	<u>1,823,863</u>	<u>23</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	3,615,401	36	1,702,054	22
Financial assets at amortized cost - non-current (Notes 4 and 8)	774,242	8	800,218	10
Investments accounted for using the equity method (Notes 4 and 12)	1,964,135	19	1,987,987	25
Property, plant and equipment (Notes 4 and 13)	1,236,782	12	1,445,520	18
Right-of-use assets (Notes 4 and 14)	58,507	1	111,895	1
Computer software (Note 4)	3,275	-	4,133	-
Deferred tax assets (Notes 4 and 22)	39,172	-	38,130	1
Other non-current assets	7,795	-	9,199	-
Total non-current assets	<u>7,699,309</u>	<u>76</u>	<u>6,099,136</u>	<u>77</u>
<b>TOTAL</b>	<u>\$ 10,130,491</u>	<u>100</u>	<u>\$ 7,922,999</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 20,000	-	\$ -	-
Trade payables to unrelated parties	323,538	3	239,140	3
Trade payables to related parties (Note 26)	24,482	-	37,964	1
Other payables to unrelated parties (Note 16)	425,035	4	394,895	5
Other payables to related parties (Note 26)	13,039	-	12,610	-
Current tax liabilities (Notes 4 and 22)	60,242	1	56,211	1
Lease liabilities - current (Notes 4 and 14)	30,987	1	29,751	-
Current portion of long-term borrowings (Note 15)	-	-	67,917	1
Other current liabilities	9,550	-	18,584	-
Total current liabilities	<u>906,873</u>	<u>9</u>	<u>857,072</u>	<u>11</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 22)	177,515	2	161,009	2
Lease liabilities - non-current (Notes 4 and 14)	28,457	-	92,628	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	5,146	-	4,092	-
Guarantee deposits received	7,486	-	7,486	-
Total non-current liabilities	<u>218,604</u>	<u>2</u>	<u>265,215</u>	<u>3</u>
Total liabilities	<u>1,125,477</u>	<u>11</u>	<u>1,122,287</u>	<u>14</u>
<b>EQUITY (Note 19)</b>				
Share capital				
Ordinary shares	<u>1,720,000</u>	<u>17</u>	<u>1,720,000</u>	<u>22</u>
Capital surplus	<u>497,255</u>	<u>5</u>	<u>497,255</u>	<u>6</u>
Retained earnings				
Legal reserve	785,055	8	732,642	9
Special reserve	55,421	-	55,421	1
Unappropriated earnings	<u>3,713,437</u>	<u>37</u>	<u>3,451,593</u>	<u>44</u>
Total retained earnings	<u>4,553,913</u>	<u>45</u>	<u>4,239,656</u>	<u>54</u>
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(13,444)	-	9,583	-
Unrealized gain on financial assets at fair value through other comprehensive income	<u>2,301,661</u>	<u>23</u>	<u>388,589</u>	<u>5</u>
Total other equity	<u>2,288,217</u>	<u>23</u>	<u>398,172</u>	<u>5</u>
Treasury shares	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>(1)</u>
Total equity	<u>9,005,014</u>	<u>89</u>	<u>6,800,712</u>	<u>86</u>
<b>TOTAL</b>	<u>\$ 10,130,491</u>	<u>100</u>	<u>\$ 7,922,999</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated February 25, 2026)

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

	2025		2024	
	Amount	%	Amount	%
NET SALES (Notes 4 and 20)	\$ 3,637,399	100	\$ 3,276,584	100
COST OF SALES (Note 10)	<u>2,704,902</u>	<u>74</u>	<u>2,578,674</u>	<u>79</u>
GROSS PROFIT	932,497	26	697,910	21
UNREALIZED (LOSS) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(15,181)</u>	<u>(1)</u>	<u>3,506</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>917,316</u>	<u>25</u>	<u>701,416</u>	<u>21</u>
OPERATING EXPENSES				
Selling and marketing expenses	102,372	3	97,080	3
General and administrative expenses	107,731	3	103,113	3
Research and development expenses	<u>59,107</u>	<u>1</u>	<u>70,491</u>	<u>2</u>
Total operating expenses	<u>269,210</u>	<u>7</u>	<u>270,684</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>648,106</u>	<u>18</u>	<u>430,732</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	44,247	1	41,789	1
Dividend income	45,362	1	34,336	1
Other income	11,707	1	14,726	-
Gain on disposal of property, plant and equipment	63	-	565	-
Gain on disposal of investments	5,557	-	1,456	-
Gain on lease modifications	9,487	-	-	-
Foreign exchange gain	-	-	89,529	3
Gain on valuation of financial assets at FVTPL	10,684	-	18,270	-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	18,811	1
Interest expense	(1,431)	-	(7,600)	-
Miscellaneous expenses	(5,620)	-	(3,162)	-
Loss on lease modifications	-	-	(509)	-
Foreign exchange loss	(64,616)	(2)	-	-
Impairment loss	(9,486)	-	-	-
Share of loss of associates accounted for using the equity method (Notes 4 and 12)	<u>(2,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>43,867</u>	<u>1</u>	<u>208,211</u>	<u>6</u>

(Continued)

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

	2025		2024	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	691,973	19	638,943	19
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(134,369)</u>	<u>(4)</u>	<u>(140,824)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>557,604</u>	<u>15</u>	<u>498,119</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(3,433)	-	1,911	-
Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,896,773	52	(359,133)	(11)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	16,299	1	(21,100)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss (income) of subsidiaries and associates accounted for using the equity method	<u>(23,027)</u>	<u>(1)</u>	<u>75,614</u>	<u>2</u>
Other comprehensive income (loss) for the year	<u>1,886,612</u>	<u>52</u>	<u>(302,708)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,444,216</u>	<u>67</u>	<u>\$ 195,411</u>	<u>6</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 3.26</u>		<u>\$ 2.91</u>	
Diluted	<u>\$ 3.25</u>		<u>\$ 2.90</u>	

(With Deloitte & Touche auditors' report dated February 25, 2026)

(Concluded)

**PROSPERITY DIELECTRICS CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Retained Earnings			Other Equity (Note 19)		Treasury Shares	Total Equity	
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	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 ON JANUARY 1, 2024	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 ON 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
Appropriation of the 2024 earnings (Note 19)										
Legal reserve	-	-	-	52,413	-	(52,413)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(240,800)	-	-	-	(240,800)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	-	-	-	886	-	-	-	886
Net profit for the year ended December 31, 2025	-	-	-	-	-	557,604	-	-	-	557,604
Other comprehensive (loss) income for the year ended December 31, 2025	-	-	-	-	-	(3,433)	(23,027)	1,913,072	-	1,886,612
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	554,171	(23,027)	1,913,072	-	2,444,216
BALANCE ON DECEMBER 31, 2025	172,000	\$ 1,720,000	\$ 497,255	\$ 785,055	\$ 55,421	\$ 3,713,437	\$ (13,444)	\$ 2,301,661	\$ (54,371)	\$ 9,005,014

(With Deloitte & Touche auditors' report dated February 25, 2026)

## PROSPERITY DIELECTRICS CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 691,973	\$ 638,943
Adjustments for:		
Depreciation expense	357,004	399,271
Amortization expense	5,276	7,750
Net gain on valuation of financial assets at FVTPL	(10,684)	(18,270)
Interest expense	1,431	7,600
Interest income	(44,247)	(41,789)
Dividend income	(45,362)	(34,336)
Share of profit of associates and joint ventures loss (gain) accounted for using the equity method	2,087	(18,811)
Gain on disposal of property, plant and equipment	(63)	(565)
Gain on disposal of investments	(5,557)	(1,456)
Impairment loss of non-financial assets	17,251	3,459
Unrealized loss (gain) on the transactions with subsidiaries and associates	15,181	(3,506)
(Gain) loss on lease modifications	(9,487)	509
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	49,016	-
(Increase) decrease in notes receivable from unrelated parties	(397)	4,345
Decrease (increase) in trade receivables from unrelated parties	620	(83,849)
(Increase) decrease in trade receivables from related parties	(118,282)	62,442
(Increase) decrease in other receivables from unrelated parties	(218)	94
Decrease in other receivables from related parties	1,462	5,092
Increase in inventories	(131,688)	(32,260)
Increase in other current assets	(41,848)	(1,508)
Increase in other non-current assets	(2,190)	(2,350)
Increase in trade payables to unrelated parties	84,398	9,229
(Decrease) increase in trade payables to related parties	(13,482)	17,070
Increase in other payables to unrelated parties	51,065	31,132
Increase in other payables to related parties	429	990
(Decrease) increase in other current liabilities	(9,034)	7,849
Decrease in net defined benefit liabilities	(2,379)	(2,614)
Cash generated from operations	842,275	954,461
Interest received	44,600	34,403
Dividends received	46,067	197,264
Interest paid	(1,519)	(6,690)
Income tax paid	(114,873)	(145,350)
Net cash generated from operating activities	<u>816,550</u>	<u>1,034,088</u>

(Continued)

## PROSPERITY DIELECTRICS CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(16,574)	(359,481)
Disposal of financial asstes at amortized cost	19,765	-
Purchase of investments accounted for using the equity method	-	(380,613)
Disposal of subsidiaries	-	128,773
Payments for property, plant and equipment	(150,830)	(84,565)
Proceeds from disposal of property, plant and equipment	100	672
Increase in refundable deposits	-	(62)
Decrease in refundable deposits	401	-
Purchase of intangible assets	<u>(1,225)</u>	<u>-</u>
Net cash used in investing activities	<u>(148,363)</u>	<u>(695,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,000	-
Repayment of short-term borrowings	-	(20,000)
Repayment of long-term loans	(67,917)	(409,158)
Refund of guarantee deposits received	-	(799)
Repayment of the principal portion of lease liabilities	(30,267)	(30,333)
Cash dividends paid to owners of the Company	<u>(240,800)</u>	<u>(206,400)</u>
Net cash used in financing activities	<u>(318,984)</u>	<u>(666,690)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	349,203	(327,878)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>261,126</u>	<u>589,004</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 610,329</u>	<u>\$ 261,126</u>

(With Deloitte & Touche auditors' report dated February 25, 2026)

(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, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 is described as follows:

### Validity of Sales Revenue

The Group engages mainly in the manufacturing and selling chip capacitors, chip resistors and dielectric porcelain powders. For the year ended December 31, 2025, the sales revenue of the Group was NT\$4,055,349 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, 2025. 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\$353,886 thousand and NT\$377,977 thousand as of December 31, 2025 and 2024, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2025 and 2024 amounted to NT\$23,150 thousand and NT\$18,783 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, 2025 and 2024 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, 2025 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 25, 2026

#### 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, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 947,246	9	\$ 398,844	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	54,250	1	87,025	1
Financial assets at amortized cost - current (Notes 4 and 8)	149,120	1	282,526	4
Notes receivable from unrelated parties (Notes 4 and 9)	25,703	-	25,306	-
Trade receivables from unrelated parties (Notes 4 and 9)	684,389	7	682,770	9
Trade receivables from related parties (Notes 4 and 27)	277,841	3	230,515	3
Other receivables from unrelated parties	33,044	-	34,201	-
Other receivables from related parties (Note 27)	4,585	-	3,456	-
Inventories (Notes 4 and 10)	752,701	7	642,247	8
Other current assets	62,338	1	22,494	-
Total current assets	<u>2,991,217</u>	<u>29</u>	<u>2,409,384</u>	<u>30</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	3,615,401	35	1,702,054	21
Financial assets at amortized cost - non-current (Notes 4 and 8)	1,076,655	11	1,058,296	13
Investments accounted for using the equity method (Notes 4 and 13)	1,200,246	12	1,231,313	15
Property, plant and equipment (Notes 4 and 14)	1,241,569	12	1,457,543	18
Right-of-use assets (Notes 4 and 15)	66,080	1	119,727	2
Computer software (Note 4)	3,275	-	4,133	-
Deferred tax assets (Notes 4 and 23)	39,172	-	38,983	1
Other non-current assets	7,938	-	9,469	-
Total non-current assets	<u>7,250,336</u>	<u>71</u>	<u>5,621,518</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 10,241,553</u>	<u>100</u>	<u>\$ 8,030,902</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 20,000	-	\$ -	-
Trade payables to unrelated parties	346,179	4	245,027	3
Trade payables to related parties (Note 27)	70,246	1	112,596	2
Other payables to unrelated parties (Note 17)	432,628	4	403,053	5
Other payables to related parties (Note 27)	13,357	-	12,915	-
Current tax liabilities (Notes 4 and 23)	70,731	1	58,747	1
Lease liabilities - current (Notes 4 and 15)	30,987	-	29,751	-
Current portion of long-term borrowings (Note 16)	-	-	67,917	1
Other current liabilities	10,090	-	22,181	-
Total current liabilities	<u>994,218</u>	<u>10</u>	<u>952,187</u>	<u>12</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	177,515	2	161,009	2
Lease liabilities - non-current (Notes 4 and 15)	28,457	-	92,628	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	5,146	-	4,092	-
Guarantee deposits received	31,203	-	20,274	-
Total non-current liabilities	<u>242,321</u>	<u>2</u>	<u>278,003</u>	<u>3</u>
Total liabilities	<u>1,236,539</u>	<u>12</u>	<u>1,230,190</u>	<u>15</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
<b>Share capital</b>				
Ordinary shares	<u>1,720,000</u>	<u>17</u>	<u>1,720,000</u>	<u>22</u>
Capital surplus	<u>497,255</u>	<u>5</u>	<u>497,255</u>	<u>6</u>
<b>Retained earnings</b>				
Legal reserve	785,055	8	732,642	9
Special reserve	55,421	-	55,421	1
Unappropriated earnings	<u>3,713,437</u>	<u>36</u>	<u>3,451,593</u>	<u>43</u>
Total retained earnings	<u>4,553,913</u>	<u>44</u>	<u>4,239,656</u>	<u>53</u>
<b>Other equity</b>				
Exchange differences on the translation of the financial statements of foreign operations	(13,444)	-	9,583	-
Unrealized gain on financial assets at fair value through other comprehensive income	<u>2,301,661</u>	<u>22</u>	<u>388,589</u>	<u>5</u>
Total other equity	<u>2,288,217</u>	<u>22</u>	<u>398,172</u>	<u>5</u>
Treasury shares	<u>(54,371)</u>	<u>-</u>	<u>(54,371)</u>	<u>(1)</u>
Total equity	<u>9,005,014</u>	<u>88</u>	<u>6,800,712</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 10,241,553</u>	<u>100</u>	<u>\$ 8,030,902</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated February 25, 2026)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

	2025		2024	
	Amount	%	Amount	%
NET SALES (Notes 4 and 31)	\$ 4,055,349	100	\$ 3,724,038	100
COST OF SALES (Note 10)	<u>3,071,001</u>	<u>76</u>	<u>2,926,025</u>	<u>79</u>
GROSS PROFIT	<u>984,348</u>	<u>24</u>	<u>798,013</u>	<u>21</u>
OPERATING EXPENSES				
Selling and marketing expenses	123,106	3	121,287	3
General and administrative expenses	121,417	3	115,560	3
Research and development expenses	<u>59,107</u>	<u>1</u>	<u>70,490</u>	<u>2</u>
Total operating expenses	<u>303,630</u>	<u>7</u>	<u>307,337</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>680,718</u>	<u>17</u>	<u>490,676</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,176	2	68,630	2
Dividend income	45,362	1	34,336	1
Other income	13,600	-	15,352	-
Gain on disposal of property, plant and equipment	4,814	-	565	-
Gain on disposal of investments	5,557	-	1,312	-
Gain on lease modifications	9,487	-	-	-
Foreign exchange gain	-	-	78,994	2
Gain on valuation of financial assets at FVTPL	10,684	-	18,270	1
Interest expense	(1,431)	-	(7,600)	-
Miscellaneous expenses	(16,579)	-	(3,287)	-
Loss on lease modifications	-	-	(509)	-
Foreign exchange loss	(57,172)	(1)	-	-
Impairment loss	(9,486)	-	-	-
Share of loss of associates accounted for using the equity method (Notes 4 and 13)	<u>(39,136)</u>	<u>(1)</u>	<u>(65,187)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>28,876</u>	<u>1</u>	<u>140,876</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	709,594	18	631,552	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(151,990)</u>	<u>(4)</u>	<u>(133,433)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>557,604</u>	<u>14</u>	<u>498,119</u>	<u>13</u>

(Continued)

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(3,433)	-	1,911	-
Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,896,773	47	(359,133)	(10)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	16,299	-	(21,100)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(21,159)	(1)	68,219	2
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(1,868)</u>	<u>-</u>	<u>7,395</u>	<u>-</u>
Other comprehensive income (loss) for the year	<u>1,886,612</u>	<u>46</u>	<u>(302,708)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,444,216</u>	<u>60</u>	<u>\$ 195,411</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.26</u>		<u>\$ 2.91</u>	
Diluted	<u>\$ 3.25</u>		<u>\$ 2.90</u>	

(With Deloitte & Touche auditors' report dated February 25, 2026)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Retained Earnings				Other Equity (Note 20)		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	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, 2024	172,000	\$ 1,720,000	\$ 498,708	\$ 687,087	\$ 67,764	\$ 3,179,413	\$ (66,031)		
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
Appropriation of 2024 earnings (Note 20)										
Legal reserve	-	-	-	52,413	-	(52,413)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(240,800)	-	-	-	(240,800)
Change in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	886	-	-	-	886
Net profit for the year ended December 31, 2025	-	-	-	-	-	557,604	-	-	-	557,604
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	(3,433)	(23,027)	1,913,072	-	1,886,612
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	-	554,171	(23,027)	1,913,072	-	2,444,216
BALANCE AT DECEMBER 31, 2025	172,000	\$ 1,720,000	\$ 497,255	\$ 785,055	\$ 55,421	\$ 3,713,437	\$ (13,444)	\$ 2,301,661	\$ (54,371)	\$ 9,005,014

(With Deloitte & Touche auditors' report dated February 25, 2026)

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 709,594	\$ 631,552
Adjustments for:		
Depreciation expense	364,292	406,851
Amortization expense	5,399	8,006
Reversal of expected credit losses	(174)	-
Net gain on valuation of financial assets at FVTPL	(10,684)	(18,270)
Interest expense	1,431	7,600
Interest income	(63,176)	(68,630)
Dividend income	(45,362)	(34,336)
Share of loss of associates accounted for using the equity method	39,136	65,187
Gain on disposal of property, plant and equipment	(4,814)	(565)
Gain on disposal of investments	(5,557)	(1,312)
Impairment loss of non-financial assets	15,045	3,908
(Gain) loss on lease modifications	(9,487)	509
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	49,016	912
(Increase) decrease in notes receivable from unrelated parties	(397)	4,345
Increase in trade receivables from unrelated parties	(1,445)	(114,012)
(Increase) decrease in trade receivables from related parties	(47,326)	39,635
Decrease in other receivables from unrelated parties	398	2,435
Decrease in other receivables from related parties	1,283	5,059
Increase in inventories	(116,013)	(45,203)
Increase in other current assets	(39,844)	(1,636)
Increase in other non-current assets	(2,190)	(2,350)
Increase in trade payables to unrelated parties	101,152	8,810
(Decrease) increase in trade payables to related parties	(42,350)	20,133
Increase in other payables to unrelated parties	50,500	32,051
Increase in other payables to related parties	442	1,008
(Decrease) increase in other current liabilities	(12,091)	10,612
Decrease in net defined benefit liabilities	(2,379)	(2,614)
Cash generated from operations	934,399	959,685
Interest received	63,970	63,335
Dividends received	46,067	34,301
Interest paid	(1,519)	(6,690)
Income tax paid	(123,689)	(155,215)
Net cash generated from operating activities	<u>919,228</u>	<u>895,416</u>

(Continued)

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(16,574)	(359,481)
Purchase of financial assets at amortized cost	-	(257,570)
Proceeds from financial assets at amortized cost	115,047	-
Purchase of investments accounted for using the equity methods (Note 13)	-	(138,330)
Payments for property, plant and equipment	(150,875)	(84,685)
Proceeds from disposal of property, plant and equipment	4,906	672
Increase in refundable deposits	-	(163)
Decrease in refundable deposits	401	-
Purchase of intangible assets	<u>(1,225)</u>	<u>-</u>
Net cash used in investing activities	<u>(48,320)</u>	<u>(839,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,000	-
Repayment of short-term borrowings	-	(63,411)
Repayment of long-term borrowings	(67,917)	(409,158)
Proceeds from guaranteed deposits received	10,929	-
Refund of guaranteed deposits received	-	(8,880)
Repayment of the principal portion of lease liabilities	(30,267)	(30,333)
Cash dividends paid to owners of the Company	<u>(240,800)</u>	<u>(206,400)</u>
Net cash used in financing activities	<u>(308,055)</u>	<u>(718,182)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(14,451)</u>	<u>43,749</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	548,402	(618,574)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>398,844</u>	<u>1,017,418</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 947,246</u>	<u>\$ 398,844</u>

(With Deloitte & Touche auditors' report dated February 25, 2026)

(Concluded)

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

The Board of Directors has prepared and submitted the Company's 2025 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

April 29, 2026

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

Title	Name	April 13,2026		
		Type of shares	Current shareholding (shares)	Shareholding ratio (%)
Chairman	Yu-Heng Chiao	Common shares	1,065,861	0.62%
Director	Walsin Technology Corporation Representative : Ming-Tsan Tseng	Common shares	74,186,468	43.13%
Director	Walsin Technology Corporation Representative : Chih-Mou Hung	Common shares		
Director	Por-Yuan Wang	Common shares	—	—
Independent director	Eric Chen	Common shares	10,312	0.01%
Independent director	Chin-Tain Chiu	Common shares	—	—
Independent director	Lau Boon Leng	Common shares	—	—
Shareholdings of all directors			75,262,641	43.76%
Note : As of the book closure date for the 2026 Annual Shareholders' Meeting, the Company had issued 172,000,000 shares of common stock.				

**Prosperity Dielectrics Co., Ltd.**

**List of Candidate for Directors and Independent Directors**

Title		Name	Gender	Education	Experience	Current position	Shareholding (Unit : share)
1	Director	Yu-Heng Chiao	Male	Master of Business Administration, Golden Gate University	Vice Chairman of Walsin Lihwa Corporation	Chairman of Walsin Technology Corporation Chairman of HannStar Board Corporation Chairman of Global Brands Manufacture Ltd. Chairman of Walton Advanced Engineering Inc. Chairman of Prosperity Dielectrics Co., Ltd. Chairman of Info-Tek Corporation Corporation's Representative as director of INPAQ Technology Co., Ltd. Director of Walsin Lihwa Corporation Vice Chairman of Career Technology (Mfg.) Co., Ltd. Chairman of Silitech Technology Corporation	1,065,861
2	Director	Walsin Technology Corporation	Not Applicable	Not Applicable	Chairman of INPAQ Technology Co., Ltd. Director of Prosperity Dielectrics Co., Ltd. Director of Silitech Technology Corporation Director of Walton Advanced Engineering Inc. Chairman of Falcon Automation Equipment Corporation	Chairman of INPAQ Technology Co., Ltd. Director of Prosperity Dielectrics Co., Ltd. Director of Silitech Technology Corporation Director of Walton Advanced Engineering Inc. Director of Chin-Xin Investment Co., Ltd Director of Hannstar Board New Energy Co., Ltd. Chairman of Falcon Automation Equipment Corporation	74,186,468
2-1	Director	Walsin Technology Corporation Representative : Ming-Tsan Tseng	Male	PhD in chemical engineering from National Taiwan University	President of INPAQ Technology Co., Ltd.	Corporation's Representative as director of Prosperity Dielectrics Co., Ltd. President of Walsin Technology Corporation Director of Nitsuko Electronics Corporation Chairman and President of Eleceram Technology Co., Ltd.	
2-2	Director	Walsin Technology Corporation Representative : Chih-Mou Hung	Male	Master of Chemical Engineering, National Cheng Kung University	Vice President of Walsin Technology Corporation President of Prosperity Dielectrics Co., Ltd. President of INPAQ Technology Co., Ltd.	Corporation's Representative as director of Prosperity Dielectrics Co., Ltd. Chairman of Falcon Automation Equipment Corporation Corporation's Representative as director of INPAQ Technology Co., Ltd. Corporation's Representative as director of Eleceram Technology Co., Ltd.	

Title		Name	Gender	Education	Experience	Current position	Shareholding (Unit : share)
3	Director	Oliver Co., Ltd.	Not Applicable	Not Applicable	Director of Walsin Technology Corporation	Director of Walsin Technology Corporation	300,000
3-1	Director	Oliver Co., Ltd. Representative : Jui-Tsung Chang	Male	Department of Mineral and Metallurgical Engineering, Taiwan Provincial Taipei Institute of Technology	Manager of the Chip Resistor and High-Frequency Components R&D Department at Philips Chien-Yuan Plant President of Walsin Technology Corporation Director of INPAQ Technology Co., Ltd. Director of APAQ Technology Co., Ltd. President and Representative Director of Kamaya Electric Co., Ltd Director of Nitsuko Electronics Corporation Director of Soshin Electric Co., Ltd. Director of Matsuo Electric Co., Ltd. Director ELNA Printed Circuits Co., Ltd.	Chairman of Joyin Co., Ltd.	
1	Independent Director	Eric Chen	Male	Master of Chemistry, National Taiwan University	Vice President of Walsin Technology Corporation	Director of Wei Chia International Development Company Independent Director of Prosperity Dielectrics Co., Ltd.	10,312
2	Independent Director	Chin-Tain Chiu	Male	Doctor of Philosophy of Business Administration, National Chengchi University Master of Sloan School of Management, Massachusetts Institute of Technology Master of Business Administration, National Chengchi University Bachelor of Electronic Engineering, National Chiao Tung University	Vice President , Responsible Persons of Corporate Finance Industry Office , and Responsible Persons of Taipei branch office of HSBC Bank (Taiwan) Limited Responsible Persons of Corporate Finance Office of Far Eastern International Bank Vice President and Executive Vice President of Bank of America Manager of Citibank National Association Market Planner of Taiwan International Standard Electronics Ltd.	Independent Director of Medimaging Integrated Solution Inc. Independent Director of 3D Global Biotech Inc. Independent Director of Unifosa Corp. Director of Qiu Si De Industrial Co., Ltd.	0
3	Independent Director	Lau Boon Leng	Female	Beachelor of Science, Business Administration, California State University, Sacramento	Vice President of Marsh Singapore Pte. Ltd. Director of Aon Singapore Pte. Ltd. Managing Director of Insurance Matters Pte. Ltd.	Head of Willis Towers Watson Brokers(Singapore) Pte. Ltd.	0

**Prosperity Dielectrics Co., Ltd.**

**Explanations of involvement of directors or their related persons in the field of the Company's business**

(1) Director : Yu-Heng Chiao

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Walsin Technology Corporation	Chairman	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
HannStar Board Corporation	Chairman	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
Walton Advanced Engineering Inc.	Chairman	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials
Info-Tek Corporation	Chairman	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials
Career Technology (Mfg.) Co., Ltd.	Vice Chairman	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
INPAQ Technology Co., Ltd.	Corporation's representative as director	CC01080 Electronics Components Manufacturing
Silitech Technology Corporation	Chairman	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
Nitsuko Electronics Corporation	Director	Manufacturing and selling of film capacitors

(2) Director : Walsin Technology Corporation

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Falcon Automation Equipment Corporation	Chairman	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
HannStar Board Corporation	Director	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
INPAQ Technology Co., Ltd.	Chairman	CC01080 Electronics Components Manufacturing
Silitech Technology Corporation	Director	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials

		F219010 Retail Sale of Electronic Materials
Walton Advanced Engineering Inc.	Director	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials

(3) Director : Representative of Walsin Technology Corporation - Ming-Tsan Tseng

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Walsin Technology Corporation	President	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
Nitsuko Electronics Corporation	Director	Manufacturing and selling of film capacitors
Eleceram Technology Co., Ltd.	Chairman and President	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials

(4) Director : Representative of Walsin Technology Corporation - Chih-Mou Hung

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Falcon Automation Equipment Corporation	Chairman	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials
INPAQ Technology Co., Ltd.	Corporation's representative as director	CC01080 Electronics Components Manufacturing
Eleceram Technology Co., Ltd.	Corporation's representative as director	CC01080 Electronics Components Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials

(5) Director : Oliver Co., Ltd.

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Walsin Technology Corporation	Director	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials

(6) Director : Representative of Oliver Co., Ltd.- Jui-Tsung Chang

Names of Other Companies Where Director Serves	Title	Business Items Identical or Similar to the Company's
Joyin Co., Ltd.	Chairman	CC01080 Electronics Components Manufacturing CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing F119010 Wholesale of Electronic Materials F219010 Retail Sale of Electronic Materials

# Regulations

# Prosperity Dielectrics Co.,Ltd.

## Articles of Incorporation

### 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. (At least 50% of the employee compensation under this item shall be distributed to entry-level staff.) 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 endorsements 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.  
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.

## **Prosperity Dielectrics Co.,Ltd. Methods of Election of Directors**

Article 1 Except as otherwise provided by the law and regulation or by Articles of Incorporation of the Company, elections of directors shall be conducted in accordance with the methods.

Article 2 Deleted

Article 3 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The Board of Directors shall prepare the ballots . The ballots numbered according to shareholder attendance card numbers. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders in numbers corresponding to the directors to be elected at the Shareholders' Meeting. Voters' names are represented by their shareholder attendance card numbers printed on the ballots. The election of the Company shall adopt the candidate nomination system provided in Article 192-1 of the Company Act. The ways of accepting nominations and announcement shall be conducted in accordance with the Company Act, the Securities and Exchange Act and other relevant laws and regulations.

The election of independent directors and non-independent directors shall be held together, and the number of independent directors and non-independent directors elected shall be calculated separately. The election of independent directors of the Company shall be conducted in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the related laws and regulations.

Article 4 According to the number of directors stipulated in the Articles of Incorporation of the Company, those with more voting rights will be elected in sequence. If the elected directors are checked and confirmed that their personal information is inconsistent or incompetent according to the relevant laws and regulations, the vacancy will be filled by the next most elected directors.

When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 4-1 More than a half of the seats of directors shall not be relatives as of spouse or under second-degrees relatives; in the situation of more than half of the elected candidates are spouses or second-degree relatives of any directors, those with less votes shall be regarded as invalid election, and other candidates with higher votes will be elected.

Article 5 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 6 The duties of the vote monitoring personnel are as follows:

- (1) The ballot boxes shall be publicly checked by the vote monitoring personnel before voting commences.
- (2) Picket order and monitoring voting for negligence and violations.
- (3) Check the number of ballots after voting.
- (4) Check whether the ballots are invalid.
- (5) Monitor the vote tellers to record the number of votes each candidate has received.

Article 7 If the candidate is a shareholder of the Company, the electors shall fill in the name and the shareholder's number of such candidate in the column of "Candidate" of the ballot. If the candidate is not a shareholder of the Company, the electors shall fill in such candidate's name

and the number of its identification certificate in the same column. If the candidate is a government agency or a legal entity, either the full name of the government agency or the legal entity or the full name of the government agency or the legal entity and the name(s) of their representative(s) should be filled in the column of candidate. If the government-linked shareholder or institutional shareholder has several representatives, the name of each representative shall be filled in.

Article 8 A ballot is invalid under any of the following circumstances:

- 1.The ballot was not in the form provided in accordance with the methods.
- 2.Ballots are not placed in the ballot box or blank ballots are placed in the ballot box.
- 3.The writing is unclear and indecipherable.
- 4.Ballots with other written characters in addition to candidate name(s), shareholder number(s), ID card number(s), or uniform business number(s).
- 5.If the candidate is a shareholder ,the account name and and account number of the electee filled in is inconsistent with the data of the register of shareholders. If the candidate is not a shareholder , the name and ID card number of the electee filled in is inconsistent after checking, or the candidate is not nominated in accordance with Article 15 of the Company's Article of Incorporation.
- 6.The account name (name)or shareholder account number (unified number) of the candidate is not filled in.
- 7.The number of candidates filled in the ballot exceeds the number of seats to be elected.

Article 9 The election of directors needs to set up the ballot boxes. After voting, the voting supervisors open the ballot boxes together.

Article 10 Counting of votes is monitored by the vote monitoring personnel. If there is any doubt about the ballot, the vote monitoring personnel will first verify whether it is invalid, and the invalid ballot should be placed separately. After the counting is completed, the number of votes and voting rights should be counted, and the vote monitoring personnel will approve the invalidation and sign or seal it.

Article 11 The ballots should be calculated immediately after the votes are casted and under the supervision of persons designated by the chair to monitor the voting procedure. The result of counting the ballots shall be announced by the chair of the meeting on the site. The results of the election should be announced by the chair or any person appointed by chair at the meeting.

Article 12 The Company shall issue notifications to the persons elected as directors.

Article 13 Matters not stipulated in these measures shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.

The adoption of the Methods and any amendment to the Methods shall be approved at the Company's shareholders' meeting.

## **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**