

Stock code: 3317

# **Niko Semiconductor Co., Ltd.**

*Niko-Sem*

## **Handbook for the 2025 Annual Meeting of Shareholders [Translation]**

**Date: 9:00am on Jun. 10, 2025 (Tuesday)**

**Place: Floor 1, No. 21, Lane 169, Kangning Street, Xizhi District, New Taipei City**

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Niko Semiconductor Co., Ltd.  
2025 Annual Shareholders' Meeting Agenda

Meeting type: Physical shareholders' meeting

Time: 9:00 a.m. on June 10, 2025 (Tuesday)

Place: 1F, No. 21, Lane 169, Kangning Street, Xizhi District, New Taipei City

I. Call the Meeting to Order (Announce number of shareholders present)

II. Address by the chairman

III. Report Items

(I) 2024 Business Report

(II) Audit Committee's Review Report on the 2024 Financial Statements

(III) Report on 2024 Employees and Directors' Remuneration

(IV) 2024 Earnings Distribution of cash dividends

IV. Proposed Resolutions

(I) 2024 Business Report and Financial Statements (including consolidated financial statements)

(II) Distribution of 2024 earnings

V. Matters for Discussion

(I) Amendment to Provisions of "Articles of Association" of the Company

(II) The new share issue through capitalization of earnings

VI. Elections

(I) Proposal for Comprehensive Reelection of Directors

VII. Other Matters

(I) Proposal for Release the Prohibition on the Company's New Directors and their representatives

VIII. Questions and Motions

IX. Adjournment

## **[Reports Items]**

I. Please check the Business Report of 2024.

Instructions: Please refer to Annex I on Page 7-12 of this manual for the company's Business Report of 2024.

II. Please check the Audit Committee's Review Report of 2024.

Instructions: Please refer to Annex II on Page 13 of this manual for the Audit Committee's Review Report of 2024.

III. Please check the Report on Employees and Directors' Remuneration of 2024.

Instructions: According to the regulations of Article 19 of the company's Articles of Association, remuneration of directors was NTD 15,122,236 and employees NTD 45,366,707 in 2024, which has no difference with the estimated amount on the account.

IV. Please check the report on Earnings Distribution of cash dividends of 2024.

Instructions: According to the regulations of Article 19 of the company's Articles of Association, Board of Directors is authorized to issue all or part of the dividends and bonuses payable in cash and report it to Board of Shareholders. Shareholders' dividends NTD 32,400,000 were withdrawn from surplus of 2024 and distributed in cash. NTD 0.4 was issued for per share.

## **[Proposed Resolutions]**

Proposal 1

Cause of proposal: 2024 Business Report and Financial Statements (including consolidated financial statements). (Proposed by Board of Directors)

- Instructions:
1. The company's financial statements and consolidated financial statements of 2024 have been audited by the CPA HUNG WEN FU and SHYH GANG HORNG of KPMG Taiwan. An unqualified opinion in the auditor's report was issued.
  2. Business Report and above financial statements passed by the resolution of Board of Directors are attached. Please refer to Annex I on Page 7-12 and Annex III on Page 14-29 of this manual.
  3. Submit for admission.

Resolution:

## Proposal 2

Cause of proposal: Distribution of 2024 earnings. (Proposed by Board of Directors)

Instructions: 1. Details about Surplus Distribution Table of the company of 2024 are as follows:

Niko Semiconductor Co., Ltd.  
Statement of Surplus Distribution  
2024

Item		Unit: NT\$ Amount
Undistributed surplus at beginning of period		1,126,451,966
Current net profit after tax	201,471,865	
Add: Determined benefits plan liquidation profit and loss	1,672,000	
Minus: The effect of disposal of associates accounted for using equity method	(467,384)	
Amount of current net profit after tax plus items beyond current net profit after tax included in the current undistributed surplus	202,676,481	
Minus: Legal reserve	(20,267,648)	
Minus: Special reserve	(1,796,789)	180,612,044
Available surplus		1,307,064,010
Surplus distribution items:		
Shareholder dividends-(Cash dividends per share NT\$ 0.4)		32,400,000
Shareholder dividends-(Stock dividends per share NT\$ 1.11111111)		90,000,000
Undistributed surplus at end of period		1,184,664,010

Note:

1. The cash dividend is calculated to NT\$ yuan according to the distribution ratio, and the total amount of abnormal zero payments less than NT\$ yuan will be adjusted from the decimal point number to the small one and the account number from the front to the back to meet the total cash dividend distribution.
2. According to the provisions of T.C.S. No. 871941343 of the Ministry of Finance of Taiwan on April 30, 1998, priority will be given to the distribution of the latest surplus by means of individual identification.
3. In the event of any subsequent change in the interest rate of shareholders due to the change in the Company's share capital affecting the shares held outside the Company, the Board of Directors shall authorize the chairman of the Board of Directors to handle all matters related to the change.

## 2. Submit for admission.

Resolution:

## **[Matters for Discussion]**

### **Proposal 1**

Cause of proposal: Amendment to Provisions of “Articles of Association” of the Company, proposed for discussion (by the Board of Directors)

Instructions: 1. In accordance with the Financial Supervisory Commission's Decree No. 1130385442 issued on November 8, 2024, supplementary regulations stipulate that companies whose stocks are listed on the stock exchange or traded on the OTC Markets shall stipulate in their articles of association that a certain percentage of annual profits shall be used to adjust the salaries or distribute remunerations to grassroots employees, and in accordance with practical operations, the Company hereby proposes to amend the “Articles of Association” .

2. Please refer to Annex IV on pages 30-32 of this manual for comparison table of provisions of “Articles of Association” before and after amendment.

3. It is hereby proposed for discussion.

Resolution:

### **Proposal 2**

Cause of proposal: The new share issue through capitalization of earnings, proposed for discussion (by the Board of Directors)

Instructions: 1. For the further development of company business, the Company proposed to allocate bonus to shareholders NT\$90,000,000 from 2024 distributable earnings to transfer as capital increase by issuance of new stock (common stock) in total 9,000,000 shares with the face value of 10 NT dollars per share.

2. According to the shares listed in the register of shareholders on the base date of capital increase and allotment, 111.111111 shares will be distributed free of charge for per thousand shares. If the allotment is less than one share, the shareholders will combine them into whole shares by themselves within five days from the date when the transfer of capital increase and allotment is closed. And register with the company's stock affairs agency. Overdue processing or less than one share after the merger, according to Article 240 of the Company Law, change the cash (Pay the fees for collective insurance transfer and non-physical login etc.) and calculate it up to yuan, round down below yuan, and authorize the chairman of the board of directors Negotiate with a specific person to subscribe at face value.

3. Regarding the new share issued for capital increase, the rights and obligations are the same as the originally issued common stock, and they are issued without entity.

4. If there is a subsequent change in the number of outstanding shares due to changes in the company's share capital, and if the allotment ratio of shareholders

changes accordingly, it is proposed to submit to the shareholders' meeting to authorize the Board of Directors to handle matters related to the change.

5. The Board of Directors shall set a base date for the capital increase and allotment of new shares once the resolution of the Annual shareholders' meeting is passed and submitted to the competent authority for approval of the plan for capital increase and new share issuance. If it is modified by the competent authority, or needs to be modified in response to objective circumstances, it is proposed to submit to the shareholders' meeting to authorize the board of directors to handle it with full authority.
6. It is hereby proposed for discussion.

Resolution:

## **[Elections]**

### Proposal 1

Cause of proposal: Proposal for Comprehensive Reelection of Directors

- Instructions: 1. The current tenure of directors of the Company is to expire on June 7, 2025, it is hereby planned to handle comprehensive reelection.
2. In accordance with the provisions of Article 12 and Article 12-2 of the Articles of Association of the Company, six directors (including four independent directors) are to be elected with tenure of three years. They will take office immediately after end of the regular shareholders' meeting with tenure specifically starting from June 10, 2025 and ending on June 9, 2028.
  3. Nomination system of candidates is adopted for the election of the Company's directors. List of candidates was approved in a resolution made by the Board of Directors of the Company on March 14, 2025. Please refer to Appendix IV on pages 55-58 of this manual for relevant data.
  4. This election will be performed in accordance with the amended "Procedures for Election of Directors" of the Company. Please refer to Appendix III on pages 52-54 of this manual.
  5. It is hereby proposed for election.

Election result:

## **[Other Matters]**

### **Proposal 1**

Cause of proposal: Proposal for Release the Prohibition on the Company's New Directors and their representatives, proposed for discussion (by the Board of Directors)

- Instructions: 1. In accordance with the provisions of Article 209 of the Company Act, "Directors shall explain the important contents of their behaviors performed for themselves or others within the business scope of the Company to the shareholders' meeting and obtain its permission".
2. In order to rely on the expertise and relevant experience of the Company's directors, it is then proposed to the shareholders' meeting for its approval of release the prohibition on the Company's new directors and their representatives in accordance with the provisions of Article 209 of the Company Act (please refer to Appendix V on page 59 of this manual for the condition where candidates for this current session hold concurrent posts in other companies).
3. It is hereby proposed for discussion.

Resolution:

## **[Questions and Motions]**

## **[Adjournment]**



## Niko Semiconductor Co., Ltd. Business Report

According to Gartner's latest forecast, the global semiconductor market is expected to continue to grow in 2025, with output value expected to reach US\$697 billion. This growth was primarily driven by generative AI and data center construction. In addition, the AI semiconductor market is expected to reach US\$174.48 billion, with a compound annual growth rate of 15.2%.

However, in 2024, the global PC market experienced some subtle changes. According to IDC's report, global PC shipments will increase by 1% year-on-year in 2024 to 263 million units. The growth was mainly driven by the Chinese government's subsidy policy and year-end promotional activities. In addition, enterprises are actively promoting hardware upgrades before the Windows 10 support plan ends in October 2025, which also promotes the growth of the PC market. In addition, according to Canalys data, global PC shipments increased by 3.9% in 2024 to 256 million units (as shown in Table 1). Among them, it is worth noting that as CPU and PC brand manufacturers begin to introduce AI into more models, PCs with AI functions will continue to penetrate, and the application of AI technology in the PC market will gradually increase and become an important driving factor for market growth.

Table 1 Shipment Volume, Market Share and Annual Growth Rate of Global Top-5 Computer Brands in 2024					
Brand	Shipment volume in 2024	Market share in 2024	Shipment volume in 2023	Market share in 2023	2024/2023 Growth
Lenovo	61,867	24.2%	59,225	24.0%	4.5%
HP	52,992	20.7%	52,900	21.5%	0.2%
Dell	39,096	15.3%	39,979	16.2%	-2.2%
Apple	23,779	9.3%	22,382	9.1%	6.2%
Asus	18,329	7.2%	16,524	6.7%	10.9%
Others	59,910	23.4%	55,369	22.5%	8.2%
<b>Total</b>	<b>255,972</b>	<b>100.0%</b>	<b>246,379</b>	<b>100.0%</b>	<b>3.9%</b>
Source: Canalys PC Analysis (sell-in shipment) January, 2025					
Remark: Preliminary results, shipments are in thousands of units					

Looking ahead to 2025, the PC market faces many challenges and opportunities. First, Windows 10 will end support in October 2025, which will prompt a large number of users to upgrade to Windows 11 PCs. Microsoft's "carrot and stick" strategy is to attract users to upgrade by providing new features of Windows 11 and the performance, security and battery life advantages of new PC hardware. However, this strategy also faces challenges as many old

and incompatible devices require hardware upgrades. In addition, global economic uncertainty also has an impact on the PC market. The threat of new tariffs and higher existing ones that could be imposed by the U.S. government has added to concerns across the industry. In general, the PC market in 2025 faces both favorable and unfavorable factors, which makes the market outlook challenging and demand planning difficult. However, with the further development and application of AI technology, the PC market is still expected to maintain steady growth in the next few years.

The products of the Company are widely used in various fields, and we lay out new business opportunities in advance, and invest resources to develop related technologies and new products. In terms of sales and considering gross profit, the product portfolio is adjusted, the PC market is the main market, and the proportion of non-PC market is increased year by year. The relevant operating results and plans are as follows:

#### I. Implementation Result of Business Plan

##### (i) Implementation Result of Business Plan

The net amount of consolidated operating income of the Company in 2024 was NT\$ 2,468,261 thousand, which was comparable to NT\$ 2,464,539 thousand in the previous year (2023). The consolidated net profit after tax was NT\$ 201,472 thousand, which decrease by NT\$ 8,330 thousand compared with the net profit after tax of NT\$ 209,802 thousand in the previous year (2023). The earnings per share in the whole year of 2024 was NT\$ 2.49, and the earnings per share in the previous year (2023) was NT\$ 2.59.

##### (ii) Execution Situation of Budget

The Company didn't formulate financial forecasting in 2024. However, according to the budget of internal management, the net amount of consolidated operating income in 2024 was NT\$ 2,468,261 thousand, which has reached 91% of the budget target in 2024; The consolidated net profit after tax is NT\$ 201,472 thousand, which is an increase of NT\$ 33,521 thousand compared with the estimated net profit after tax target of NT\$ 167,951 thousand in 2024.

##### (iii) Analysis of financial revenue and expenditure and profitability

Profitability Analysis	Analysis Item	2024	2023
	Return on Asset (%)	5.58	6.03
	Return on Equity (%)	6.73	7.58
	Ratio of net profit before tax to paid-in capital (%)	30.08	40.07
	Profit Margin (%)	8.24	8.51
	Earnings per Share (NT\$)	2.49	2.59

(iv) Research and development situation

The research and development expenditure of the Company in 2024 was NT\$ 211,623 thousand, and its main development status is as follows:

Year	R&D Result
2024	1. Successful of platform development of first generation Load Switch MV MOSFET
	2. Successful of product series development of the 6th-generation Low gate Charge MV MOSFET
	3. Successful of product development of the 4th-generation PowerFET
	4. Successful of platform development of the 4th-generation SyncPAK power application MOSFET
	5. Successful of platform development of the 3rd-generation DrMOS power application MOSFET
	6. Successful of platform development of the 6th-generation Low gate Charge LV MOSFET
	7. Successful of product development of the 2nd-generation 40V Low gate Charge MOSFET
	8. Successful of product development of the 4th-generation Load Switch MOSFET
	9. Successful of platform development of the 2nd-generation silicon carbide 1200V Low Gate charge Power MOSFET

Year	Estimated development project
2025	1. Platform development of 2nd-generation Load Switch MV MOSFET
	2. Platform development of the 7th-generation Low gate Charge MV MOSFET
	3. Product development of the 4th-generation SyncPAK power application MOSFET
	4. Product development of the 3rd-generation DrMOS power application MOSFET
	5. Platform and product development of the 4th-generation DrMOS power application MOSFET
	6. Platform development of the 7th-generation Low gate Charge LV MOSFET
	7. Platform development of the 3rd-generation 40V Low gate Charge MOSFET
	8. Platform development of the 5th-generation Load Switch MOSFET
	9. Modules development of the 2nd-generation silicon carbide 1200V Power MOSFET
	10. Platform continuous development of the 3rd-generation silicon carbide 1200V Power MOSFET
	11. Platform development of the 2nd-generation silicon carbide 650V Power MOSFET

## II. Summary of Business Plan

### (i) Operation Guideline

1. Main Guideline: To provide customers with complete and cost-effective power component product lines and services in the power supply solutions of various types of electronic and electrical products, and become a trusted partner of customers.
2. Product and Technique: Strengthen the development of high-end PC products, and integrate IC to launch mainstream products for core power applications, power modules and components used in AI Server power thus breaking through the monopoly of foreign investors. In addition, we continue to expand the application fields of products, and develop new products with small size package, high voltage and high current, and the 3rd generation semiconductor materials technology for the power management and charging needs of vehicles, mobile devices and industries.
3. Management: Optimize the organizational structure, clarify and standardize the responsibilities and target of each functional unit, and bring into play the organizational benefits. Systematize the product development process, set up risk control points and conduct immediate review to improve the product success rate. Continuously improve the operation process of the production and marketing system, adjust the supply and demand plan in real time in response to market trends, changes in economic situation and end-customer needs, optimize the supply and effectively control the inventory.
4. Sales and Service: Gradually invest resources in major wafer factory to establish technical platforms to develop a full series of products, expand sales scale and avoid over-reliance on the single wafer factory. Based on PC products, we strive for sales growth and stable gross profit. The non-PC market locks in the main and key development customers in various fields, concentrates resources to provide in-depth services, and increases the proportion of sales year by year.

### (ii) Expected sales quantity and its basis

1. Selling products: High, medium and low voltage power metal oxide semiconductor field-effect transistors (Power MosFET) are the main products, power modules and a few power management IC related products.
2. Main market objectives: Pan-PC products such as mainboard, laptop computer, server, tablet computer, GPU display card, fan and their peripheral power devices, as well as related applications such as TV/Monitor display panel, automotive rear-mounted electronic, uninterruptible power system (UPS), Power Bank, electronic cigarette, battery BMS, brushless motor, etc., and successively develop markets such as on-board chargers (OBC), charging piles, and wireless charging for electric vehicles.
3. Because the Company didn't formulate financial forecasting in 2025, there are no expected sales quantity and amount data.

(iii) Important research and sales policies

1. Strengthen R&D energy, invest in the development of medium high voltage power modules product lines, and expand applications outside the PC market. Use the bases in South China and East China to strengthen services and actively expand business in mainland China.
2. Through the careful evaluation process, the MosFET and IC design into modules, such as DrMOS, IPM, etc., are designed and integrated according to the case and industry cooperation, so as to upgrade the technical level of products and provide more comprehensive power supply solutions.
3. According to the scale and attributes of customers, formulate individual price, production and marketing strategies to meet the needs of different markets, regions and applications.
4. Stabilize all supplier partner relationships, reduce production supply risk. Focusing on the Company's medium and long-term development and growth, we will cooperate with upstream raw materials, wafer and packaging factories in project strategy, develop new processes, new materials and technologies and new packaging, enhance product competitiveness and lay out new product lines. Obtain supply from upstream fabs and expand total packaging capacity.

III. The company's future development strategy and the influence of external competitive environment, law environment and overall business environment

(i) Development strategy:

1. The division of labor and cooperation among market research and product planning, technology research and development, and engineering support units is clearly defined in the product development process, and all stages and steps are included in ISO systematic control. Continuously build engineering and technical capabilities for different product lines, expand related instruments and equipment, match the original measurement and reliability equipment, develop high-efficiency and high-quality products, and follow up foreign specifications to strengthen the brand characteristics and value of the company.
2. Customer and market orientation, deepening product planning and evaluation, low, medium and high specification products shall be considered together, and priority shall be set to develop and improve in stages to meet the diversified application needs of customers.
3. Integrate power components and IC, continuous develop new modular products, and focus on home appliances and automotive markets, in order to provide customers with cost-effective choices.
4. The Company is positioned as a provider of various types of power management solutions, developing towards Fabless design company with full range of power

component products and integrated services, and becoming a partner with customer trust and long-term cooperation.

(ii) Influence of external competitive environment, law and overall business environment

1. Market: According to preliminary statistics from a market research company, the global traditional personal computer (PC) market stabilized and shipments showing a slight increase in 2024. Looking ahead, PC demand is expected to pick up in 2025, driven by the replacement trend driven by the end of Windows 10 services and the increasing commercial value of AI PCs as applications mature.
2. External environment: The main drivers of global economic growth in 2025 include the generative AI boom and continued innovation in the energy sector, as well as the expectation that global economic growth will be solid as major central banks relax monetary tightening. However, the threat of new tariffs and increases in existing tariffs by the United States has exacerbated global economic uncertainty and increased concerns across the PC industry. In addition, with the continued popularity of electric vehicles and the wider and deeper application of semiconductors in vehicles, as well as the rapid growth of smart driving cars, the automotive semiconductor market continues to maintain strong growth momentum and will be the largest application area for semiconductors in the world from 2021 to 2027. This will prompt manufacturers to make new layouts and investments in technological innovation and capacity expansion.
3. Strategy ally: There is no strong demand in the market, but the competition in the same industry will become more intense. In the face of severe competition, it is necessary to plan the Company's medium and long-term development with flexible and open thinking. On the one hand, by combining upstream strategic partners and investing funds when necessary, it can ensure production capacity supply and new process development; On the other hand, we shall actively seek opportunities of industry alliance with high complementarity to jointly develop new products and achieve a win-win situation.
4. Law: After several years of multi-directional adjustment, the company is in good health, and there are no internal factors that impact the operation at this stage. All the business policies formulated by the company can operate in compliance with laws and regulations, and have been widely recognized by customers for many years, showing brand value.

Finally, I wish all shareholders, ladies and gentlemen, have safe family!

[Annex II]

## Audit Committee's Review Report

Hereby

The Board of Directors has prepared and submitted the business report, individual financial reports, consolidated financial reports and earnings distribution proposals and other books of the company in 2024. Among which, individual financial reports and consolidated financial reports have been audited by CPA HUNG WEN FU and SHYH GANG HORNG of KPMG Taiwan. An unqualified opinion in the auditor's report was issued. The Audit Committee has reviewed the business report, individual financial reports, consolidated financial reports and earnings distribution proposal, and finds no material misstatement. In accordance with the Securities and Exchange Act, Article 14-4 and the Company Law, Article 219, the Committee hereby submits the review report.

To

2025 Annual Shareholders' Meeting of Niko Semiconductor Co., Ltd.

Niko Semiconductor Co., Ltd.

Audit Committee convener: Wang, Kai-min

Mar. 14, 2025

[Annex III]

## **Independent Auditors' Report**

To the Board of Directors of NIKO SEMICONDUCTOR CO., LTD.:

### **Opinion**

We have audited the parent company only financial statements of NIKO SEMICONDUCTOR CO., LTD.( "the Company" ), which comprise the parent company only balance sheet as of December 31, 2024 and 2023, the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Other Matter**

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the reports of other auditors. The recognized investments accounted for using equity method constituted 9% and 5% of the total assets, as of December 31, 2024 and 2023. The recognized share of profit or loss of associates accounted for using equity method constituted 4% and 0% of the profit before tax, for the years ended December 31, 2024 and 2023, respectively.

### **Key Audit Matters**

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



## **1. Valuation of inventories**

Please refer to Note 4(g) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(d) for the details and related expenses for inventories.

### **Description of key audit matter:**

Inventories are measured at the lower of cost or net realizable value. Due to rapid transformation of technology, new products and technological updates are affecting market demand, resulting in a risk that the cost of inventories may exceed their net realizable values. The condition of inventories to be sold will influence the result of valuation so consistent attention are required. In addition, the inventories are the significant account in the parent company only financial statement. Therefore, valuation of inventories is deemed to be one of the key audit matters in our audit of the parent company only financial statements.

### **How the matter was addressed in our audit:**

Our audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Company and inspecting whether existing inventory policies are applied; apply sampling procedures to verify the accuracy of inventory aging report and analyzing changes in inventory aging across periods; reviewing the reasonableness of management's past provisions for inventory losses, and comparing them with the methods and assumptions used for the current period's inventory loss provisions to assess their appropriateness; reviewing the post-period sales of inventory to evaluate the reasonableness of the inventory loss allowance estimates.

## **2. Acquisition of investments accounted for using the equity method**

Please refer to Note 4(h) for the accounting policy for acquiring investments accounted for using the equity method, and Note 6(f) in the consolidated financial statements for detailed information.

### **Description of key audit matter:**

To enhance the autonomy and completeness of the Group's product supply chain and strengthen its market competitive advantage, the Company participated in the cash capital increase of Super Group Semiconductor Co., Ltd. through its subsidiary, Jinrong Investment Co., Ltd., on August 12, 2024, by investing the amount of \$57,440 thousand, resulting in Jinrong Investment Co., Ltd.'s shareholding to increase from 36.69% to 70.28%, thereby gaining control over the company. Due to the significant impact of this transaction on investments accounted for using the equity method, the above acquisition investments accounted for using the equity method is deemed to be one of the key audit matters in our audit of the parent company only financial statements.

### **How the matter was addressed in our audit:**

Our audit procedures included: understanding management's assessment of the aforementioned transaction; engaging internal experts to assist in reviewing the valuation methods and the reasonableness of key assumptions used by management in measuring the fair value in the Purchase Price Allocation; and examining the correctness of management's related accounting treatments to evaluate whether the transaction has been appropriately disclosed in the financial statements.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion of the Company.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN FU and SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2025

#### **Notes to Readers**

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
NIKO SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	1,134,794	31	1,298,136	37	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	\$	2,729	-	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b))		-	-	7,112	-	2170	Accounts payable		344,440	10	494,205	14
1170	Accounts receivable, net (notes 6(c) and (p))		867,106	24	748,043	21	2180	Accounts payable to related parties (note 7)		-	-	1,041	-
1180	Accounts receivable from related parties, net (notes 6(c), (p) and 7)		-	-	545	-	2200	Other payables (including related parties) (note 7)		149,682	4	146,389	4
1200	Other receivables (including related parties) (note 7)		16,822	-	16,494	-	2230	Current tax liabilities		13,056	-	19,983	1
130X	Inventories (note 6(d))		678,281	19	721,871	21	2250	Current provisions (notes 6(j) and 9)		38,901	1	-	-
1470	Other current assets (note 9)		20,088	1	28,671	1	2280	Current lease liabilities (note 6(i))		527	-	516	-
Total current assets			2,717,091	75	2,820,872	80	2300	Other current liabilities		1,542	-	1,137	-
Non-current assets:							Total current liabilities			550,877	15	663,271	19
1550	Investments accounted for using equity method (notes 6(e) and 7)		464,768	13	249,464	7	Non-Current liabilities:						
1600	Property, plant and equipment (notes 6(f) and 8)		306,776	8	311,991	9	2580	Non-current lease liabilities (note 6(i))		447	-	974	-
1755	Right-of-use assets (note 6(g))		963	-	1,488	-	2600	Other non-current liabilities (notes 6(l) and (m))		3,002	-	2,371	-
1760	Investment property (notes 6(h) and 8)		69,756	2	70,363	2	Total non-current liabilities			3,449	-	3,345	-
1840	Deferred tax assets (note 6(m))		20,485	1	14,786	-	Total liabilities			554,326	15	666,616	19
1900	Other non-current assets (notes 6(l) and 9)		54,110	1	60,374	2	Equity attributable to owners of parent:						
Total non-current assets			916,858	25	708,466	20	3110	Ordinary shares (note 6(n))		810,000	22	710,518	20
							3200	Capital surplus (note 6(n))		674,954	19	630,512	18
							3310	Legal reserve (note 6(n))		267,337	7	246,390	7
							3320	Special reserve (note 6(n))		468	-	3,288	-
							3350	Unappropriated retained earnings (note 6(n))		1,329,129	37	1,272,482	36
							3400	Other equity interest		(2,265)	-	(468)	-
							Total equity			3,079,623	85	2,862,722	81
Total assets		\$	3,633,949	100	3,529,338	100	Total liabilities and equity		\$	3,633,949	100	3,529,338	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NIKO SEMICONDUCTOR CO., LTD.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes 6(p) and 7)</b>	\$ 2,468,261	100	2,464,539	100
5000	<b>Operating costs (notes 6(d), (l), (q), 7 and 12)</b>	1,817,352	74	1,818,855	74
	<b>Gross profit from operations</b>	650,909	26	645,684	26
	<b>Operating expenses (notes 6(c), (i), (l), (q), 7 and 12):</b>				
6100	Selling expenses	135,740	5	115,809	5
6200	Administrative expenses	104,673	4	102,182	4
6300	Research and development expenses	191,390	8	162,873	6
6450	Expected credit loss	325	-	42	-
	<b>Total operating expenses</b>	432,128	17	380,906	15
	<b>Net operating income</b>	218,781	9	264,778	11
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(r))	9,293	1	7,511	1
7010	Other income (note 7)	3,501	-	5,051	-
7020	Other gains and losses (notes 6(j) and (r))	(42,583)	(2)	6,576	-
7050	Finance costs (notes 6(i) and (r))	(26)	-	(5)	-
7060	Share of profit (loss) of subsidiaries accounted for using equity method	52,990	2	(592)	-
	<b>Total non-operating income and expenses</b>	23,175	1	18,541	1
	<b>Profit before income tax</b>	241,956	10	283,319	12
7950	<b>Less: Income tax expenses (note 6(m))</b>	40,484	2	73,517	3
	<b>Profit</b>	201,472	8	209,802	9
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	2,090	-	(413)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(2,810)	-	3,012	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(m))	(418)	-	83	-
		(1,138)	-	2,682	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	682	-	(239)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	(136)	-	47	-
	Items that may be reclassified subsequently to profit or loss	546	-	(192)	-
8300	<b>Other comprehensive income</b>	(592)	-	2,490	-
	<b>Total comprehensive income</b>	<b>\$ 200,880</b>	<b>8</b>	<b>212,292</b>	<b>9</b>
	<b>Earnings per share (note 6(o))</b>				
	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 2.49</b>		<b>2.59</b>	
	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 2.45</b>		<b>2.54</b>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NIKO SEMICONDUCTOR CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

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

			Retained earnings			Other equity interest		Total equity
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
<b>Balance on January 1, 2023</b>	\$ 612,515	630,512	202,903	3,645	1,228,643	(2,619)	(669)	2,674,930
Profit	-	-	-	-	209,802	-	-	209,802
Other comprehensive income	-	-	-	-	(330)	(192)	3,012	2,490
Total comprehensive income	-	-	-	-	209,472	(192)	3,012	212,292
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	43,487	-	(43,487)	-	-	-
Special reserve	-	-	-	(357)	357	-	-	-
Cash dividends of ordinary share	-	-	-	-	(24,500)	-	-	(24,500)
Stock dividends of ordinary share	98,003	-	-	-	(98,003)	-	-	-
<b>Balance on December 31, 2023</b>	710,518	630,512	246,390	3,288	1,272,482	(2,811)	2,343	2,862,722
Profit	-	-	-	-	201,472	-	-	201,472
Other comprehensive income	-	-	-	-	1,672	546	(2,810)	(592)
Total comprehensive income	-	-	-	-	203,144	546	(2,810)	200,880
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	20,947	-	(20,947)	-	-	-
Special reserve	-	-	-	(2,820)	2,820	-	-	-
Cash dividends of ordinary share	-	-	-	-	(28,421)	-	-	(28,421)
Stock dividends of ordinary share	99,482	-	-	-	(99,482)	-	-	-
The effect of disposal of associates accounted for using equity method	-	-	-	-	(467)	-	467	-
Changes in equity of investment accounted for using equity method	-	44,442	-	-	-	-	-	44,442
<b>Balance on December 31, 2024</b>	<b>\$ 810,000</b>	<b>674,954</b>	<b>267,337</b>	<b>468</b>	<b>1,329,129</b>	<b>(2,265)</b>	<b>-</b>	<b>3,079,623</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NIKO SEMICONDUCTOR CO., LTD.**

**Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

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

	<u>2024</u>	<u>2023</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 241,956	283,319
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	29,920	25,726
Amortization expense	2,555	600
Expected credit loss	325	42
Interest expense	26	5
Interest income	(9,293)	(7,511)
Share of profit (loss) of subsidiaries accounted for using equity method	(52,990)	592
Loss (gain) on inventory valuation	(10,208)	45,262
<b>Total adjustments to reconcile profit</b>	<u>(39,665)</u>	<u>64,716</u>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	7,112	(6,795)
Accounts receivable (including related parties)	(118,843)	(11,157)
Other receivable (including related parties)	(328)	1,047
Inventories	53,798	45,891
Other current assets	3,804	8,231
Long term prepaid expenses	12,001	19,391
<b>Changes in operating assets</b>	<u>(42,456)</u>	<u>56,608</u>
Accounts payable (including related parties)	(150,806)	62,722
Financial liabilities at fair value through profit or loss	2,729	-
Other payable (including related parties)	3,293	(80,262)
Provisions	38,901	-
Other current liabilities	405	(1,639)
Net defined benefit liability	1,433	(1,837)
<b>Changes in operating liabilities</b>	<u>(104,045)</u>	<u>(21,016)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(146,501)</u>	<u>35,592</u>
<b>Total adjustments</b>	<u>(186,166)</u>	<u>100,308</u>
Cash inflow generated from operations	55,790	383,627
Interest received	9,293	7,511
Interest paid	(26)	(5)
Income taxes paid	(52,371)	(137,797)
<b>Net cash flows from operating activities</b>	<u>12,686</u>	<u>253,336</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(120,000)	(50,000)
Acquisition of property, plant and equipment	(23,573)	(34,273)
Decrease in refundable deposits	2,512	1,680
Acquisition of intangible assets	(6,025)	(202)
<b>Net cash flows used in investing activities</b>	<u>(147,086)</u>	<u>(82,795)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in guarantee deposits	(5)	-
Payment of lease liabilities	(516)	(85)
Cash dividends paid	(28,421)	(24,500)
<b>Net cash flows used in financing activities</b>	<u>(28,942)</u>	<u>(24,585)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(163,342)	145,956
<b>Cash and cash equivalents at beginning of period</b>	1,298,136	1,152,180
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,134,794</u>	<u>1,298,136</u>

See accompanying notes to parent company only financial statements.

## **Independent Auditors' Report**

To the Board of Directors of NIKO SEMICONDUCTOR CO., LTD.:

### **Opinion**

We have audited the consolidated financial statements of NIKO SEMICONDUCTOR CO., LTD. and its subsidiaries ( “the Group” ), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

### **Basis for Opinion**

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

### **Other Matter**

We did not audit the financial statements of certain subsidiary and certain investment accounted for using equity method. Those financial statements were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the reports of other auditors. The total assets of the subsidiary constituted 9% of the total consolidated assets as of December 31, 2024, and the total operating revenue constituted 0% of the consolidated operating revenue for the years ended December 31, 2024. In addition, the recognized investment accounted for using equity method constituted 2% and 5% of the total consolidated assets as of December 31, 2024 and 2023, respectively, and the recognized share of profit or loss of associates accounted for using equity method constituted 4% and 0% of the consolidated profit before tax, for the years ended December 31, 2024 and 2023, respectively.

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion with other matter paragraph.



## **Key Audit Matters**

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

### **1. Valuation of inventories**

Please refer to Note 4(h) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(d) for the details and related expenses for inventories.

#### **Description of key audit matter:**

Inventories are measured at the lower of cost or net realizable value. Due to rapid transformation of technology, new products and technological updates are affecting market demand, resulting in a risk that the cost of inventories may exceed their net realizable values. The condition of inventories to be sold will influence the result of valuation so consistent attention are required. In addition, the inventories are the significant account in the consolidated financial statement, Therefore, valuation of inventories is deemed to be one of the key audit matters in our audit of the consolidated financial statements.

#### **How the matter was addressed in our audit:**

Our audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Group and inspecting whether existing inventory policies are applied; apply sampling procedures to verify the accuracy of inventory aging report and analyzing changes in inventory aging across periods; reviewing the reasonableness of management's past provisions for inventory losses, and comparing them with the methods and assumptions used for the current period's inventory loss provisions to assess their appropriateness; reviewing the post-period sales of inventory to evaluate the reasonableness of the inventory loss allowance estimates.

### **2. Acquisition of subsidiary**

Please refer to Note 4(s) for the accounting policy for business combination, and Note 6(f) for detailed information.

#### **Description of key audit matter:**

To enhance the autonomy and completeness of the Group' s product supply chain and strengthen its market competitive advantage, the Group participated in the cash capital increase of Super Group Semiconductor Co., Ltd. on August 12, 2024, by investing the amount of \$57,440 thousand, resulting in the Group' s shareholding to increase from 36.69% to 70.28%, thereby gaining control over the company. Due to the significant amount of this transaction, acquisition of subsidiary is deemed to be one of the key audit matters in our audit of the consolidated financial statements.

#### **How the matter was addressed in our audit:**

Our audit procedures included: understanding management' s assessment of the aforementioned transaction; engaging internal experts to assist in reviewing the valuation methods and the reasonableness of key assumptions used by management in measuring the fair value in the Purchase Price Allocation; and examining the correctness of management' s related accounting treatments to evaluate whether the transaction has been appropriately disclosed in the financial statements.

## **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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion of the Group.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN FU and SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2025

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(a))	\$ 1,546,015	41	1,377,454	39	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	\$ 2,729	-	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	7,112	-	2170	Accounts payable	344,440	9	494,205	14
1170	Accounts receivable, net (notes 6(c) and (r))	867,106	23	748,043	21	2180	Accounts payable to related parties (note 7)	-	-	1,041	-
1180	Accounts receivable from related parties, net (notes 6(c), (r) and 7)	-	-	545	-	2200	Other payables (including related parties) (note 7)	150,546	4	147,906	4
1200	Other receivables (including related parties) (note 7)	17,778	-	17,098	1	2230	Current tax liabilities	15,385	1	21,268	1
130X	Inventories (note 6(d))	678,281	18	721,871	20	2250	Current provisions (notes 6(l) and 9)	38,901	1	-	-
1470	Other current assets (note 9)	20,273	1	28,672	1	2280	Current lease liabilities (note 6(k))	3,544	-	2,699	-
<b>Total current assets</b>		<u>3,129,453</u>	<u>83</u>	<u>2,900,795</u>	<u>82</u>	2300	Other current liabilities	<u>1,652</u>	<u>-</u>	<u>1,137</u>	<u>-</u>
<b>Non-current assets:</b>								<u>557,197</u>	<u>15</u>	<u>668,256</u>	<u>19</u>
1550	Investments accounted for using equity method (note 6(e))	89,955	2	170,603	5	<b>Total current liabilities</b>					
1600	Property, plant and equipment (notes 6(h) and 8)	367,940	10	313,827	9	2580	Non-current lease liabilities (note 6(k))	5,808	-	974	-
1755	Right-of-use assets (note 6(i))	9,570	-	3,575	-	2600	Other non-current liabilities (notes 6(n) and (o))	<u>7,869</u>	<u>-</u>	<u>2,371</u>	<u>-</u>
1760	Investment property (notes 6(j) and 8)	69,756	2	70,363	2	<b>Total non-current liabilities</b>		<u>13,677</u>	<u>-</u>	<u>3,345</u>	<u>-</u>
1840	Deferred tax assets (note 6(o))	20,706	1	14,786	-	<b>Total liabilities</b>		<u>570,874</u>	<u>15</u>	<u>671,601</u>	<u>19</u>
1900	Other non-current assets (notes 6(n) and 9)	<u>62,041</u>	<u>2</u>	<u>60,374</u>	<u>2</u>	<b>Equity attributable to owners of parent:</b>					
<b>Total non-current assets</b>		<u>619,968</u>	<u>17</u>	<u>633,528</u>	<u>18</u>	3110	Ordinary shares (note 6(p))	810,000	22	710,518	20
						3200	Capital surplus (notes 6(f) and (p))	674,954	18	630,512	18
						3310	Legal reserve (note 6(p))	267,337	7	246,390	7
						3320	Special reserve (note 6(p))	468	-	3,288	-
						3350	Unappropriated retained earnings (note 6(p))	1,329,129	35	1,272,482	36
						3400	Other equity interest	<u>(2,265)</u>	<u>-</u>	<u>(468)</u>	<u>-</u>
						<b>Total equity attributable to owners of parent:</b>		<u>3,079,623</u>	<u>82</u>	<u>2,862,722</u>	<u>81</u>
						36XX	Non-controlling interests (note 6(g))	<u>98,924</u>	<u>3</u>	<u>-</u>	<u>-</u>
						<b>Total equity</b>		<u>3,178,547</u>	<u>85</u>	<u>2,862,722</u>	<u>81</u>
<b>Total assets</b>		<u>\$ 3,749,421</u>	<u>100</u>	<u>3,534,323</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 3,749,421</u>	<u>100</u>	<u>3,534,323</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

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

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes 6(r) and 7)</b>	\$ 2,468,261	100	2,464,539	100
5000	<b>Operating costs (notes 6(d), (n), (s), 7 and 12)</b>	1,796,272	73	1,821,235	74
	<b>Gross profit from operations</b>	671,989	27	643,304	26
	<b>Operating expenses (notes 6(c), (k), (n), (s), 7 and 12):</b>				
6100	Selling expenses	112,885	4	93,678	4
6200	Administrative expenses	119,441	5	117,117	4
6300	Research and development expenses	211,623	9	167,187	7
6450	Expected credit loss	325	-	42	-
	<b>Total operating expenses</b>	444,274	18	378,024	15
	<b>Net operating income</b>	227,715	9	265,280	11
	<b>Non-operating income and expenses:</b>				
7000	Interest income (note 6(t))	10,976	1	7,978	1
7010	Other income (notes 6(t) and 7)	3,504	-	5,073	-
7020	Other gains and losses (notes 6(e), (f) and (t))	(7,883)	-	6,691	-
7050	Finance costs (notes 6(k) and (t))	(101)	-	(172)	-
7060	Shares of profit (loss) of associates accounted for using equity method (note 6(e))	9,438	-	(157)	-
	<b>Total non-operating income and expenses</b>	15,934	1	19,413	1
	<b>Profit before income tax</b>	243,649	10	284,693	12
7950	<b>Less: Income tax expenses (note 6(o))</b>	40,336	2	74,891	3
	<b>Profit</b>	203,313	8	209,802	9
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(n))	2,090	-	(413)	-
8320	Share of other comprehensive income of associates accounted for using equity method (note 6(e))	(2,810)	-	3,012	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(o))	(418)	-	83	-
	Items that will not be reclassified to profit or loss	(1,138)	-	2,682	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	682	-	(239)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	(136)	-	47	-
	Items that may be reclassified subsequently to profit or loss	546	-	(192)	-
8300	<b>Other comprehensive income</b>	(592)	-	2,490	-
	<b>Total comprehensive income</b>	<b>\$ 202,721</b>	<b>8</b>	<b>212,292</b>	<b>9</b>
	<b>Profit attributable to:</b>				
	Owners of parent	\$ 201,472	8	209,802	9
	Non-controlling interests (note 6(g))	1,841	-	-	-
		<b>\$ 203,313</b>	<b>8</b>	<b>209,802</b>	<b>9</b>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 200,880	8	212,292	9
	Non-controlling interests (note 6(g))	1,841	-	-	-
		<b>\$ 202,721</b>	<b>8</b>	<b>212,292</b>	<b>9</b>
	<b>Earnings per share (note 6(q))</b>				
	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 2.49</b>		<b>2.59</b>	
	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 2.45</b>		<b>2.54</b>	

See accompanying notes to consolidated financial statements.

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

**NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

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

	Equity attributable to owners of parent									
	Retained earnings					Other equity interest		Total equity	Non-control ling interests	Total equity
						Exchange differences on translation	Unrealized gains (losses) on financial assets at fair value			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	of foreign financial statements	through other comprehensive income	attributable to owners of parent		
<b>Balance on January 1, 2023</b>	\$ 612,515	630,512	202,903	3,645	1,228,643	(2,619)	(669)	2,674,930	-	2,674,930
Profit	-	-	-	-	209,802	-	-	209,802	-	209,802
Other comprehensive income	-	-	-	-	(330)	(192)	3,012	2,490	-	2,490
Total comprehensive income	-	-	-	-	209,472	(192)	3,012	212,292	-	212,292
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	43,487	-	(43,487)	-	-	-	-	-
Special reserve	-	-	-	(357)	357	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(24,500)	-	-	(24,500)	-	(24,500)
Stock dividends of ordinary share	98,003	-	-	-	(98,003)	-	-	-	-	-
<b>Balance on December 31, 2023</b>	710,518	630,512	246,390	3,288	1,272,482	(2,811)	2,343	2,862,722	-	2,862,722
Profit	-	-	-	-	201,472	-	-	201,472	1,841	203,313
Other comprehensive income	-	-	-	-	1,672	546	(2,810)	(592)	-	(592)
Total comprehensive income	-	-	-	-	203,144	546	(2,810)	200,880	1,841	202,721
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	20,947	-	(20,947)	-	-	-	-	-
Special reserve	-	-	-	(2,820)	2,820	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(28,421)	-	-	(28,421)	-	(28,421)
Stock dividends of ordinary share	99,482	-	-	-	(99,482)	-	-	-	-	-
The effect of disposal of associates accounted for using equity method	-	-	-	-	(467)	-	467	-	-	-
Acquisition of non-controlling interest from business combination	-	-	-	-	-	-	-	-	97,083	97,083
Changes in equity of investment accounted for using equity method	-	44,442	-	-	-	-	-	44,442	-	44,442
<b>Balance on December 31, 2024</b>	<b>\$ 810,000</b>	<b>674,954</b>	<b>267,337</b>	<b>468</b>	<b>1,329,129</b>	<b>(2,265)</b>	<b>-</b>	<b>3,079,623</b>	<b>98,924</b>	<b>3,178,547</b>

See accompanying notes to consolidated financial statements.

## NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 243,649	284,693
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	36,737	28,162
Amortization expense	3,440	604
Expected credit loss	325	42
Interest expense	101	172
Interest income	(10,976)	(7,978)
Shares of loss (profit) of associates accounted for using equity method	(9,438)	157
Loss on disposal of property, plant and equipment	-	60
Loss (gain) on inventory valuation	(10,208)	45,262
Loss on disposal of investments	1,406	-
Gain on other investments	(33,855)	-
<b>Total adjustments to reconcile profit</b>	<b>(22,468)</b>	<b>66,481</b>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	7,112	(6,795)
Accounts receivable (including related parties)	(114,298)	(11,157)
Other receivables (including related parties)	(152)	1,088
Inventories	53,798	45,891
Other current assets	6,360	8,233
Long term prepaid expenses	12,001	19,391
<b>Changes in operating assets</b>	<b>(35,179)</b>	<b>56,651</b>
Financial liabilities at fair value through profit or loss	2,729	-
Accounts payable (including related parties)	(150,886)	62,722
Other payables (including related parties)	(9,410)	(81,857)
Provisions	38,901	-
Other current liabilities	189	(1,639)
Net defined benefit liability	1,433	(1,837)
<b>Changes in operating liabilities</b>	<b>(117,044)</b>	<b>(22,611)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(152,223)</b>	<b>34,040</b>
<b>Total adjustments</b>	<b>(174,691)</b>	<b>100,521</b>
Cash inflow generated from operations	68,958	385,214
Interest received	10,976	7,978
Interest paid	(101)	(172)
Income taxes paid	(53,919)	(138,148)
<b>Net cash flows from operating activities</b>	<b>25,914</b>	<b>254,872</b>
<b>Cash flows from (used in) investing activities:</b>		
Net cash flow from business combination	227,042	-
Acquisition of investments accounted for using equity method	-	(18,880)
Acquisition of subsidiaries	(57,440)	-
Acquisition of property, plant and equipment	(28,866)	(34,426)
Proceeds from disposal of property, plant and equipment	-	32
Decrease in refundable deposits	38	1,680
Acquisition of intangible assets	(10,839)	(202)
Proceeds from disposal of investments accounted for using equity method	44,149	-
<b>Net cash flows from (used in) investing activities</b>	<b>174,084</b>	<b>(51,796)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in guarantee deposits	(5)	-
Payment of lease liabilities	(3,445)	(2,316)
Cash dividends paid	(28,421)	(24,500)
<b>Net cash flows used in financing activities</b>	<b>(31,871)</b>	<b>(26,816)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>434</b>	<b>(249)</b>
<b>Net increase in cash and cash equivalents</b>	<b>168,561</b>	<b>176,011</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,377,454</b>	<b>1,201,443</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,546,015</b>	<b>1,377,454</b>

**Niko Semiconductor Co., Ltd.**  
**Comparison Table of Provisions of “Articles of Association of the Company” before and after Amendment**

Clause and provision after amendment	Clause and provision before amendment	Basis and reason for amendment
<p>Article 2</p> <p>The company’s businesses are as follows:</p> <p>I. CC01080 Electronic component manufacturing</p> <p>II. CD01030 Automobile and parts manufacturing</p> <p>III. F114030 Wholesale of auto and locomotive parts</p> <p>IV. F118010 Information software wholesale</p> <p>V. F119010 Wholesale of electronic materials</p> <p>VI. F401010 International trade</p> <p>VII. I501010 Product design</p> <p>VIII. CC01110 Computer and peripheral equipment manufacturing</p> <p>IX. CC01120 Data storage media manufacturing and reproduction industry</p> <p>X.ZZ99999 Business not prohibited or restricted by laws and regulations except permitted business</p>	<p>Article 2</p> <p>The company’s businesses are as follows:</p> <p>I. CC01080 Electronic component manufacturing</p> <p>II. CD01030 Automobile and parts manufacturing</p> <p>III. F114030 Wholesale of auto and locomotive parts</p> <p>IV. F118010 Information software wholesale</p> <p>V. F119010 Wholesale of electronic materials</p> <p>VI. F401010 International trade</p> <p>VII. I501010 Product design</p> <p>VIII. CC01110 Computer and peripheral equipment manufacturing</p> <p>IX. CC01120 Data storage media manufacturing and reproduction industry</p> <p><u>X. CD01050 Bicycles and their parts manufacturing</u></p> <p><u>XI. F114020 Locomotive wholesale</u></p> <p><u>XII. F114040 Wholesale of bicycles and their parts</u></p> <p><u>XIII. F114050 Tyre wholesale</u></p> <p><u>XIV. F214020 Locomotive retailing</u></p> <p><u>XV. F214040 Retail of bicycles and their parts</u></p> <p><u>XVI. F214050 Tyre retailing</u></p> <p><u>XVII. JA02030 Bicycle repair industry</u></p> <p><u>XVIII.ZZ99999 Business not prohibited or restricted by laws and regulations except permitted business</u></p>	<p>Delete business items and modify item numbers in accordance with practical operations .</p>
<p>Article 19</p> <p>If the company makes profits in the year, not less than ten percent of profits shall be withdrawn as employees’ remuneration and not</p>	<p>Article 19</p> <p>If the company makes profits in the year, not less than ten percent of profits shall be withdrawn as employees’ remuneration and not</p>	<p>In accordance with the Financial Supervisory Commission's Order No. 1130385442 issued on November 8, 2024,</p>



Clause and provision after amendment	Clause and provision before amendment	Basis and reason for amendment
<p>higher than five percent as remuneration of directors. <u>In addition, no less than fifteen percent of the annual employee remuneration shall be allocated as remuneration for grassroots employees.</u></p> <p>Employee's remuneration shall be issued in stocks or cashes according to the resolution of Board of Directors. The issuance objects include the employees who are subordinate to or control the company and in accordance with certain conditions. When the company still has accumulative loss, it shall preserve the amount to cover loss in advance, and then withdraw employees' remuneration and directors' remuneration according to above proportions.</p> <p>If there is surplus in the company's annual final settlement, taxes shall be paid and accumulative loss shall be covered firstly, and then ten percent of surplus shall be withdrawn as legal surplus accumulation fund (when the legal surplus accumulation fund has reached the company's paid-up capital, it will not be withdrawn), and the balance shall be withdrawn or revolved special surplus reserves according to law. If there is still surplus, Board of Directors shall draw up the surplus distribution proposal and submit it to Board of Shareholders to make resolution on distributing dividends and bonuses to the shareholders with the balance together with the accumulative undistributed surplus of previous years.</p> <p>If all or part of dividends and bonuses is issued in cash, it shall be agreed by more than a half of the directors who attend the meeting of Board of Directors about which</p>	<p>higher than five percent as remuneration of directors. Employee's remuneration shall be issued in stocks or cashes according to the resolution of Board of Directors. The issuance objects include the employees who are subordinate to or control the company and in accordance with certain conditions. When the company still has accumulative loss, it shall preserve the amount to cover loss in advance, and then withdraw employees' remuneration and directors' remuneration according to above proportions. If there is surplus in the company's annual final settlement, taxes shall be paid and accumulative loss shall be covered firstly, and then ten percent of surplus shall be withdrawn as legal surplus accumulation fund (when the legal surplus accumulation fund has reached the company's paid-up capital, it will not be withdrawn), and the balance shall be withdrawn or revolved special surplus reserves according to law. If there is still surplus, Board of Directors shall draw up the surplus distribution proposal and submit it to Board of Shareholders to make resolution on distributing dividends and bonuses to the shareholders with the balance together with the accumulative undistributed surplus of previous years. If all or part of dividends and bonuses is issued in cash, it shall be agreed by more than a half of the directors who attend the meeting of Board of Directors about which more than two third directors attend and be reported to Board of Shareholders. The regulation that it shall be made resolution by Board of Shareholders in preceding paragraph is not applicable.</p>	<p>supplementing the provisions of the Articles of Association of companies whose stocks are listed on the stock exchange or traded on the OTC Markets to set aside a certain percentage of annual profits to adjust the salaries or distribute remuneration to grassroots employees, the content of this article has been amended and the items have been adjusted.</p>

Clause and provision after amendment	Clause and provision before amendment	Basis and reason for amendment
more than two third directors attend and be reported to Board of Shareholders. The regulation that it shall be made resolution by Board of Shareholders in preceding paragraph is not applicable.		
Article 22 The Articles of Association was established on Apr. 6, 2000. ...(omitted)... The 22 <sup>nd</sup> amendment was dated on June 8, 2022. <u>The 23<sup>rd</sup> amendment was dated on June 10, 2025.</u>	Article 22 The Articles of Association was established on Apr. 6, 2000. The first amendment was dated on April 6, 2000. ...(omitted)... The 22 <sup>nd</sup> amendment was dated on June 8, 2022.	Add the amendment times and dates.

[Appendix I]

**Niko Semiconductor Co., Ltd.**  
**Articles of Association**  
**(After Amendment)**

Chapter I General Provisions

Article 1: The company was organized according to the regulations of company law. The company was named as Niko Semiconductor Co., Ltd.

Article 2: The company's businesses are as follows:

- I. CC01080 Electronic component manufacturing
- II. CD01030 Automobile and parts manufacturing
- III. F114030 Wholesale of auto and locomotive parts
- IV. F118010 Information software wholesale
- V. F119010 Wholesale of electronic materials
- VI. F401010 International trade
- VII. I501010 Product design
- VIII. CC01110 Computer and peripheral equipment manufacturing
- IX. CC01120 Data storage media manufacturing and reproduction industry
- X. ZZ99999 Business not prohibited or restricted by laws and regulations except permitted business

Article 3: The company's head office is set in New Taipei City. When necessary, branches can be set at domestic and abroad according to the resolution of Board of Directors.

Article 4: The company guarantees to the outside world, for the needs of business, it can reinvest other business, and it will not be restricted by Article XIII of company law: total investment cannot exceed forty percent of paid-up capital stock of the company.

Article 4-1: If the company has the plan of cancellation of public issue, it shall be submitted to Board of Shareholders for resolution.

Chapter II Shares

Article 5: The company's total capital is set as NTD one billion, which is divided into 100 million shares. The amount per share is NTD ten. Board of Directors is

authorized to issue shares in several times.

15% of the total capital as mentioned in the preceding paragraph shall be reserved. Namely NTD 150 million is used to issue employees' subscription right certificate. There are 15 million shares in total. The amount per share is NTD ten. Shares shall be issued in several times according to the resolution of Board of Directors.

Article 6: Shares issued by the company are non-printing stocks and shall be logged through centralized securities depository institution. Relevant regulations shall be handled according to relevant regulations of company law and securities authority.

Article 6-1: The company prepares shareholders' register to record regulated matters according to law. Treatment of relevant service matters shall be handled according to the regulations of [Standards for Handling Stock Affairs of Companies Offering Shares to the Public] issued by securities authority. Change of shareholders' register shall be made in the same manner.

Article 6-2: If the company proposes to transfer the shares repurchased from the company to employee in the price that is lower than the average price to repurchase the shares, transfer can be handled according to relevant regulations and the resolution of the latest shareholders' meeting.

Article 6-3: If the company proposes to issue employee's subscription right certificate in the subscription price that is lower than the market value (net value per share), issue can be handled according to relevant regulations and resolution of Board of Shareholders.

Article 7: Registration of share transfer shall be stopped within sixty days before the shareholders' regular meeting, within thirty days before shareholders' temporary meeting or within five days before the base day when the company decides to distribute dividends and bonuses or other interests.

### Chapter III Board of Shareholders

Article 8: Shareholder's meeting is divided into regular meeting and temporary meeting. Regular meeting is held for one time every year and is held within six months after the end of accounting year of each year. Temporary meeting shall be

convened according to law when necessary.

Article 8-1: A shareholders' meeting of the Company may be convened via video conferencing or other way announced by the Ministry of Economic Affairs.

Article 9: When shareholder cannot attend the shareholders' meeting for any reason, the shareholder shall issue letter of entrustment according to the regulations of Article CLXXVII of company law to entrust agent to attend the meeting and handle it according to the regulations of [Regulations on Letter of Entrustment Used when Attending the Shareholders' Meeting of Company of Public Issue].

Article 9-1: If Shareholders' Meeting is convened by the Board of Directors, the Board Chairman shall be chairman. When Board Chairman asks for leave or cannot execute function and power for any reason, chairman's agent shall handle it according to the regulations of CCVIII of company law. If the meeting is convened by other person who has right to convene out of Board of Directors, the person who has right to convene shall act as the chairman. When there are more than two persons who have right to convene, chairman shall be acted by the person recommended by the persons who have right to convene.

Article 10: For various shareholders of the company, except for the shares regulated by Article CLVVIX of company law have no voting power, each share has one voting power.

Article 10-1: When the company holds shareholders' meeting, voting power can be performed in written or electronic method. The shareholder who performs voting power in written or electronic method will be deemed that the shareholder attends the shareholder's meeting in person. However, the extempore motion or amendment to original proposal of this shareholders' meeting will be deemed as waiver. Its meaning expression shall be handled according to the regulations of CLXXVII of company law.

Article 11: Unless otherwise regulated by company law and relevant laws, resolution of Board of Shareholders shall be agreed by more than a half of the voting power of shareholders who represent more than a half of the issued shares and attend the shareholders' meeting.

Article 11-1: The matters of resolution of shareholders' meeting shall be made into meeting minutes, which shall be signed or sealed by chairman. Meeting minutes

shall be issued to various shareholders within twenty days after the meeting and shareholders shall keep it permanently.

Production and issuance of above meeting minutes shall be made in electronic method.

Issuance of meeting minutes in Item I shall be made in announcement method in the stage of company's public issue of stocks.

#### Chapter IV Directors and Audit Committee

Article 12: The company sets five to nine Directors. Their tenure is three years. They shall be elected by Board of Shareholders from the people who have the ability to act as Directors. Directors can be reelected. The liability insurance shall be purchased for the company's Directors according to the resolution of Board of Directors. Candidate nomination system is adopted for election of the company's Directors. Shareholders shall elect and appoint the company's Directors from the candidates' name list. Operation related to nomination shall be handled according to relevant regulations of company law and securities authority.

Article 12-1: When the vacancy of directors reaches one-third of total directors, Board of Directors shall hold temporary shareholders' meeting to conduct by-election within sixty days. The tenure is limited by that the tenure of present director is supplemented.

Article 12-2: Among the company's above directors' quota, the number of Independent Directors cannot be less than three and cannot be less than one fifth of directors' seats. The professional qualification, shareholding, restriction on part-time work, nomination and election method and other matters which shall be followed related to Independent Director shall be handled according to relevant regulations of securities authority.

Article 12-3: Cause shall be explained for convening the meeting of Board of Directors. The meeting shall be notified to various Directors seven days in advance. However, encountering emergency, the meeting shall be convened at any time. The convene in preceding paragraph shall be notified in written form, e-mail or fax method.

Article 12-4: The Company establishes an audit committee according to the provisions of Article 14-4 of the Securities Exchange Act, and the audit committee comprises all independent directors and shall execute the duties of supervisors stipulated in the Company Act, the Securities Exchange Act and other laws and regulations.

Article 13: Board of Directors is organized by directors. A Board Chairman shall be acted as by the person recommended and agreed by more than a half of the directors who attend the meeting about which above two third directors attend. Board Chairman represents the company externally.

Article 14: When Board Chairman asks for leave or cannot perform function and power for any reason, the agent shall handle it according to the regulations of CCVIII of company law. When the Board of Directors holds the meeting via video conferencing and the directors participate in the meeting through video, they will be deemed as attending in person. When director cannot attend for any reason, director shall issue letter of entrustment and list the authority scope clearly to entrust other director to attend as agent.

Article 15: When the company's Director execute the company's duty, whether the company's business makes profit or loss, the company shall pay remuneration to them. Board of Directors is authorized to determine their remuneration through discussion according to the value of their participation degree and contribution to the company's operation and the standard that the maximum remuneration regulated by the company's employee salary management method cannot be exceeded. If the company has surplus, remuneration shall be distributed separately according to the regulations of Article 19. The remuneration of Independent Director shall be handled according to prior regulations.

Article 16: Directors' meeting shall be attended by more than a half of the Directors and conducted after it is agreed by more than a half of the Directors, unless otherwise regulated by company law. When Director cannot attend the meeting for any reason, Director shall issue the scope of authority of letter of entrustment to entrust other Director to attend as agent, but one person can only accept one Director's entrustment.

Chapter V Manager

Article 17: The company sets Manager. Manager's appointment, dismiss and remuneration shall be handled according to the regulations of Article XXIX of company law.

#### Chapter VI Accountant

Article 18: At the end of each accounting year, the Board of Directors shall make: I. Business Report; II. Financial Statements; III. Proposal of Surplus Distribution or Covering Loss and Various Books of Tables and submit them to shareholders' regular meeting for admission.

Article 19: If the company makes profits in the year, not less than ten percent of profits shall be withdrawn as employees' remuneration and not higher than five percent as remuneration of directors. In addition, no less than fifteen percent of the annual employee remuneration shall be allocated as remuneration for grassroots employees.

Employee's remuneration shall be issued in stocks or cashes according to the resolution of Board of Directors. The issuance objects include the employees who are subordinate to or control the company and in accordance with certain conditions. When the company still has accumulative loss, it shall preserve the amount to cover loss in advance, and then withdraw employees' remuneration and directors' remuneration according to above proportions.

If there is surplus in the company's annual final settlement, taxes shall be paid and accumulative loss shall be covered firstly, and then ten percent of surplus shall be withdrawn as legal surplus accumulation fund (when the legal surplus accumulation fund has reached the company's paid-up capital, it will not be withdrawn), and the balance shall be withdrawn or revolved special surplus reserves according to law. If there is still surplus, Board of Directors shall draw up the surplus distribution proposal and submit it to Board of Shareholders to make resolution on distributing dividends and bonuses to the shareholders with the balance together with the accumulative undistributed surplus of previous years.

If all or part of dividends and bonuses is issued in cash, it shall be agreed by more than a half of the directors who attend the meeting of Board of Directors about which more than two third directors attend and be reported to Board of



Shareholders. The regulation that it shall be made resolution by Board of Shareholders in preceding paragraph is not applicable.

Article 19-1: For the distribution of the company's dividends, combining with the surplus status of the current year, in the principle of dividend stability, because the company is in the stage of growth now, based on the company's fund demand in the future and long-term financial planning, distributable surplus in Article XIX to distribute dividends to shareholders shall be made in cash, stock dividend or partial cash dividend and partial stock dividend and other methods. Among which, cash dividend cannot be less than ten percent of total dividends.

#### Chapter VII Supplementary Provisions

Article 20: In order to give back to the society, perform social duty and invest public welfare activities, the company's operation shall be handled according to relevant management method.

Article 21: The matters not covered in the Articles of Association shall be handled according to the regulations of company law.

Article 22: The Articles of Association was established on Apr. 6, 2000.

The 1st amendment was made on Apr. 6, 2000.

The 2nd amendment was made on Mar. 20, 2001.

The 3rd amendment was made on Aug. 1, 2002.

The 4th amendment was made on Dec. 2, 2002.

The 5th amendment was made on Dec. 2, 2002.

The 6th amendment was made on May 28, 2003.

The 7th amendment was made on Jun. 30, 2004.

The 8th amendment was made on Jun. 27, 2005.

The 9th amendment was made on May 26, 2006.

The 10th amendment was made on May 25, 2007.

The 11th amendment was made on Jun. 6, 2008.

The 12th amendment was made on Jun. 16, 2009.

The 13th amendment was made on Sep. 6, 2010.

The 14th amendment was made on Jun. 18, 2012.

The 15th amendment was made on Jun. 14, 2013.

The 16th amendment was made on Jun. 12, 2014.  
The 17th amendment was made on Jun. 13, 2016.  
The 18th amendment was made on Jun. 13, 2017.  
The 19th amendment was made on Jun. 14, 2018.  
The 20th amendment was made on Jun. 12, 2019.  
The 21st amendment was made on Jun. 10, 2020.  
The 22nd amendment was made on Jun. 8, 2022.  
The 23rd amendment was made on Jun. 10, 2025.

Niko Semiconductor Co., Ltd.

Board Chairman: Yang, Hui-Chiang

**Niko Semiconductor Co., Ltd.**

**Rules of Procedure for Shareholders' Meetings**

Article 1 In order to establish the company's good governance system of Board of Shareholders, improve supervision function and strengthen management mechanism, the rules are formulated according to the regulations of Article V of governance practice standards of listing company and company in over-the-counter market to follow.

Article 2 Unless otherwise regulated by the laws and regulations and the company's Articles of Association, the rules of procedure of the company's Board of Shareholders shall be implemented according to the rules.

Article 3 Unless otherwise regulated by laws and regulations, the company's Board of Shareholders shall be convened by Board of Directors.

Changes in the method of holding the shareholders' meeting of the company shall be resolved by the board of directors, and no later than before the notice of the shareholders' meeting is dispatched.

Article 4 The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, and shall be issued on the site of the shareholders' meeting.

On the day of the shareholders' meeting, the company shall provide shareholders with handbook and meeting supplementary materials in the preceding paragraph mentioned in the following manner:

1. When the physical shareholder meeting is held, it shall be distributed at the site of the shareholders' meeting.
2. When convening a video-assisted shareholders' meeting, it shall be distributed at the site of the shareholders' meeting and the electronic file shall be sent to the video conference platform
3. When convening a video conference, the electronic file shall be sent to the video conference platform.

Cause of convene shall be indicated on the notice and announcement; if the notice is agreed by the relative party, it shall be made in electronic method.

Article 5 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors 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.

Article 6 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 number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Article 7 The company shall announce the accepted shareholders' proposals, written or electronic acceptance method, acceptance place and acceptance term before the shareholders' regular meeting and closing date of transfer of shares; acceptance term cannot be less than ten days.

Article 8 Shareholder's proposal cannot exceed three hundred words. If the proposal exceeds three hundred words, the proposal will not be listed into proposal; shareholder who puts forward proposal shall attend shareholders' regular meeting in person or entrusting other person and participate in the discussion of the proposal. The company shall notify the treatment result to shareholder who puts forward proposal before the convene notice date of shareholders' meeting and list the proposal in accordance with the regulations of this article to meeting notice. For the shareholder's proposal which is not listed into proposal, Board of Directors shall explain the reason for not-listing on the shareholder's meeting.

Article 9 Shareholder shall issue the letter of entrustment printed by the company on each shareholders' meeting to indicate authority scope, entrusted agent to attend shareholders' meeting.

Article 10 A shareholder can issue a letter of entrustment and entrust a person. Letter of entrustment shall be sent to the company five days before the shareholder's meeting. When the letter of entrustment is repeated, the one sent firstly shall prevail. Statement on cancellation of prior entrustment is not limited by this.

After the letter of entrustment is delivered to the company, if the shareholder wants to perform voting power by attending shareholders' meeting in person, via video conference, or in written or electronic method, the shareholder shall send the notice of cancellation of entrustment to the company in written form before two days of shareholders' meeting; if entrustment is cancelled exceeding time limit, the voting power performed by the entrusted agent shall prevail.

Article 11 The place of shareholders' meeting shall be the place where the company is located or facilitates the shareholders to attend and is suitable for holding shareholders' meeting. Meeting's starting time cannot be earlier than 9:00am or later than 15:00pm. The Independent Director's opinions on place and time of convene shall be fully considered.

When the company holds a shareholders' meeting via video conference, it is not subject to the restriction on place in the preceding paragraph.

Article 12 The report time, report place and other matters needing attention of shareholders, solicitors, and authorized agents (hereinafter referred to as shareholders) to be accepted shall be clearly indicated on the meeting notice by the company.

The report time of shareholders to be accepted in preceding paragraph shall be handled 30 minutes before the meeting at least; there shall be clear mark in report place and it shall be handled by adequate and competent personnel. The video conference of the shareholders' meeting shall be registered on the video conference platform of the shareholders' meeting 30 minutes before the start of the meeting. Shareholders who have completed the registration are deemed to have attended the shareholders' meeting in person.

Article 12-1 When the company holds a shareholders' meeting via video conference, the following items shall be specified in the shareholders meeting convening notice:

1. Shareholders' participation in video conferences and methods for exercising their rights.
2. The methods of dealing with obstacles caused by natural disasters, accidents, or other force majeure events to the video conferencing platform or to participate in video conferences, including at least the following items:
  - (1) The time at which the meeting must be postponed or continued due to the occurrence of previous obstacles that cannot be eliminated, and the date when the meeting must be postponed or continued.
  - (2) Shareholders who have not registered to participate in the original shareholders' meeting via video conference shall not participate in the postponed or continued meeting.
  - (3) To convene a video-assisted shareholders' meeting, if the video conference cannot be continued, after deducting the number of shares attending the shareholders' meeting via video conference, the total number of shares attended reaches the statutory quota for the shareholders' meeting, the shareholders' meeting should continue and participate in the video conference. Shareholders, whose number of shares attended shall be included in the total number of shareholders' shares present, shall be deemed to have abstained from voting on all proposals at the shareholders' meeting.
  - (4) The methods of dealing with the situation where all the motions have been announced and no provisional motions have been made.

3. To convene a video-conference shareholders' meeting, this shall specify appropriate alternative measures for shareholders who have difficulty participating in video-conferencing.

Article 13 The company shall hand the discussion manual, annual report, attendance certificate, speech note, voting vote and other meeting materials to the shareholders attending the shareholders' meeting; if director is elected, election vote shall be attached separately.

Article 14 The shareholder or agent (hereinafter referred to as shareholder) entrusted by shareholder shall attend shareholders' meeting with attendance certificate, attendance card or other attendance certificates. The company cannot randomly increase requirements about the evidentiary document of shareholder's attendance to provide other evidentiary documents; the person who is asked for letter of entrustment shall carry ID certificate for verification.

Article 15 When legal person is shareholder, representatives who attend shareholders' meeting are not limited to one. When the legal person is entrusted to attend shareholders' meeting, it can only assign a person to attend.

Article 15-1 If the shareholders meeting is convened by video conference, shareholders who wish to attend by video conference shall register with the company two days before the shareholders' meeting.

If the shareholders' meeting is held by video conference, the company shall upload the handbook, annual report and other relevant materials to the shareholders' meeting video conference platform at least 30 minutes before the start of the meeting, and continue to disclose them until the end of the meeting.

Article 16 If shareholders' meeting is convened by Board of Directors, Board Chairman shall act as its chairman. When Board Chairman asks for leave for any reason and cannot perform function and power, Board Chairman shall designate a director as agent. If Board Chairman has not designated agent, directors shall recommend a person.

Article 17 If director is agent of chairman of preceding paragraph, the director whose tenure is above six months and knows the company's finance and business status shall act as the agent. If chairman is representative of legal person director, it shall be made in the same manner.

Board Chairman shall preside over the shareholders' meeting convened by Board of Directors in person. More than a half of directors of Board of Directors shall attend the meeting in person and a representative of members of various functional committees shall attend the meeting and the attendance situation shall be recorded on the shareholders' meeting minutes.

Article 18 If the Board of Shareholders is convened by other persons with the right of convene out of Board of Directors, the person with right of convene shall act as chairman. If there are more than two persons with right of convene, they shall recommend a person to act as chairman.

Article 19 The company shall assign entrusted lawyer, accountant or relevant personnel to attend the shareholder's meeting.

Article 20 The company shall continuously make audio and video recording about the acceptance shareholders' report process, meeting process and whole process of

accounting votes and keep the audio and video for a year at least. If shareholder files a lawsuit according to Article CLXXXIX of company law, the audio and video shall be kept to the end of litigation.

If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, check-in, questioning, voting, and company vote counting results, etc., and record and video the entire process of the video conference continuously. The company shall properly keep the above-mentioned materials and audio and video recordings during the duration of existence, and provide the audio and video recordings to the person entrusted to handle the video conferencing affairs for storage.

If the shareholders' meeting is held by video conference, the company should make audio and video recordings of the background operation interface of the video conference platform.

Article 21 Shares shall be calculation basis for attendance of shareholders' meeting. Number of attending shares shall be calculated according to handed card of signing and number of shares registered on the video conferencing platform in adding the number of shares performing voting power through written or electronic method.

Article 22 When it is time for meeting, chairman shall declare to have the meeting immediately, and at the same time announce the number of non-voting rights and the number of shares present, etc. Unless the shareholders who attend the meeting and represent the issued shares less than a half of total number of issued shares, chairman can declare delay of meeting. Number of delay is limited to two. Total delay time cannot exceed one hour totally. When the shareholders who represent less than one third of total number of issued shares attend the meeting after delay for two times, chairman shall declare to cancel the meeting. If the shareholders' meeting is convened by video conference, the company shall also announce to cancel the meeting on the video conference platform of the shareholders meeting.

When the quorum is not met all the same after delay for two times and shareholders who represent more than one third of total number of issued shares attend the meeting, it shall be deemed as false resolution according to the regulations of Item I of CLXXV of company law and false resolution shall be notified to various shareholders and shareholders' meeting shall be convened again within one month. If the shareholders' meeting is convened by video conference, shareholders who wish to attend via video conference shall re-register with the company in accordance with regulations.

Article 23 Before the end of the meeting, if the number of shares represented by the attending shareholders have reached more than a half of the total number of issued shares, chairman shall make it as false resolution and submit it to Board of Shareholders for voting according to the regulations of CLXXIV of company law.

Article 24 If the shareholders' meeting is convened by Board of Directors, its agenda shall be formulated by Board of Directors. Voting proposal by proposal shall be adopted for relevant proposals (including extempore motion and amendment to original proposal). Meeting shall be had according to arranged agenda and cannot be changed without the resolution of Board of Shareholders.

Article 25 If the shareholders' meeting is convened by other person with right of convene out of Board of Directors, the regulations of preceding paragraph are applicable.

Article 26 For the agenda arranged in prior two articles, before the end of discussion of matters (including extempore motion), without resolution, chairman cannot declare to break up the meeting; if chairman violates the rules of procedure to declare to break up the meeting, other members of Board of Directors shall rapidly assist attending shareholders to recommend a person agreed by more than a half of the voting power of attending shareholders to act as chairman according to legal procedures to have the meeting continuously.

Article 27 Chairman shall give the opportunity to fully explain and discuss the proposals and amendment or extempore motion proposed by shareholders. When it is thought the proposal reaches the degree of voting, chairman shall declare stopping discussion and submit for voting and arrange suitable voting time.

Article 28 Before attending shareholder makes speech, the shareholder shall firstly fill speech notes indicating main idea of speech, shareholder's account number (or number of attendance certificate) and account name. Chairman shall determine the speech order.

Article 29 If attending shareholder only submits speech notes and does not make speech, it will be deemed that shareholder has not made speech. If the speech contents are inconsistent with speech notes, the speech contents shall prevail.

Article 30 Each shareholder's speech on the same proposal cannot exceed two times without chairman's approval. Speech cannot exceed five minutes every time. If shareholder's speech violates regulations or exceeds scope of topic for discussion, chairman will stop the speech.

Article 31 When the attending shareholder makes speech, other shareholders cannot make speech to disturb without agreement of chairman and shareholder who is making speech. Chairman will stop the shareholder who violates the regulations.

Article 32 When legal person shareholder assigns more than two representatives to attend shareholders' meeting, only a person can make speech about the same proposal.

Article 33 After attending shareholder makes speech, chairman shall reply in person or by designating other person.

Article 33-1 If the shareholders' meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is end. The number of questions for each proposal shall not exceed two times. Limit to 200 characters.

If the question in the preceding paragraph does not violate the regulations or exceed the scope of the proposal, it is advisable to disclose the question on the video conferencing platform of the shareholders meeting for public awareness.

Article 34 Shares shall be calculation basis for voting on shareholders' meeting. For the resolution on shareholders' meeting, shares of the shareholders without voting power will not be included into the total number of issued shares. When the



shareholder has own interested relation to the matter of meeting and it is harmful to the company's benefits, the shareholder cannot participate in voting and the shareholder cannot perform voting power as agent of other shareholders. Shares about which voting power cannot be performed will not be included into the number of voting power of attending shareholders.

Article 35 Except for trust business or the share agency approved by securities authority, when a person is entrusted by more than two shareholders at the same time, the voting power represented by the person cannot exceed three percent of the total voting power of issued shares. If it exceeds the regulated percentage, the performed voting power will not be calculated.

Article 36 Shareholder's each share has one voting power; the shareholder who is limited or without voting power listed in Item II of CLXXIX of company law is not limited by this.

Article 37 When the company holds shareholders' meeting, the voting power shall be performed by electronic method and written form. When voting power is performed in written or electronic method, the performance method shall be indicated on the convene notice of shareholders' meeting. The shareholder who performs voting power in written or electronic method, it will be deemed that the shareholder attends the shareholders' meeting in person. The extempore motion of this shareholders' meeting and amendment to original proposal will be deemed as waiver, thus the company shall avoid putting forward extempore motion and amendment to original proposal.

Article 38 For the shareholder who performs voting power in written or electronic method in preceding paragraph, the meaning expression shall be delivered to the company before two days of shareholders' meeting. When the meaning expressions are repeated, the first delivered one shall prevail. However, statement on cancellation of prior meaning expression is not limited by this.

Article 39 If the shareholder wants to attend shareholders' meeting in person or via video conference after performing voting power in written or electronic method, the shareholder shall cancel the meaning expression for performing voting power in preceding paragraph in the same method of performing voting power two days before shareholders' meeting; if the meaning expression is cancelled exceeding time limit, the voting power performed in written or electronic method shall prevail. If voting power is performed in written or electronic method and agent is entrusted by letter of entrustment to attend shareholders' meeting, the voting power performed by entrusted agent shall prevail.

Article 40 Unless otherwise regulated by company law and the company's Articles of Association, the voting of proposal shall be passed by more than a half of voting power of attending shareholders. When voting, after chairman or the personnel designated by chairman declares the total number of voting power of attending shareholders, shareholders shall vote proposal by proposal. Shareholders' assent, objection and waiver results shall be input open information observatory on the date when the shareholders' meeting is held.

Article 41 When the same proposal has amendment or substitution proposal, chairman shall determine the voting order combining with the original proposal. If one of the proposals has been passed, other proposals will be deemed as veto and will not be voted.

Article 42 The supervision and accounting personnel of voting of proposals shall be designated by chairman, but the supervision personnel shall have shareholder's qualification. The operation of counting votes of voting or election proposals of shareholders' meeting shall be made in the open place of shareholders' meeting. Voting results shall be declared on spot after counting votes is completed, including number of voting, and made into record.

The shareholders' meeting is hold by video conference, Shareholders who participate in the video conference shall vote on various proposals and election proposals through the video conference platform after the chairman announces the opening of the meeting. And should be completed before the chairman announces the end of voting, those who are overdue deeded as a waiver.

If the shareholders' meeting is convened by video conference, after the chairman announces that the voting is over, the votes shall be counted at one time, and the voting and election results shall be announced.

When the company convenes a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting via video conference in accordance with the regulations, and who want to attend the physical shareholders' meeting in person, should cancel the registration in the same way as the registration two days before the shareholders' meeting, to attend the general meeting of shareholders only by video conference.

Those who exercise voting rights in writing or electronically without revoking their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise voting rights on the original proposals, propose amendments to the original proposals, or exercise voting rights on amendments to the original proposals, except for ad hoc motions.

Article 43 When the director are elected on the shareholders' meeting, it shall be handled according to the relevant election standards formulated by the company and the election result shall be declared on the spot, including the list of elected directors and their electoral rights and the list of unsuccessful directors and their electoral rights. The election votes in the preceding paragraph shall be sealed and signed and properly kept by supervision personnel for one year at least. If shareholder files a lawsuit according to Article CLXXXIX of company law, the record shall be kept to the end of litigation.

Article 44 The matters of resolution of shareholders' meeting shall be made into meeting minutes which shall be signed or sealed by chairman and the meeting minutes shall be issued to various shareholders within twenty days after the meeting. Production and issuance of meeting minutes shall be made in electronic method.

The issuance of meeting minutes in preceding paragraph shall be made by the company in the method of inputting open information observatory.

Article 45 Meeting minutes shall be recorded according to the real meeting's year, month, day, place, chairman's name, resolution method, main points of discussion process and voting result (including number of voting of statistics). When director is elected, the number of votes of each candidate shall be disclosed. During the existence period of the company, the records shall be preserved permanently.

If the shareholders' meeting is convened by video conference, in addition to

the matters that shall be recorded in accordance with the provisions of the preceding paragraph, the start and end time of the shareholders meeting shall also record, the method of convening the meeting, the name of the chairman and recorder, and the method and situation of the video conferencing platform or participation in the video conference due to natural disasters, accidents or other force majeure.

The Company shall hold a video conference shareholders' meeting, in addition to following the provisions of the preceding paragraph, and shall state in the minutes of the meeting that there are alternative measures provided by shareholders who have difficulties participating in video conference.

Article 46 The company shall make clear disclosure about the number of shares asked by the person who asks for shares, the number of shares of entrusted agent and number of shares attended by shareholders in writing or electronically according to the statistical table compiled according to regulated format in the shareholder's meeting place on the date when shareholders' meeting is held.

If the shareholders' meeting is held by video conference, the company shall upload the above-mentioned information to the shareholders' meeting video conference platform at least 30 minutes before the meeting starts, and continue to disclose it until the end of the meeting.

When the company holds a video conference of the shareholders' meeting and declares the meeting open, the total number of shareholders' shares present shall be disclosed on the video conference platform. The same shall apply if the total number of shares and voting rights of shareholders present are counted separately during the meeting.

If the matter of resolution on shareholders' meeting belongs to the significant information regulated by laws and regulations, consortium legal person or Securities Counter Trade Center of Republic of China, the company shall transmit the contents to open information observatory within regulated time.

Article 47 The meeting personnel who handle the shareholders' meeting shall wear identification card or armband.

Chairman shall command picketer or security guard to assist in maintaining the order of meeting place. When the picketer or security guard is assisting in maintaining the order of meeting place, they shall wear armband with words [picketer] or identification card. If there is amplification equipment in the meeting place, when the shareholder makes speech not using the equipment equipped by the company, chairman shall stop it. If the shareholder violates rules of procedure and does obey chairman's correction and hampers the meeting and does not stop behavior, chairman will command picketer or security guard to ask the shareholder to leave the meeting place.

Article 48 During the meeting, chairman shall arrange the rest time. When the irresistible event happens, chairman shall judge to stop meeting temporarily and declare the time of having meeting later according to the situation.

Article 49 For the agenda arranged for shareholders' meeting, before the end of discussed matters (including extempore motion), if the meeting place cannot be used continuously, resolution shall be made on shareholders' meeting to arrange other place to have the meeting continuously.

- Article 50 Resolution shall be made on the shareholders' meeting according to the regulations of Article CLXXXII of company law to postpone or continue the meeting within five days.
- Article 51 If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results of various proposals and election results on the shareholders' meeting video conference platform in accordance with regulations after the voting ends, and shall continue to disclose at least 15 minutes after the chairman announces the adjournment of the meeting.
- Article 52 When the company holds a video conference shareholders meeting, the chairman and recorder shall be at the same place in Taiwan, and the chairman shall announce the address of the place where the meeting is held.
- Article 53 If the shareholders' meeting is held by video conference, the company may provide shareholders with a simple connection test before the meeting, and provide relevant services immediately before the meeting and during the meeting to assist in dealing with technical problems in communication.
- Article 54 If the shareholders' meeting is convened by video conference, the chairman shall separately announce that there is no need to postpone or continue the meeting, except for the circumstances stipulated in Item 4 of Article 44-2 of the Standards for the Handling of Stock Affairs of Public Offering Companies when announcing the opening of the meeting. Before the chairman announces the end of the meeting, due to natural disasters, accidents or other force majeure, if there is an obstacle to the video conferencing platform or participation in the form of video, which lasts for more than 30 minutes, the date of the meeting shall be postponed or continued within 5 days, not applicable to the Article CLXXXII of the Company Law.
- Article 55 In the event of the occurrence of the preceding article, the meeting should be postponed or continued, and shareholders who have not registered to participate in the original shareholders' meeting through video conference shall not participate in the postponed or continued meeting.  
Shareholders who have registered to participate in the original shareholders' meeting and completed the report-in process in accordance with the provisions of the preceding article, and who have not participated in the postponed or continued meeting, the number of shares attended, voting rights and voting rights exercised, shall be included in the total number of shares, voting rights and voting rights of shareholders attending the postponed or continued meeting.  
When postponed or continued a general meeting of shareholders in accordance with the provisions of the preceding article, no re-discussion and resolution is required for proposals that have completed voting and counting, and announced the voting results or the list of directors elected.
- Article 56 When the company convenes a video-assisted shareholders' meeting, and occurred the Article 54 cannot continue the video conference, if the total number of shares present at the shareholders' meeting after deducting the number of shares present at the shareholders' meeting via video conference still reaches the statutory quota for the shareholders' meeting, the

shareholders' meeting shall continue and there is no need to postpone or continue the meeting in accordance with regulations.

In the event that the meeting should continue as mentioned in the preceding paragraph, the shareholders who participate in the shareholders meeting via video conference shall count the number of shares present in the total number of shares of the shareholders present, but shall be deemed as abstaining from voting on all the resolutions of the shareholders meeting.

Article 57 When the company postpones or continues the meeting in accordance with Article 54, it shall comply with the provisions listed in Item 7 of Article 44-2 of the Standards for the Handling of Share Affairs of Public Offering Companies, and in accordance with the date of the original shareholders' meeting and the provisions of each Article, the relevant pre-operations will be handled.

The second paragraph of Article 12 and Item 3 of Article 13 of the Rules for the Use of Power of Attorneys for Attending Shareholders' Meetings by Public Offering Companies, the Item 2 of Article 44-5, Article 44-15, Item 1 of Article 44-17 of the Guidelines for the Handling of Stock Affairs of Public Offering, the company shall postpone or continue the date of the shareholders' meeting in accordance with the provisions of Article 54.

Article 58 When the company holds a video conference shareholders' meeting, it shall provide appropriate alternative measures for shareholders who have difficulties in attending via video-conferencing.

Article 59 The matters not regulated in the rules shall be handled according to the regulations of company law and other relevant laws.

Article 60 The rules are put forward by Board of Directors and submitted to Board of Shareholders to pass and implement. Amendment shall be made in the same manner.

The first amendment of the rules was on May 26, 2006.

The second amendment was on Jun. 18, 2012.

The third amendment was on Jun. 12, 2014.

The fourth amendment was on Jun. 30, 2015.

The fifth amendment was on Jun. 10, 2020.

The sixth amendment was on Jun 8, 2022.

The seventh amendment was on Jun 7, 2023.

**Niko Semiconductor Co., Ltd.**

**Procedures for Election of Directors**

Article 1: For the fair, just and open election of directors and supervisors, these Measures are formulated in accordance with Articles 21 and 41 of the "Code of Practice for the Governance of Listed OTC Companies".

Article 2: The selection and appointment of directors of the company shall be handled in accordance with these regulations, unless otherwise stipulated by laws and regulations or bylaws.

Article 3: The selection and appointment of directors of the company shall take into account the overall configuration of the board of directors. The composition of the board of directors should consider diversity, and formulate an appropriate diversity policy based on its own operation, operation type and development needs. It should include but not limited to the following two standards:

1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The members of the board of directors shall generally possess the necessary knowledge, skills and qualities to perform their duties, and their overall abilities shall be as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operation and management ability
4. Crisis handling capability.
5. Industrial knowledge.
6. The international market view.
7. Leadership.
8. Decision-making ability.

Directors shall have more than half of the seats, and shall not have spouses or relatives within the second degree of kinship.

The board of directors of the company shall consider and adjust the composition of the board of directors based on the results of the performance evaluation.

Article 4: The qualifications of independent directors of the company shall comply with the provisions of Articles 2, 3 and 4 of "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".

The selection and appointment of independent directors of the company shall

comply with the provisions of Articles 5, 6, 7, 8 and 9 of the "Regulations on the Establishment of Independent Directors of Publicly Issued Companies and Matters to be Followed", and shall be based on the "Listing on the OTC Market" Article 24 of the Code of Practice for Corporate Governance.

Article 5: In order to examine the qualifications, educational background, and the existence of any of the conditions listed in Article 30 of the Company Law of independent director candidates, other qualification documents shall not be arbitrarily added, and the review results shall be provided to shareholders for reference in order to elect suitable independent directors.

Article 6: The company shall announce the period for accepting the nomination of independent director candidates, the number of candidates to be elected, the place of acceptance and other necessary matters before the date of the suspension of stock transfer before the shareholders' meeting. The acceptance period shall not be less than ten days.

Article 7: The election of directors of the company adopts the candidate nomination system. Shareholders should select them from the list of candidates for directors. The nomination-related operations shall be handled in accordance with the Company Law and the relevant regulations of the securities regulatory authority.

Article 8: The election of directors of the company shall adopt a cumulative voting system. Each share has the same voting rights as the number of directors to be elected. One person may be elected in a centralized manner, or several people may be elected, and independent directors and non-independent directors shall be elected together, and the elected quota shall be calculated separately.

Article 9: The board of directors shall prepare ballots equal to the number of directors to be elected, fill in their weights, and distribute to shareholders attending the shareholders meeting. The names of the electors may be replaced by the attendance certificate number printed on the ballot.

Article 10: The number of directors of the company determined in accordance with the company's articles of association will be elected by the person with the most voting rights. If there are two or more people with the same number of rights and the number of people exceeds the specified number, the same number of people will be drawn to decide. Attendees will be drawn by the chairperson.

Article 11: Before the election begins, the chairman shall designate a number of scrutineers and tellers with shareholder status to perform various relevant duties. The ballot boxes are prepared by the board of directors and open for inspection by the scrutineers before voting.

Article 12: If the electee is a shareholder, the elector must fill in the electee's account name and shareholder account number in the elector column of the ballot paper; if the electee is not a shareholder, the electee's name and Identification document number. However, when the government or legal person shareholder is the electee, the name of the electee on the ballot shall be filled with the name of the government or legal person, and the name of the government or legal person and the name of its representative; when there are several representatives, the name of the representative should be

added separately.

Article 13: Ballots with one of the following circumstances are invalid:

1. Those who do not need the ballot paper prepared by the person with the right to convene.
2. Those who put blank ballot papers into the ballot box.
3. The handwriting is illegible or has been altered.
4. The candidates filled in are inconsistent with the list of candidates for directors.
5. In addition to filling in the number of voting rights allocated, other words are included.

Article 14: After the voting is completed, the ballots will be counted on the spot, and the results of the counting of ballots shall be announced on the spot, including the list of elected directors and their electoral rights, and the list of unsuccessful directors and their voting rights.

The ballots for the election matters mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be properly kept for at least one year.

However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the lawsuit is concluded.

Article 15: The elected directors will be issued a notice of election by the board of directors of the company.

Article 16: Matters not stipulated in these Regulations shall be handled in accordance with the relevant regulations of the Company Law and the competent securities authority.

Article 17: These measures shall be implemented after being approved by the shareholders' meeting, and the same shall apply to amendments.

The first amendment of these measures was made on April 11, 2005.

The second amendment of these measures was made on May 26, 2006.

The third amendment of these measures was made on May 25, 2007.

The fourth amendment of these measures was made on September 6, 2010.

The fifth amendment of these measures was made on June 18, 2012.

The sixth amendment of these measures was made on June 30, 2015.

The seventh amendment of these measures was made on June 14, 2018.

The eighth amendment of these measures was made on June 8, 2022.



[Appendix IV]

List of Candidates for Directors

Candidate for director	1
Name	Yang Huiqiang
Account number/identity certificate number	1
Education	Graduated from Electronics Department of Yadong Institute of Technology
Experience	R&D Engineer of Jiajia Computer Research and Development Engineer R&D Engineer of R&D Engineer of Shenda Computer (Holdings) Company R&D Engineer of Taida Electronics (Holdings) Company
Current position	Chairman of Niko Semiconductor Co., Ltd. CEO & General Manager of Niko Semiconductor Co., Ltd. Representative of Power Up Tech Co.,Ltd. Representative of Jinrong Investment Co., Ltd.
Shareholding	3,751,399 shares

Candidate for director	2
Name	Lu Xiaoyu, representative of Liang Yuan Investments Co., Ltd.
Account number/identity certificate number	9
Education	Master of Marketing Public Relations, Bond University, Australia
Experience	Business Manager of Fuhua Investments and Trust Company Financial Officer of Jianhua Commercial Bank Development Department Commissioner of Huayang Venture Capital (Holdings) Company
Current position	Representative of the Legal Person Director of Niko Semiconductor Co., Ltd. President Special Assistant of Niko Semiconductor Co., Ltd.
Shareholding	4,008,341 shares

# List of Candidates for Independent Directors

Candidate for independent director	1
Name	Chen Deyu
Account number/identity certificate number	T10000XXXX
Education	Doctor of Electrical Engineering, Duke University, USA Department of Electronic Engineering, Jiaotong University
Experience	Engineer of New York General Company Professor of Electrical Engineering Department, Virginia State University, USA Professor of Electrical Engineering Department, Taiwan University
Current position	Independent Director of Niko Semiconductor Co., Ltd.
Shareholding	0 shares
Reason for continuous nomination given three consecutive tenures	Mr. Chen Deyu has already served as independent director of the Company for the third tenure. Since Chen provides important suggestions for the operation direction of the Company due to his speciality in electrical engineering, and it is obviously beneficial to the Company, Chen is thus continuously nominated as candidate for independent director so that he can still give play to his expertise, supervise the Board of Directors and offer opinions when performing the duties as an independent director.

Candidate for independent director	2
Name	Wang Kaimin
Account number/identity certificate number	L12126XXXX
Education	Bachelor's Degree of Department of Finance, Tamkang University
Experience	Partnership Accountant of Anshi United CPA Partnership
Current position	Independent Director of Niko Semiconductor Co., Ltd. Partnership Accountant of Anshi United CPA Partnership Director and Consultant of RBC Bioscience Corporation Independent Director of GeneTouch Corporation
Shareholding	0 shares
Reason for continuous nomination given three consecutive tenures	Mr. Wang Kaimin has already served as independent director of the Company for the third tenure. Since Wang provides important suggestions for the operation direction of the Company due to his professionalism in finance and accounting and familiar with relevant laws and regulations, and it is obviously beneficial to the Company, Wang is thus continuously nominated as candidate for independent director so that he can still give play to his expertise, supervise the Board of Directors and offer opinions when performing the duties as an independent director.

Candidate for independent director	3
Name	Wu Mingzhi
Account number/identity certificate number	A12028XXXX
Education	Master of Business Studies, Waseda University, Japan
Experience	Representative of Japan Sanyo Securities in Taiwan General Manager of Lida Development Investments (Holdings) Company Chairman of Sino-Japanese Electric Heating (Holdings) Company Chairman of Lida Chemical (Holdings) Company Supervisor of Niko Semiconductor Co., Ltd.
Current position	Director of Lida Development Investments (Holdings) Company Supervisor of Corporate Legal Person of Foundation of Taiwan Industry Service Independent Director of Niko Semiconductor Co., Ltd.
Shareholding	0 shares

Candidate for independent director	4
Name	Chen Yaoming
Account number/identity certificate number	E12086XXXX
Education	PhD in Electrical Engineering, University of Missouri, USA
Experience	Assistant Professor of Electrical Engineering Department, Yishou University Associate Professor of Electrical Engineering Department, Chungcheng University Professor of Electrical Engineering Department, National Taiwan University
Current position	Distinguished Professor of Electrical Engineering Department, National Taiwan University Independent Director of Niko Semiconductor Co., Ltd.
Shareholding	0 shares

[Appendix V]

List of Director Candidates Holding Concurrent Posts in Other Companies

<b>Title</b>	<b>Name</b>	<b>Part-time job</b>
Director	Yang Huiqiang	Representative of corporate directors of Green Solution Technology Co., Ltd. Representative of Jinrong Investments Co., Ltd. Representative of Liang Yuan Investments Co., Ltd. Representative of Liang Jia Investments Co., Ltd. Representative of Chang Kuan Investments Co., Ltd. Representative of Power Up Tech Co., Ltd. Representative of STELLAR TREASURE LIMITED. Representative of SUPER SOURCE INVESTMENTS LIMITED.
Independent director	Wang Kaimin	Partner Accountant of Anshi United CPA Director and Consultant of RBC Bioscience Corporation Independent Director of GeneTouch Corporation
Independent director	Wu Mingzhi	Director of Lida Development Investments (Holdings) Company Supervisor of Corporate Legal Person of Foundation of Taiwan Industry Service

[Appendix VI]

**Niko Semiconductor Co., Ltd.**  
**Shareholding Situations of All Directors**

I. The company's paid-up capital is NTD 810,000,000. Number of issued shares is 81,000,000 shares.

II. According to the regulations of Article 26 of securities trade law and number of equity of directors and supervisors of public issue company and inspection implementation rules.

Minimum shares (8%) held by all the directors: 6,480,000 shares

III. As of the closing date (Apr. 12, 2025) of transfer of shares of shareholders' regular meeting this time, details about shares held by directors and supervisors recorded on shareholders' register are as follows:

Job Title	Name	Number of Held Shares Recorded on the Shareholders' Register as of Closing Date	
		Number of Shares (Shares)	Shareholding Proportion (%)
Board Chairman	Yang Huiqiang	3,751,399	4.63
Director	Liang Yuan Investment Co., Ltd. Representative: Lu Xiaoyu	4,008,341	4.95
Independent Director	Chen Deyu	0	0
Independent Director	Wang Kaimin	0	0
Independent Director	Wu Mingzhi	0	0
Independent Director	Chen Yaoming	0	0
Number of shares held by all the Directors		7,759,740	9.58