

Stock Code: 7730

Nano Electronics and Micro System
Technologies, Inc.
2026 Regular Shareholders' Meeting
Meeting Handbook

Meeting Time: May 21, 2026 (Thursday) at 10AM

Meeting Venue: No. 1, Keji Gongyuan Ave., Annan Dist., Tainan City Meeting Room of
the Industrial Park)

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I. Meeting Procedure

Nano Electronics and Micro System Technologies, Inc.

2026 Regular Shareholders' Meeting

Meeting Procedure

1. Announcing Meeting in Session(No. of Shares Represented by Attending Shareholders Reported)
2. Chairman's Address
3. Reported Matters
4. Matters for Ratification
5. Matters for Discussion
6. Election
7. Other Matters
8. Extraordinary Motions
9. Adjournment

II. Meeting Agenda

This Meeting will be convened in: Physical Meetings

Meeting Time: May 21, 2026 (Thursday) at 10AM

Meeting Venue: No. 1, Keji Gongyuan Ave., Annan Dist., Tainan City Meeting Room of the Industrial Park)

1. Announcing Meeting in Session (No. of Shares Represented by Attending Shareholders Reported)
2. Chairman's Address
3. Reported Matters:
 1. 2025 Business Report.
 2. 2025 Audit Committee Final Accounts Review.
 3. Distribution of 2025 Compensations for Employees and Directors.
 4. 2025 Cash Dividend Distribution Status.
4. Matters for Ratification:
 1. 2025 Business Report and Financial Statements.
 2. 2025 Earnings Distribution.
5. Matters for Discussion:
 1. To amend the Company's "Articles of Incorporation".
 2. The Company's Earnings Conversion to Cash Capital Increase for Issuance of Shares.
 3. The Company's Issuance of Private Shares through Private Placement for Cash Capital Increase.
 4. To amend the Company's "Procedures for the Acquisition or Disposal of Assets".
6. Election

Re-election of All Directors.
7. Other Matters

Release of Prohibitions on New Directors and Their Representatives from Competing with the Company.
8. Extraordinary Motions
9. Adjournment

III. Reported Matters

Proposal 1 (Proposed by the Board of Directors)

Proposal: 2025 Business Report.

Explanation(s): (1) The Company's 2025 Business Report is attached as Attachment 1 in this Meeting Handbook. For your review.

Proposal 2 (Proposed by the Board of Directors)

Proposal: 2025 Audit Committee's Final Accounts Review.

Explanation(s): (1) The Company's 2025 Financial Statements have been audited and attested by certified public accountants, and have been reviewed by the Audit Committee along with the Company's Business Report and Earning Distribution Table, with Audit Report and Review Report issued. Please refer to Attachment 2 of this Meeting Handbook. For your review.

Proposal 3 (Proposed by the Board of Directors)

Proposal: Distribution of 2025 Compensations for Employees and Directors.

Explanation(s): (1) Per Article 25 of the Company's Articles of Incorporation, the proposed distribution was adopted by the Board of Directors on March 4, 2026. For the year 2025, the Company has proposed an allotment of NT\$8,031,884 as Compensations for Employees (this Compensation for Employees includes a disbursement at NT\$3,614,347 as Compensation for Non-executive Employees) and NT\$1,806,262 as Compensation for Directors. The above amounts are fully paid in cash.

(2) There is no discrepancy between the provisional and distributed Compensations for Employees and Directors. For your review.

Proposal 4 (Proposed by the Board of Directors)

Proposal: 2025 Cash Dividend Distribution Status.

Explanation(s): (1) Per Article 26 of the Articles of Incorporation, the proposed distribution was adopted by the Board of Directors on March 4, 2026. The proposed distribution of Cash Dividend for shareholders amounted to NT\$36,796,731. Please refer to Attachment 3 of this Meeting Handbook.

(2) This Cash Dividend is made by shareholding status as recorded on the shareholders roster as of the reference date. NT\$1 is distributed for per share held, round down to the nearest dollar based on distribution ratio. The cumulative fractional shares will be recognized as other income of the Company.

(3) In the event the Company is, following this distribution, subject to capital changes affecting the number of shares outstanding and requiring an adjustment to the shareholder dividend rate, the Chairman under authorization shall handle related adjustment matters.

(4) This proposal was adopted by the Board of Directors through resolution; the Chairman under authorization shall determine reference and distribution dates as well as other relevant matters. For your review.

IV. Matters for Ratification

Proposal 1 (Proposed by the Board of Directors)

Proposal: 2025 Business Report and Financial Statements.

Explanation(s): The Company's 2025 Financial Statements have been audited and certified by a certified public accountant, together with the Business Report, and have been reviewed by the Audit Committee with no objections. The relevant documents (including the Business Report, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows) are provided in Meeting Handbook Attachments 1 and 4. For your ratification.

Resolution:

Proposal 2(Proposed by the Board of Directors)

Proposal: 2025 Earnings Distribution.

Explanation(s): The earning distribution table has been drafted in accordance with the Company's Articles of Incorporation and has been resolved by the Board of Directors on March 4, 2026. Please refer to Attachment 3 of this Meeting Handbook. For your ratification.

Resolution:

V. Matters for Discussion

Proposal 1 (Proposed by the Board of Directors)

Proposal: To amend the Company's "Articles of Incorporation".

- Explanation(s):
- (1) In alignment with amendments to relevant laws and regulations and operational requirements of the Company, amendment to partial articles of the Company's "Articles of Incorporation" is proposed. The comparison table for the amendments is attached as Attachment 5 of this Meeting Handbook.
 - (2) This proposal has been resolved by the Board of Directors on March 4, 2026; in accordance with the law, this proposal has been presented to this Regular Shareholders' Meeting for discussion.
 - (3) For your discussion.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Proposal: The Company's Earnings Conversion to Cash Capital Increase for Issuance of Shares.

- Explanation(s):
- (1) In the Company's 2025 Earnings Distribution, a disbursement of stock dividend at NT\$18,398,370 for cash capital increase and issuance of 1,839,837 shares at NT\$10 per share (all ordinary shares) is proposed.
 - (2) The new shares to be issued through this capitalization of retained earnings shall be distributed to shareholders whose names appear on the shareholders' roster as of the record date, in proportion to their respective shareholdings. Fifty (50) new shares shall be issued free of charge for every one thousand (1,000) shares held. Any fractional shares of less than one (1) share resulting from such distribution may be aggregated by shareholders within five (5) days from the date on which share transfer books are closed due to ex-rights, by applying to the Company's stock affairs agent. Fractional shares that are not aggregated within the prescribed period, or which remain less than one (1) share after aggregation, shall be converted into cash at par value, rounded down to the nearest dollars (NT\$) (amounts less than one dollar shall be round off). The Chairman is authorized to negotiate with a designated person for the subscription of such shares at par value. For shareholders participating in book-entry transfer distribution, the cash proceeds arising from fractional shares of less than one (1) share shall be retained as handling fees for book-entry processing.
 - (3) The rights and obligations of the new shares issued in this capital increase shall be the same as those of the existing shares.
 - (4) Upon approval by the Shareholders' Meeting and ratification by the competent authority, the Board of Directors is authorized to determine the record date for the issuance of new shares, the distribution date, and other related matters.
 - (5) In the event the Company is, following this cash capital increase for issuance of shares, subject to capital changes affecting the number of shares outstanding and requiring a modification to the share distribution rate, or in an event there's other relevant matters unspecified, it is proposed that this Regular Shareholders' Meeting shall fully authorize the Chairman to handle related matters.
 - (6) This proposal was resolved by the Board of Directors on March 4, 2026, and subsequently presented to this Regular Shareholders' Meeting for discussion.
 - (7) For your discussion °

Resolution:

Proposal 3 (Proposed by the Board of Directors)

Proposal: The Company's Issuance of Private Shares through Private Placement for Cash Capital Increase.

Explanation(s):

- I. To meet the Company's future development needs, the Company proposes to introduce strategic investors. Furthermore, in accordance with Article 43-6 of the "Securities and Exchange Act" and the "Directions for Public Companies Conducting Private Placements of Securities", the Company plans to conduct a

private placement of ordinary shares through a cash capital increase, with the total number of shares not exceeding 2,000 thousand shares, at a par value of NT\$10 per share. The Board of Directors is authorized to conduct the private placement, either in one tranche or in multiple tranches, within one year from the date of resolution by the Shareholders' Meeting. The relevant matters are described as follows:

- (1) The basis and reasonableness of the private placement pricing
 1. The price of this private placement for ordinary shares shall be determined in accordance with reference price under the "Directions for Public Companies Conducting Private Placements of Securities"; the price shall not be lower than 80 percent of the higher of the following two reference prices:
 - (1) The simple average closing price of the ordinary shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - (2) The simple average closing price of the ordinary shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 2. However, the actual pricing date and actual issue price shall be subject to authorization by the Shareholders' Meeting, granting the Board of Directors the authority to determine such matters in accordance with the above principles and the circumstances of the specific persons.
 3. The determination of the private placement price is made in compliance with applicable regulations of the competent authority and takes into consideration the three-year transfer restriction imposed on privately placed securities under the Securities and Exchange Act; therefore, the pricing is deemed reasonable.
- (2) The method for selecting the specific persons:
 1. Selection of the placees: The private placement shall be limited to specific persons who meet the requirements under Article 43-6 of the Securities and Exchange Act and the Financial Supervisory Commission's Order No. Financial-Supervisory-Securities-Corporate-1120383220, and such placees shall be strategic investors.
 2. The method and objectives of selecting the placee, the necessity for that selection, and the anticipated benefits: The introduction of strategic investors is intended to secure long-term and stable funding, optimize existing product lines, and expand markets and customer bases, thereby effectively enhancing shareholders' equity. Strategic investors will be selected based on their ability to strengthen the Company's competitive advantages. Through cooperation with strategic investors who may leverage their technology, brand recognition, and global distribution channels, the Company expects to improve product quality, reduce production costs, and expand market share. The private placement is therefore necessary.
 3. Currently, no strategic investor has been determined.
 4. Matters relating to determination of specific persons shall be fully authorized to the Board of Directors by the Shareholders' Meeting.
 5. The introduction of strategic investors through this private placement will not result in any material change in control of the Company.
- (3) Necessity for and effects of private placement:
 1. Reasons for not using a public offering:

Public offering is not used in consideration of capital market conditions, timeliness, feasibility, issuance costs, and the practical need to introduce strategic investors; in addition, given that privately placed securities are subject to statutory transfer restrictions for a specified period, which helps

ensure a long-term cooperative relationship between the Company and strategic investors, the Company has determined that a private placement offers greater flexibility and responsiveness to actual operational funding needs. Therefore, the Company does not conduct a public offering but instead issues securities through a private placement.

2. Use of the funds and the anticipated benefits for each closing of private placement:

This private placement is expected to meet the needs such as replenishing working capital, market expansion, and repayment of long-term borrowings. Furthermore, this private placement has the anticipated effects to enhanced operational performance and Company competitiveness.

Expected No. of Closing(s)	Use of the Funds	Anticipated Benefits
1	Replenishing working capital, and repayment of long-term borrowings.	Enhancing flexibility and agility of the Company's fundraising, thereby enhancing the Company's operational performance and strengthening the Company's competitiveness.
2	Replenishing working capital, and repayment of long-term borrowings.	Enhancing flexibility and agility of the Company's fundraising, thereby enhancing the Company's operational performance and strengthening the Company's competitiveness.
With respect to the planned number of shares for the first and second closing, the Company may, at the time of each issuance, issue all or part of previously planned or subsequently planned shares jointly, provided that the aggregate number of shares issued shall not exceed 2,000 thousand shares.		

- II. The rights and obligations of the ordinary shares issued through this private placement shall, in principle, be the same as those of the Company's outstanding ordinary shares. Except for transferees permitted under Article 43-8 of the Securities and Exchange Act, the privately placed ordinary shares shall not be transferred within three years from the date of delivery. Upon expiration of the three-year restriction period, and subject to compliance with applicable laws and regulations, the Company may apply to the securities competent authority for public issuance and listing of such shares.
- III. The principal contents of the private placement plan, including but not limited to the actual number of shares to be privately placed, the actual issue price, selection of places, record date, issuance terms, project items, use of proceeds and schedule, expected benefits, and all other related matters, shall be submitted to the Shareholders' Meeting for authorization of the Board of Directors to adjust, determine, and execute based on market conditions. In the event of changes in laws or regulations, requests by the competent authority for amendments, operational evaluations, or changes due to objective circumstances, the Board of Directors shall also be fully authorized to handle such matters.
- IV. In addition to the above authorizations, the Shareholders' Meeting is requested to authorize the Chairman, on behalf of the Company, to sign, negotiate, and amend all contracts and documents related to the private placement of ordinary shares, and to undertake all actions necessary for the issuance of the privately placed ordinary shares.
- V. This proposal was resolved by the Board of Directors on April 7, 2026, with no dissenting or reserved opinions from the Independent Directors, and subsequently presented to this Regular Shareholders' Meeting for discussion.
- VI. For your discussion.

Resolution:

Proposal 4: (Proposed by the Board of Directors)

Proposal: To amend the Company's "Procedures for the Acquisition or Disposal of Assets".

Explanation(s):

- 1. In alignment with amendment to relevant laws and regulations and the Company's operational needs, amendment to partial articles of the Company's "Procedures for the Acquisition or Disposal of Assets" is proposed. The comparison table for the Procedures before and after amendment is attached as Attachment 6.
- 2. This proposal was resolved by the Board of Directors on April 7, 2026, and subsequently presented to this Regular Shareholders' Meeting for discussion.
- 3. For your discussion.

Resolution:

VI. Election

(Proposed by the Board of Directors)

Proposal: To elect all directors for the Company's 9th Board of Directors.

Explanation(s):

1. The Company's 8th Board of Directors is expected to expire on May 29, 2026. In accordance with the Company Act and the Company's Articles of Incorporation, the election of seven (7) directors (incl. 3 independent directors) for the Company's 9th Board of Directors shall be held.
2. The list of candidates for directors (incl. independent directors) was approved by the Board of Directors on March 4, 2026. Please refer to Attachment 7 of this handbook.
3. For your re-election.

VII. Other Matters

Proposal 1 : (Proposed by the Board of Directors)

Proposal: Release of Prohibitions on New Directors and Their Representatives from Competing with the Company.

Explanation(s):

1. In accordance with Article 209 of the Company Act, "*A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.*"
2. The Company, in considerations of the requirements in the Company's business, among which expertise and experiences of directors may be required, a release of prohibitions on new directors and their representatives from competing with the Company is hereby proposed for approval.
3. Details concerning the competitions with the Company by candidates of new directors are provided in Attachment 8 of this handbook.
4. For your discussion °

VIII. Extraordinary Motions

IX. Adjournment

X. Attachments

Nano Electronics and Micro System Technologies, Inc.

Attachment 1

2025 Business Report

1. 2025 Business Report

(1) Implementation Results of Business Plans

In 2025, the Company's primary focus in production and sales was on plasma descumming and plasma etching equipment for the IC substrate sector, as well as plasma cleaning and plasma etching equipment for the semiconductor sector (mainly advanced packaging applications).

A summary of the Company's key operating results for 2025 is presented as follows:

Unit: NT\$ thousands

Items (Consolidated)	2024	2025	Increase (Decrease)	Change Percentage
Operating Revenue	547,630	518,437	(29,193)	-5.33%
Operating Cost	332,690	285,714	(46,976)	-14.12%
Operating Margin	214,940	232,723	17,783	8.27%
Operating Expense	127,901	158,697	30,796	24.08%
Operating Profit	87,039	74,026	(13,013)	-14.95%
Non-operating Income (Expense)	25,944	1,601	(24,343)	-93.83%
Profit before Tax	112,983	75,627	(37,356)	-33.06%
Profit after Tax	86,950	60,395	(26,555)	-30.54%
Comprehensive Income	87,085	60,359	(26,726)	-30.69%

(2) Budget Implementation Overview

In 2025, the Company only set internal budget targets and did not publicly disclose any financial forecasts. Due to changes in industry conditions, the Company's overall revenue and profitability were affected. As a result, the Company recorded net revenue of NT\$518,437 thousand and profit after tax of NT\$60,395 thousand in 2025. By comparison, the budgeted revenue for 2025 was NT\$706,798 thousand, and the budgeted net profit was NT\$99,912 thousand. Accordingly, the revenue achievement rate for 2025 was 77.48%, while the net profit achievement rate was only 60.42%. The relatively low net profit achievement rate was mainly attributable to a downturn in the consumer electronics market, which led to a decline in equipment sales revenue and consequently resulted in lower-than-expected profitability for the Company.

(3) Financial Income and Expense and Profitability Analysis

Items		2024	2025	
Financial Structure (%)	Debt-to-Asset Ratio	31.37%	22.98%	
	Long-term Fund to Property, Plant and Equipment Ratio	338.37%	416.02%	
Solvency (%)	Current Ratio	430.15%	537.79%	
	Quick Ratio	390.46%	492.85%	
Profitability (%)	Return on Assets	8.19%	5.27%	
	Ratio to Paid-in Capital	Operating Profit	30.16%	25.65%
		Earnings before Tax	39.15%	20.55%
	Return on Equity	11.89%	7.07%	
Basic Earnings per Share (NT\$)		\$2.51	\$1.73	

(4) R&D Status

1. Core R&D Strategies and Orientations

The Company adopts a strategy of “strategic concentration of R&D resources,” with strong focus on projects featuring high technological barriers and high value creation.

- **Technological Transition:** 2026 is positioned as a pivotal year in which the Company transitions from deep technological development to scalable profitability. Accordingly, the R&D focus will shift from pure technology innovation toward enhancing production efficiency and supporting market expansion.
- **Industry Focus:** The Company continues to position IC substrates as its core business, while viewing advanced packaging as the second growth driver. Development efforts are particularly focused on processes supporting AI, HPC (High-Performance Computing), and 5G applications.
- **Capital Expenditure Highlights:** R&D budgets are primarily allocated to advanced packaging technologies, Hybrid Bonding, key customer demo tools, AI-driven digital transformation, and ESG-oriented waste reduction technologies.

2. Key Innovative Technologies and Applications

The Company has established strong technological barriers across multiple advanced process technologies:

- **Full Dry Processing for ABF Substrate:** The Company leads the industry by replacing conventional chemical wet processes with plasma-based technologies. The proprietary multi-loop electrode inductively coupled plasma etching equipment enables nanometer-level precision and high uniformity, significantly improving yield while reducing waste liquid treatment costs.
- **Advanced Packaging Plasma Applications:**
 1. **PLP (Panel-Level Packaging):** Used for cleaning, etching, and enhancing interlayer adhesion.
 2. **WLP (Wafer-Level Packaging):** Applied to underfill processing, debonding, and RDL (Redistribution Layer) cleaning to support miniaturization demands.
 3. **Hybrid Bonding:** Development of oxide removal technologies to ensure clean and electrically reliable copper-to-copper bonding interfaces.
 4. **Wafer Reclamation Plasma Etching:** Employs high-density plasma to effectively remove thin films on wafer surfaces, improving reclaim yield in response to ESG-driven recycling/recovery trends.
 5. **Plasma Polarization of Piezoelectric Materials:** Proprietary atmospheric-pressure plasma polarization equipment replaces energy-inefficient conventional processes, applied in fingerprint recognition and precision sensors.
 6. **High-Temperature Plasma Torch (ESG Applications):** Development of high-efficiency plasma flame technologies for solid and gaseous waste treatment, as well as research into methane pyrolysis for hydrogen production to enter the new energy sector.

In summary, the Company’s R&D efforts are closely aligned with the three major industry trends of AI, advanced packaging, and ESG, developing defensibility by deepening the “irreplaceability” of core plasma processes.

2. Overview of 2026 Business Plans

The Company positions 2026 as a critical inflection point for transitioning from “technological depth” to “scaled profitability.” The core philosophy of the annual plan is “from objectives to organization, implemented through systems,” aiming to amplify profit leverage through industry focus, product concentration, and process efficiency.

The overview of 2026 business plans is detailed as follows:

(1) Annual Operation Goals

- ◆ Revenue Target: Achieving a double-digit growth year-over-year compared with the prior year has been set.
- ◆ Management Positioning: Transformation from a “technology-driven company” in the past to a “scalable and profitable enterprise”.
- ◆ Revenue Rhythm: Expected to show a “low in H1 and high in H2” pattern, with **the third quarter as the annual peak**, driven primarily by concentrated deliveries of IC substrate and advanced packaging equipment.

(2) Market Judgment and Operation Strategies

The Company believes that while the 2026 market has structural support, it will remain fragmented and uncertain.

- Market Opportunities: AI and data centers (HPC) remain the primary growth drivers, sustaining necessary investments in advanced processes and advanced packaging.
- Risk Management: Uncertainties including geopolitical risks, export controls, and potential delays in customers’ capital expenditure (CAPEX) cycles would require attention.
- Strategic Position: The Company deliberately avoids price competition in mature, standardized equipment segments and instead focuses on “most irreplaceable” critical plasma process depths to build a strong technological moat.

(3) Industry Focus and Product Concentration

- ✓ Industry Distribution
 1. IC Substrates (Core Business): Accounting for approx. 43%–52% of revenue; the foundation for stable cash flow.
 2. Advanced Packaging (Growth Drive): Accounting for approx. 19%–33%, reflecting expansion in high-end processes.
 3. PCB / Flexible Circuits (Base Load): Provides stable supplementary revenue and customer stickiness.
- ✓ High-value Products: Orders will concentrate on high-barrier equipment such as **ICP-RIE, ICP-PE, and MW** systems, while low-margin and low-differentiation products will be gradually reduced.

(4) Customer and Channel Deployments

- Group and Operations: Orders are highly concentrated among key group customers (top-tier groups account for approximately 80%), including major Japanese IC substrate makers, European substrate makers, and leading Taiwanese substrate makers.
- Breakdown of Channel Structure: Orders in 2026 are primarily derived from “direct sales through agents,” “direct transactions,” and “broker-mediated sales.”

Through the above strategies, the Company aims to achieve double-digit revenue growth in 2026, while further enhancing profitability through cost structure optimization and improved capacity utilization.

3. Effect of external competition, the legal environment, and the overall business environment

Based on the information provided, the Company’s operations are significantly influenced by external competition, the legal environment, and the overall business environment. A detailed analysis is set out below:

(1) Effects of external competition

The Company faces intense competition from major domestic and international players. Market characteristics and competitor dynamics have a direct impact on its strategic positioning.

◆ High Industry Competition:

The Company's competitors encompass large integrated equipment manufacturers (e.g., C SUN), mature solution providers for advanced packaging (e.g. E&R Engineering), and plasma-focused competitors (e.g., LINCOTEC, UVAT). Regional competitors frequently adopt price-cutting strategies, placing pressure on profit margins for mature machines.

◆ Rapid Technological Renovations:

Technologies such as AI, High-Performance Computing (HPC), Chiplet architectures, and **Hybrid Bonding** are evolving rapidly. Failure to keep pace with these advancements may result in products becoming obsolete.

◆ Strong Bargaining Power of Customers:

Semiconductor customers are highly concentrated and are extremely sensitive to equipment pricing and delivery lead times.

◆ Countermeasures:

The Company avoids competition in low-margin standardized equipment and shifts toward a “process-as-a-service” model, focusing on high-barrier, mission-critical plasma process depth (e.g., fully dry ABF substrate processes) to build an “irreplaceable” technological moat.

(2) Effects of a legal environment

Changes in the legal environment are mainly reflected in environmental protection requirements and export control policies.

- Waves of ESG and Green Manufacturing Processes: ESG requirements in the EU and the United States become increasingly stringent, placing pressure on the semiconductor industry to transition toward low-carbon manufacturing. This presents both opportunities and challenges for the Company: The Company's **fully dry plasma processes** can be a replacement to the highly polluting traditional wet processes, meeting green manufacturing requirements and becoming a key qualification for entry into the supply chains of major companies such as TSMC and Intel.
- Geopolitical Circumstances and Export Control: The tightening of U.S. export controls on China has affected the flow of semiconductor equipment, materials, and technologies, directly restricting sales in certain markets.
- IP Rights Protection: Patent deployment has become a critical competitive tool, serving to deter new entrants and increase barriers to market entry.
- Compliance Requirement for Public Listing: Following public listing (on TWSE), the Company is required to comply with higher standards for financial disclosure, ESG reporting, and corporate governance.

(3) Effects of Overall Business Environment

Increased volatility in the overall business environment has introduced greater uncertainty in market demand and operating costs.

- **Geopolitical Risks:** The U.S.–China technology conflict has led to restructuring of semiconductor supply chains, causing customers to adopt more conservative investment strategies and extending project evaluation and decision-making cycles.
- **Business Cycle in the Industry:** The semiconductor industry features high cyclical fluctuations. During market downturns, customers reduce capital expenditures (CapEx), resulting in delayed or phased equipment orders and deferred revenue recognition.
- **Uncertainty in the Supply Chain:** Wars, cross-strait tensions, or extreme climate events may lead to shortages or price fluctuations of raw materials (e.g., critical gases and semiconductor components), thereby affecting delivery schedules and cost control.
- **Risks Arising from Exchange Rate Changes:** More than 50% of the Company's revenue is derived from exports, primarily **denominated in U.S. dollars**, while procurement is largely denominated in New Taiwan Dollars. Appreciation of the New Taiwan Dollar against the U.S. dollar would directly reduce gross margins and profit before tax.

In response to these environmental challenges, the Company has adopted a market diversification strategy (incl. expanding into the U.S., Southeast Asian, and European markets to reduce reliance on China) and a technology-first strategy (focusing on mandatory investments related to AI and advanced packaging) in order to seek structural growth opportunities amid an uncertain macroeconomic environment.

Wishing all shareholders good health and every success.
Thank you!

Chairman: Chun-Yi Sung

General Manager: Chia-Yuan Hsu

Nano Electronics and Micro System Technologies, Inc.
Audit Committee Review Report

The Board of Directors has prepared the 2025 Business Report, financial statements, and proposals for earning distribution; among which the Financial Statements have been audited by authorized CPAs Kuo-Ming Lee and Yi-Ling Kuo of Crowe (TW) CPAs and an audit report has been prepared by them in this regard. The aforesaid Business Report, financial statements, and proposals for earning distribution have been reviewed by this Audit Committee and it is deemed compliant with the Company Act and relevant laws and regulations. According to Article 14-4, the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

To the Attention of

2026 Regular Shareholders' Meeting of Nano Electronics and Micro System Technologies, Inc.

Nano Electronics and Micro System Technologies, Inc.
Convener of the Audit Committee: Meng-Feng Yen

March 4, 2026

Nano Electronics and Micro System Technologies, Inc.
2025 Earnings Distribution Table

Expressed in New Taiwan Dollars

Item	Amount
Beginning Undistributed Earnings	227,273,607
2025 Profit after Tax	60,395,455
Legal Reserve 10%	(6,039,546)
Special Reserve	(18,566)
Earnings Distributable	281,610,950
Items:	
Cash Dividend for Shareholders (NT\$ 1.0 per share)	36,796,731
Share Dividend for Shareholders (NT\$ 0.5 per share)	18,398,370
Ending Undistributed Earnings	226,415,849

Chairman:

General Manager:

Accounting Manager:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nano Electronics and Micro System Technologies, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Nano Electronics and Micro System Technologies, Inc. and its subsidiaries (the "Group") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Revenue recognition

Please refer to Note 4(18) to the consolidated financial statements for the accounting policy of revenue recognition, Note 5(1) A and Note 5(2) A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6(17) for the description of revenue recognition.

Description of key audit matter:

The revenue serves as a primary indicator for investors and management to evaluate the operational performance the Group. Within the Group, product customization varies according to customer demands, leading to differences in orders or contract terms. The timing and amount of revenue recognition significantly impact financial reporting accuracy. Consequently, the revenue recognition is deemed a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date to evaluate the accuracy of revenue recognition periods.

Other Matters

We have also audited the standalone financial statements of Nano Electronics and Micro System Technologies, Inc. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unqualified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in 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 auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 review of the work performed by the group engagement team members , and for forming the group audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably



be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Lee and Yi Ling Kuo.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 4 , 2025

Notice to Readers

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

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND
SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)**

Assets	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 543,381	42	\$ 465,474	42
Financial assets at fair value through profit or loss - current	6(2)	5,331	-	5,445	1
Notes receivable, net	6(3)	97	-	195	-
Accounts receivable, net	6(4)	287,974	22	232,819	21
Other receivables		1,501	-	267	-
Inventories	6(5)	75,086	6	62,614	6
Prepayments		8,263	1	10,616	1
Other financial assets - current	6(6) 8	75,715	6	16,395	2
Total current assets		<u>997,348</u>	<u>77</u>	<u>793,825</u>	<u>73</u>
NONCURRENT ASSETS					
Property, plant and equipment	6(7) 8	265,111	21	266,746	24
Intangible assets	6(8)	1,245	-	2,036	-
Deferred income tax assets	6(23)	7,342	1	6,674	1
Prepayments for Equipment		302	-	-	-
Refundable deposits		1,938	-	1,463	-
Net defined benefit asset - non-current	6(12)	69	-	-	-
Other financial assets - noncurrent	6(6) 8	15,000	1	16,395	2
Total noncurrent assets		<u>291,007</u>	<u>23</u>	<u>293,314</u>	<u>27</u>
TOTAL ASSETS		<u><u>\$ 1,288,355</u></u>	<u><u>100</u></u>	<u><u>\$ 1,087,139</u></u>	<u><u>100</u></u>

Liabilities and Equity	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Contract liabilities-current	6(17)	\$14,963	1	\$28,712	3
Accounts payable		85,629	7	71,895	6
Other payables	6(9)	62,347	5	53,563	5
Current income tax liability		6,045	-	8,749	1
Provisions - current	6(10)	4,886	-	4,007	-
Current portion of long-term loans	6(11)	11,582	1	17,622	2
Total current liabilities		<u>185,452</u>	<u>14</u>	<u>184,548</u>	<u>17</u>
NONCURRENT LIABILITIES					
Long-term loans	6(11)	105,363	9	144,306	13
Deferred income tax liabilities	6(23)	441	-	704	-
Long-term deferred revenue	6(11)	4,772	-	11,513	1
Net defined benefit liabilities - noncurrent	6(12)	-	-	16	-
Total noncurrent liabilities		<u>110,576</u>	<u>9</u>	<u>156,539</u>	<u>14</u>
TOTAL LIABILITIES		<u>\$ 296,028</u>	<u>23</u>	<u>\$ 341,087</u>	<u>31</u>
EQUITY					
Equity attributable to owners of parent					
Share capital	6(13)				
Common stock		\$ 367,968	29	\$ 288,598	27
Capital surplus	6(14)	248,516	19	55,390	5
Retained earnings	6(16)				
Legal reserve		88,196	7	79,502	7
Special reserve		-	-	126	-
Unappropriated retained earnings		287,666	22	322,419	30
Other equity		(19)	-	17	-
Total equity attributable to owners of the parent		<u>992,327</u>	<u>77</u>	<u>746,052</u>	<u>69</u>
TOTAL EQUITY		<u>992,327</u>	<u>77</u>	<u>746,052</u>	<u>69</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 1,288,355</u>	<u>100</u>	<u>\$ 1,087,139</u>	<u>100</u>

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Item	Note	Year Ended December 31			
		2025		2024	
		Amount	%	Amount	%
OPERATING REVENUE	6(17)	\$ 518,437	100	\$ 547,630	100
OPERATING COST	6(5)	(285,714)	(54)	(332,690)	(61)
GROSS PROFIT (LOSS)		232,723	46	214,940	39
OPERATING EXPENSES					
Sales and marketing		(51,676)	(10)	(40,868)	(7)
General and administrative		(81,764)	(16)	(65,218)	(12)
Research and development expense		(27,137)	(5)	(23,958)	(4)
Expected credit gains (losses)	6(4)	1,880	-	2,143	-
Total operating expenses		(158,697)	(31)	(127,901)	(23)
INCOME (LOSS) FROM OPERATIONS		74,026	15	87,039	16
NON-OPERATING INCOME AND EXPENSES					
Interest income	6(19)	5,019	1	4,112	1
Other income	6(20)	8,177	2	2,465	-
Other gains and losses	6(21)	(8,438)	(2)	22,667	5
Finance cost	6(22)	(3,157)	(1)	(3,300)	(1)
Total non-operating income and expenses		1,601	-	25,944	5
INCOME (LOSS) BEFORE INCOME TAX		75,627	15	112,983	21
INCOME TAX BENEFIT (EXPENSE)	6(23)	(15,232)	(3)	(26,033)	(5)
NET INCOME (LOSS)		60,395	12	86,950	16
OTHER COMPREHENSIVE INCOME (LOSS)	6(24)				
Items that will not be reclassified subsequently to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		-	-	(10)	-
Income tax relating to items that will not be reclassified to profit or loss (expense) benefit		-	-	2	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(36)	-	143	-
Total other comprehensive income (loss), net of income tax		(36)	-	135	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$ 60,359	12	\$ 87,085	16

Item	Note	Year Ended December 31			
		2025		2024	
		Amount	%	Amount	%
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		\$ 60,395	12	\$ 86,950	16
Non-controlling interests		-	-	-	-
		<u>\$ 60,395</u>	<u>12</u>	<u>\$ 86,950</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME (LOSS)					
ATTRIBUTABLE TO:					
Shareholders of the parent		\$ 60,359	12	\$ 87,085	16
Non-controlling interests		-	-	-	-
		<u>\$ 60,359</u>	<u>12</u>	<u>\$ 87,085</u>	<u>16</u>
EARNINGS (LOSS) PER SHARE					
Basic	6(25)	<u>\$ 1.73</u>		<u>\$ 2.51</u>	
Diluted	6(25)	<u>\$ 1.72</u>		<u>\$ 2.47</u>	

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
						Other			
	Retained Earnings					Exchange		Total Equity	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Differences Arising On Translating Foreign Operations	Total Equity Attributable To Owners Of The Parent	Total Equity	
BALANCE AT JANUARY 1, 2024	288,598	55,390	66,176	80	306,571	(126)	716,689	716,689	
Effects of retrospective application and retrospective restatement	-	-	-	-	(2)	-	(2)	(2)	
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	13,326	-	(13,326)	-	-	-	
Special reserve	-	-	-	46	(46)	-	-	-	
Cash dividends	-	-	-	-	(57,720)	-	(57,720)	(57,720)	
Net income in 2024	-	-	-	-	89,950	-	89,950	89,950	
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	(8)	143	135	135	
Total comprehensive income in 2024	-	-	-	-	86,942	143	87,085	87,085	
BALANCE AT DECEMBER 31, 2024	\$ 288,598	\$ 55,390	\$ 79,502	\$ 126	\$ 322,419	\$ 17	\$ 746,052	\$ 746,052	
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	8,694	-	(8,694)	-	-	-	
Cash dividends	-	-	-	-	(28,860)	-	(28,860)	(28,860)	
Stock dividends	57,720	-	-	-	(57,720)	-	-	-	
Reversal of special reserve	-	-	-	(126)	126	-	-	-	
Net income in 2025	-	-	-	-	60,395	-	60,395	60,395	
Other comprehensive income (loss) in 2025, net of income tax	-	-	-	-	-	(36)	(36)	(36)	
Total comprehensive income in 2025	-	-	-	-	60,395	(36)	60,359	60,359	
Cash capital increase	21,650	189,235	-	-	-	-	210,885	210,885	
Share-based payment transactions	-	3,891	-	-	-	-	3,891	3,891	
BALANCE AT DECEMBER 31, 2025	\$ 367,968	\$ 248,516	\$ 88,196	\$ -	\$ 287,666	(\$19)	\$ 992,327	\$ 992,327	

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)**

Item	Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 75,627	\$ 112,983
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation expense	15,918	13,020
Amortization expense	1,516	1,660
Expected credit losses (gains)	(1,880)	(2,143)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	114	(419)
Interest expense	3,157	3,300
Interest income	(5,019)	(4,112)
Share-Based Benefit Compensation Cost	3,891	-
Loss (gain) on disposal and retirement of property, plant and Equipment	-	43
Transfer of property, plant and equipment to expenses	(1,111)	-
Others	(6,741)	(946)
Total income and expenses having no effect on cash flows	<u>9,845</u>	<u>10,403</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	98	(148)
Decrease (increase) in accounts receivable	(53,275)	37,601
Decrease (increase) in other receivables	(1,111)	(76)
Decrease (increase) in inventories	(21,373)	63,769
Decrease (increase) in prepayments	2,353	(374)
Decrease (increase) in other operating assets	(69)	-
Total net changes in operating assets	<u>(73,377)</u>	<u>100,772</u>
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(13,749)	(5,919)
Increase (decrease) in accounts payable	13,734	6,825
Increase (decrease) in other payables	7,690	(11,479)
Increase (decrease) in provisions	879	(413)
Increase (decrease) in net defined benefit liabilities	(16)	4
Total net changes in operating liabilities	<u>8,538</u>	<u>(10,982)</u>
Total changes in operating assets and liabilities	<u>(64,839)</u>	<u>89,790</u>
Total adjustments	<u>(54,994)</u>	<u>100,193</u>
Cash generated from (used in) operations	<u>20,633</u>	<u>213,176</u>
Interest received	4,896	4,112
Interest paid	(2,631)	(2,768)
Income tax refund (paid)	<u>(18,867)</u>	<u>(42,232)</u>
Net cash generated from (used in) operating activities	<u>4,031</u>	<u>172,288</u>

Item	Year Ended December 31	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,177)	(4,946)
Proceeds from disposal of property, plant and equipment	-	192
Increase in refundable deposits	(475)	(326)
Acquisition of intangible assets	(725)	(1,222)
Increase in other financial assets	(57,925)	(17,437)
Decrease in other financial assets	(302)	-
Net cash generated from (used in) investing activities	<u>(62,604)</u>	<u>(23,739)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(45,509)	(11,035)
Cash dividend	(28,860)	(57,720)
Employee exercise stock options	210,885	-
Net cash generated from (used in) financing activities	<u>136,516</u>	<u>(68,755)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(36)	143
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>77,907</u>	<u>79,937</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>465,474</u>	<u>385,537</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 543,381</u></u>	<u><u>\$ 465,474</u></u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nano Electronics and Micro System Technologies, Inc.

Opinion

We have audited the accompanying standalone balance sheets of Nano Electronics and Micro System Technologies, Inc. (the "Company") as of December 31, 2025 and 2024, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2025 and 2024, and its standalone financial performance and its standalone 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 auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's standalone financial statements for the year ended December 31, 2025 are stated as follows:

Revenue recognition

Please refer to Note 4(18) to the standalone financial statements for the accounting policy of revenue recognition, Note 5(1) A and Note 5(2) A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6(18) for the description of revenue recognition.

Description of key audit matter:

The revenue serves as a primary indicator for investors and management to evaluate the operational performance the Company. Within the Company, product customization varies according to customer demands, leading to differences in orders or contract terms. The timing and amount of revenue recognition significantly impact financial reporting accuracy. Consequently, the revenue recognition is deemed a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date to evaluate the accuracy of revenue recognition periods.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

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

In preparing the standalone 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 (inclusive of the Audit Committee or supervisor) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in 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 standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and review of the work performed by the group engagement team members , and for forming the Company audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably



be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Lee and Yi Ling Kuo.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 4 , 2026

Notice to Readers

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

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.
STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 541,613	43	\$ 458,858	41
Financial assets at fair value through profit or loss - current	6(2)	5,331	-	5,445	1
Notes receivable, net	6(3)	97	-	195	-
Accounts receivable, net	6(4)	287,779	22	232,470	22
Other receivables		1,289	-	267	-
Inventories	6(5)	68,472	5	57,610	5
Prepayments		7,581	1	10,442	1
Other financial assets - current	6(6),8	75,715	6	16,395	2
Total current assets		<u>987,877</u>	<u>77</u>	<u>781,682</u>	<u>72</u>
NONCURRENT ASSETS					
Investments accounted for using equity method	6(7)	5,010	-	6,212	1
Property, plant and equipment	6(8),8	264,970	21	266,698	24
Intangible assets	6(9)	1,245	-	2,036	-
Deferred income tax assets	6(24)	7,342	1	6,674	1
Prepayments for Equipment		302	-	-	-
Refundable deposits		450	-	1,219	-
Net Defined Benefit Asset, Non-current	6(13)	69	-	-	-
Other financial assets - noncurrent	6(6),8	15,000	1	16,395	2
Total noncurrent assets		<u>294,388</u>	<u>23</u>	<u>299,234</u>	<u>28</u>
TOTAL ASSETS		<u>\$ 1,282,265</u>	<u>100</u>	<u>\$ 1,080,916</u>	<u>100</u>
Liabilities and Equity					
CURRENT LIABILITIES					
Contract liabilities-current	6(18)	\$14,963	1	\$28,712	3
Accounts payable		87,440	8	71,895	7
Other payables	6(10)	54,463	4	47,389	4
Current income tax liability		6,028	-	8,700	1
Provisions - current	6(11)	4,886	-	4,007	-
Current portion of long-term loans	6(12)	11,582	1	17,622	2
Total current liabilities		<u>179,362</u>	<u>14</u>	<u>178,325</u>	<u>17</u>
NONCURRENT LIABILITIES					
Long-term loans	6(12)	105,363	9	144,306	13
Deferred income tax liabilities	6(24)	441	-	704	-
Long-term deferred revenue	6(12)	4,772	-	11,513	1
Net defined benefit liabilities - noncurrent	6(13)	-	-	16	-
Total noncurrent liabilities		<u>110,576</u>	<u>9</u>	<u>156,539</u>	<u>14</u>
TOTAL LIABILITIES		<u>\$ 289,938</u>	<u>23</u>	<u>\$ 334,864</u>	<u>31</u>

Assets	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
EQUITY					
Share capital	6(14)				
Common stock		\$ 367,968	29	\$ 288,598	27
Capital surplus	6(15)	248,516	19	55,390	5
Retained earnings	6(17)				
Legal reserve		88,196	7	79,502	7
Special reserve		-	-	126	-
Unappropriated retained earnings		287,666	22	322,419	30
Other equity		(19)	-	17	-
TOTAL EQUITY		<u>992,327</u>	<u>77</u>	<u>746,052</u>	<u>69</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 1,282,265</u>	<u>100</u>	<u>\$ 1,080,916</u>	<u>100</u>

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Note	Year Ended December 31			
		2025		2024	
		Amount	%	Amount	%
OPERATING REVENUE	6(18)	\$ 517,247	100	\$ 546,155	100
OPERATING COST	6(5)	(287,877)	(55)	(336,907)	(62)
GROSS PROFIT (LOSS)		229,370	45	209,248	38
OPERATING EXPENSES					
Sales and marketing		(51,385)	(10)	(40,548)	(7)
General and administrative		(77,690)	(15)	(60,793)	(11)
Research and development expense		(27,138)	(5)	(23,958)	(4)
Expected credit gains (losses)	6(4)	1,883	-	2,141	-
Total operating expenses		(154,330)	(30)	(123,158)	(22)
INCOME (LOSS) FROM OPERATIONS		75,040	15	86,090	16
NON-OPERATING INCOME AND EXPENSES					
Interest income	6(20)	5,016	1	4,106	1
Other income	6(21)	8,172	2	2,452	-
Other gains and losses	6(22)	(8,346)	(2)	22,348	5
Finance cost	6(23)	(3,157)	(1)	(3,300)	(1)
Share of profits or (losses) of subsidiaries, associates, and joint ventures accounted for using the equity method	6(7)	(1,166)	-	1,142	-
Total non-operating income and expenses		519	-	26,748	5
INCOME (LOSS) BEFORE INCOME TAX		75,559	15	112,838	21
INCOME TAX BENEFIT (EXPENSE)	6(24)	(15,164)	(3)	(25,888)	(5)
NET INCOME (LOSS)		60,395	12	86,950	16
OTHER COMPREHENSIVE INCOME (LOSS)	6(25)				
Items that will not be reclassified subsequently to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		-	-	(10)	-
Income tax relating to items that will not be reclassified to profit or loss(expense) benefit		-	-	2	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method		(36)	-	143	-
Total other comprehensive income (loss), net of income tax		(36)	-	135	-
TOTAL COMPREHENSIVE INCOME (LOSS)		\$ 60,359	12	\$ 87,085	16
EARNINGS (LOSSES) PER SHARE					
Basic	6(26)	\$ 1.73		\$ 2.51	
Diluted	6(26)	\$ 1.72		\$ 2.47	

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.

STANDALONE STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Retained Earnings				Unappropriated Retained Earnings	Other	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve		Exchange Differences Arising On Translating Foreign Operations	
BALANCE AT JANUARY 1, 2024	\$ 288,598	\$ 55,390	\$ 66,176	\$ 80	\$ 306,571	\$ (126)	\$ 716,689
Appropriations and distributions of prior years' earnings:	-	-	-	-	(2)	-	(2)
Legal reserve	-	-	13,326	-	(13,326)	-	-
Special reserve	-	-	-	46	(46)	-	-
Cash dividends	-	-	-	-	(57,720)	-	(57,720)
Net income in 2024	-	-	-	-	89,950	-	86,950
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	(8)	143	135
Total comprehensive income in 2024	-	-	-	-	86,942	143	87,085
BALANCE AT DECEMBER 31, 2024	288,598	55,390	79,502	126	322,419	17	746,052
Appropriations and distributions of prior years' earnings:	-	-	-	-	-	-	-
Legal reserve	-	-	8,694	-	(8,694)	-	-
Cash dividends	-	-	-	-	(28,860)	-	(28,860)
Common Stock Dividends	57,720	-	-	-	(57,720)	-	-
Reversal of Special Reserve	-	-	-	(126)	126	-	-
Net income in 2025	-	-	-	-	60,395	-	60,395
Other comprehensive income (loss) in 2025, net of income tax	-	-	-	-	-	(36)	(36)
Total comprehensive income in 2025	-	-	-	-	60,395	(36)	60,359
Cash Capital Increase	21,650	189,235	-	-	-	-	210,885
Share-based payment transactions	-	3,891	-	-	-	-	3,891
BALANCE AT DECEMBER 31, 2025	\$ 367,968	\$ 248,516	\$ 88,196	\$ -	\$ 287,666	\$(19)	\$ 992,327

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

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 75,559	\$ 112,838
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation expense	15,889	12,997
Amortization expense	1,516	1,660
Expected credit losses (gains)	(1,883)	(2,141)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	114	(419)
Interest expense	3,157	3,300
Interest income	(5,016)	(4,106)
Share-Based Benefit Compensation Cost	3,891	-
Share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	1,166	(1,142)
Loss (gain) on disposal and retirement of property, plant and Equipment	-	45
Reclassification of Property, Plant and Equipment to Expenses	(1,111)	-
Others	(6,741)	(946)
Total income and expenses having no effect on cash flows	<u>10,982</u>	<u>9,248</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	98	(148)
Decrease (increase) in accounts receivable	(53,426)	38,223
Decrease (increase) in other receivables	(899)	(267)
Decrease (increase) in inventories	(19,763)	66,084
Decrease (increase) in prepayments	2,861	(236)
Decrease (increase) in Other Operating Assets	(69)	-
Total net changes in operating assets	<u>(71,198)</u>	<u>103,656</u>
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(13,749)	(5,919)
Increase (decrease) in accounts payable	15,545	6,871
Increase (decrease) in other payables	5,980	(12,425)
Increase (decrease) in provisions	879	(413)
Increase (decrease) in net defined benefit liabilities	(16)	4
Total net changes in operating liabilities	<u>8,639</u>	<u>(11,882)</u>

Item	Year Ended December 31	
	2025	2024
Total changes in operating assets and liabilities	(62,559)	91,774
Total adjustments	(51,577)	101,022
Cash generated from (used in) operations	23,982	213,860
Interest received	4,893	4,106
Interest paid	(2,631)	(2,768)
Income tax refund (paid)	(18,767)	(42,078)
Net cash generated from (used in) operating activities	7,477	173,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	-	\$ (5,580)
Acquisition of property, plant and equipment	(3,055)	(4,904)
Proceeds from disposal of property, plant and equipment	-	190
Increase in refundable deposits	-	(107)
Acquisition of intangible assets	769	-
Increase in other financial assets	(725)	(1,222)
Decrease in other financial assets	(57,925)	(17,437)
Increase in Prepayments for Equipment	(302)	-
Net cash generated from (used in) investing activities	(61,238)	(29,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(45,509)	(11,035)
Cash dividend	(28,860)	(57,720)
Cash Capital Increase	210,885	-
Net cash generated from (used in) financing activities	136,516	(68,755)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,755	75,305
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	458,858	385,553
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 541,613	\$ 458,858

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

Nano Electronics and Micro System Technologies, Inc.
Comparison Table for the Company's Articles of Incorporation before and after
Amendment

Article No.	Article Before Amendment	Article After Amendment
Article 5	The total capital stock of the Company shall be in the amount of <u>NT\$ 600 million, divided into 60 million shares</u> , at NT\$10 each, to be issued in installments by the Board of Directors under authorization. Of the total, five million shares are reserved for issuance upon the exercise of subscription rights attached to stock warrants, warrant-bearing preferred shares, or warrant-bearing corporate bonds, and may be issued in multiple tranches pursuant to resolutions of the Board of Directors.	The total capital stock of the Company shall be in the amount of <u>NT\$ 1 billion, divided into 100 million shares</u> , at NT\$10 each, to be issued in installments by the Board of Directors under authorization. Of the total, five million shares are reserved for issuance upon the exercise of subscription rights attached to stock warrants, warrant-bearing preferred shares, or warrant-bearing corporate bonds, and may be issued in multiple tranches pursuant to resolutions of the Board of Directors.
Article 31	<p>These Articles of Incorporation were formulated on May 27, 2002.</p> <p>The 1st Amendment was made on August 10, 2002.</p> <p>The 2nd Amendment was made on January 27, 2003.</p> <p>The 3rd Amendment was made on June 26, 2006.</p> <p>The 4th Amendment was made on August 1, 2011.</p> <p>The 5th Amendment was made on June 26, 2012.</p> <p>The 6th Amendment was made on November 27, 2012.</p> <p>The 7th Amendment was made on May 25, 2015.</p> <p>The 8th Amendment was made on June 6, 2016.</p> <p>The 9th Amendment was made on May 31, 2017.</p> <p>The 10th Amendment was made on April 22, 2019.</p> <p>The 11th Amendment was made on May 30, 2023.</p> <p>The 12th Amendment was made on June 28, 2024.</p> <p>The 13th Amendment was made on June 18, 2025.</p>	<p>These Articles of Incorporation were formulated on May 27, 2002.</p> <p>The 1st Amendment was made on August 10, 2002.</p> <p>The 2nd Amendment was made on January 27, 2003.</p> <p>The 3rd Amendment was made on June 26, 2006.</p> <p>The 4th Amendment was made on August 1, 2011.</p> <p>The 5th Amendment was made on June 26, 2012.</p> <p>The 6th Amendment was made on November 27, 2012.</p> <p>The 7th Amendment was made on May 25, 2015.</p> <p>The 8th Amendment was made on June 6, 2016.</p> <p>The 9th Amendment was made on May 31, 2017.</p> <p>The 10th Amendment was made on April 22, 2019.</p> <p>The 11th Amendment was made on May 30, 2023.</p> <p>The 12th Amendment was made on June 28, 2024.</p> <p>The 13th Amendment was made on June 18, 2025.</p> <p><u>The 14th Amendment was made on May 21, 2026.</u></p>

Nano Electronics and Micro System Technologies, Inc.

Comparison Table for the Company’s Procedures for the Acquisition or Disposal of Assets

Article No.	Article Before Amendment	Article After Amendment	Reason for Amendment
Article 6	<p>Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, in the event of acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>...(Unaffected Paragraph Omitted)</p> <p>(3) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more but less than NT\$50 billion, the transaction amount reaches NT\$1 billion or more.</p> <p>3. For a public company whose paid-in capital is NT\$50 billion, the transaction amount reaches 5 percent or more of paid-in capital.</p> <p>(4) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(5) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out under Chapter 4, Article 12, Paragraph 4 herein.</p> <p>(6) In the case of a public company with paid-in capital reaching NT\$50 billion or more, transactions in government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, which do not fall under any of the circumstances listed in the proviso of subparagraph 8, and where furthermore the transaction counterparty is not a related party, and the transaction amount reaches 5 percent or more of paid-in capital.</p>	<p>Procedures for Public Announcement and Filing</p> <p>1. Under any of the following circumstances, in the event of acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>...(Unaffected Paragraph Omitted)</p> <p>(3) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(4) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(5) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances.</p> <p>(6) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out under Chapter 4, Article 12, Paragraph 4 herein.</p> <p>...(Unaffected Paragraph Omitted)</p>	<p>Paragraph updated in alignment with recent amendments to applicable laws.</p>

Article 6	<p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances.</p> <p>...(Unaffected Paragraph Omitted)</p>		Paragraph updated in alignment with recent amendments to applicable laws.
Article 7	<p>Scope and Credits for the Investments</p> <ol style="list-style-type: none"> 1. In the event the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 15 percent of the Company's net worth; where a subsidiary of the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 5 percent of the Company's net worth. 2. In the event the Company invests in securities, the aggregate amount shall not be more than <u>50</u> percent of the Company's net worth; where a subsidiary of the Company invests in securities, the aggregate amount shall not be more than 10 percent of the Company's net worth. 3. In the event the Company invests in securities, the amount in an individual security shall not be more than <u>25</u> percent of the Company's net worth; where a subsidiary of the Company invests in securities, the amount in an individual security shall not be more than 10 percent of the Company's net worth. 	<p>Scope and Credits for the Investments</p> <ol style="list-style-type: none"> 1. In the event the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 15 percent of the Company's net worth; where a subsidiary of the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 5 percent of the Company's net worth. 2. In the event the Company invests in securities, the aggregate amount shall not be more than 10 percent of the Company's net worth; where a subsidiary of the Company invests in securities, the aggregate amount shall not be more than 10 percent of the Company's net worth. 3. In the event the Company invests in securities, the amount in an individual security shall not be more than 10 percent of the Company's net worth; where a subsidiary of the Company invests in securities, the amount in an individual security shall not be more than 10 percent of the Company's net worth. 	Limits of investments in securities, both aggregate and individual, have been raised in response to operational needs.

Nano Electronics and Micro System Technologies, Inc.

List of Candidates for the Company's 9th Directors

Name	Highest Credential/Discipline	Major Experiences Current Role(s)	Number of shares held
Director Chun-Yi Sung	Bachelor of Science in Electronic Engineering, National Taiwan University of Science and Technology	Major Experiences: ◆ Philips-Engineer ◆ KI GIANT TECHNOLOGY INC.-General Manager Current Role(s): ◆ Nano Electronics and Micro System Technologies, Inc.- Chairman	3,769,197
Director Chia-Yuan Hsu	PhD. in Chemical Engineering, National Cheng- Kung University	Major Experiences: ◆ Nano Electronics and Micro System Technologies, Inc.- General Manager Current Role(s): ◆ Nano Electronics and Micro System Technologies, Inc.- General Manager	1,517,981
Director Kun-Tsan Tseng	Bachelor of Science in Electronic Engineering, Chen Shiu University	Major Experiences: ◆ Philips Electronic Building Elements Industries Taiwan, Ltd.-Manager of Equipment Dept. ◆ KI GIANT TECHNOLOGY INC.-Vice General Manager ◆ Jiangsu ACE Electronic Equipments Co., Ltd. -General Manager ◆ Jiangyin Winpack Tech. Co., Ltd.-General Manager Current Role(s): ◆ Nano Electronics and Micro System Technologies, Inc.- Director	2,519,082

<p>Director KI GIANT TECHNOLOGY INC.-Juristic Representative Shao-Chieh Chiang</p>	<p>Department of Mechanical Engineering, Nei-Hu Vocational High School</p>	<p>Major Experiences:</p> <ul style="list-style-type: none"> ◆ KI GIANT TECHNOLOGY INC.-Chairman ◆ NEW POWER TEAM TECHNOLOGY INC.- Chairman ◆ NUTRIM TECHNOLOGY INC.-Chairman <p>Current Role(s):</p> <ul style="list-style-type: none"> ◆ KI GIANT TECHNOLOGY INC.-Chairman ◆ NEW POWER TEAM TECHNOLOGY INC.- Chairman ◆ NUTRIM TECHNOLOGY INC.-Chairman ◆ Nano Electronics and Micro System Technologies, Inc.- Juristic Director Representative 	<p>5,235,307</p>
<p>Independent Director Meng-Feng Yen</p>	<p>Ph.D. in Finance, ICMA Centre, Henley Business School, University of Reading</p>	<p>Major Experiences:</p> <ul style="list-style-type: none"> ◆ National Cheng-Kung University-Chair of the Department of Accountancy and Director of the Graduate Institute of Finance ◆ National Cheng-Kung University-Professor at the Department of Accountancy and Graduate Institute of Finance ◆ National Cheng-Kung University-Associate Professor at the Department of Accountancy and Graduate Institute of Finance ◆ Ditmanson Medical Foundation Chia-Yi Christian Hospital-Director ◆ Chunghwa Post Co., Ltd.- External Expert Director ◆ Shin Foong Specialty & 	<p>0</p>

		<p>Applied Materials Co., Ltd.- Independent Director</p> <p>Current Role(s):</p> <ul style="list-style-type: none"> ◆ Ditmanson Medical Foundation Chia-Yi Christian Hospital-Director ◆ Shin Foong Specialty & Applied Materials Co., Ltd.- Independent Director ◆ National Cheng-Kung University-Professor at the Department of Accountancy and Graduate Institute of Finance ◆ Nano Electronics and Micro System Technologies, Inc.- Independent Director 	
<p>Independent Director Hui-Ling Huang</p>	<p>Master of Science in Financial Management, National Kaohsiung First University of Science and Technology</p>	<p>Major Experiences:</p> <ul style="list-style-type: none"> ◆ Senior Associate-KPMG Taiwan ◆ Polaris Securities Co., Ltd.-Sr. Manager ◆ Ta Chong Securities Co., Ltd.- Assistant Vice President ◆ Taishin Securities Co., Ltd.- Assistant Vice President ◆ Yen Sun Technology Corp.- Director of General Administration Division and CFO ◆ Greentek Energy Co., Ltd.- CFO ◆ Li Feng Energy Co., Ltd.- Director <p>Current Role(s):</p> <ul style="list-style-type: none"> ◆ Yiho International Energy Co., Ltd.-Director of Finance and Accounting ◆ Yu Fong Enterprise Co., Ltd.- Director ◆ Cheng Qi Energy Co., Ltd.- Director ◆ Lushun Energy Engineering Co., Ltd.-Supervisor ◆ Lushun Energy I Engineering Co., Ltd.-Supervisor 	<p>0</p>

		<ul style="list-style-type: none"> ◆ Yiho Green Energy Co., Ltd.- Supervisor ◆ Nano Electronics and Micro System Technologies, Inc.- Independent Director 	
Independent Director Chih-Wen Huang	Master of Science, Materials Division, Graduate Institute of Mechanical Engineering, National Taiwan University	<p>Major Experiences:</p> <ul style="list-style-type: none"> ◆ International Semiconductor Technology Ltd.-General Manager ◆ International Semiconductor Technology Ltd.-Vice General Manager <p>Current Role(s):</p> <ul style="list-style-type: none"> ◆ Nano Electronics and Micro System Technologies, Inc.- Independent Director 	0

Technologies, Inc.

Provisions Concerning the Release of Non-competition Restrictions for Newly Elected Director Candidates

Role	Name	Concurrent Role(s) at Other Company(s)
Director	KI GIANT TECHNOLOGY INC.- Juristic Representative Shao-Chieh Chiang	KI GIANT TECHNOLOGY INC.- Chairman NEW POWER TEAM TECHNOLOGY INC.-Chairman NUTRIM TECHNOLOGY INC.- Chairman
Independent Director	Meng-Feng Yen	Ditmanson Medical Foundation Chia-Yi Christian Hospital-Director Shin Foong Specialty & Applied Materials Co., Ltd.-Independent Director
Independent Director	Hui-Ling Huang	Yiho International Energy Co., Ltd.- Director of Finance and Accounting Yu Fong Enterprise Co., Ltd.-Director Cheng Qi Energy Co., Ltd.-Director Lushun Energy Engineering Co., Ltd.- Supervisor Lushun Energy I Engineering Co., Ltd.- Supervisor Yiho Green Energy Co., Ltd.-Supervisor

Rules of Procedures for Shareholders Meetings

- Article 1 Purpose
These Rules are formulated to establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities
- Article 2 The rules of procedures for the Company's shareholders meetings shall be as provided in these Rules. Any matters unspecified under these Rules shall be handled in accordance with relevant regulations.
- Article 3 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 4 The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 5 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 6 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 7 The Company shall make an uninterrupted audio and video recording of the meeting process (including registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures). The recorded materials shall be retained for at least one year.
- Article 8 If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers of the chairperson, relevant matters shall be handled in accordance with Article 208 of the Company Act.
If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.
- Article 9 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. The implementation of the aforesaid tentative resolution shall be handled in accordance with the Company Act.
When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 10 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting

shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions).

After close of the said meeting, shareholders shall not elect another chairman to hold another meeting at the same place or at any other place. However, in the event the chairperson has violated these Rules and declared the meeting adjourned, the attending shareholders may, with the consent of more than half of the voting rights represented at the meeting, elect one person to act as chairperson and continue the meeting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

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

Article 12 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 13 Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 14 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 15 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed; alternatively, the resumption may be publicly announced within five days following the resolution by the shareholders' meeting, and delivery of meeting notice may be exempted.

Article 16 Attending shareholders are obliged to follow meeting rules, observe the resolutions, and maintain order at the meeting place.

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place.

When proctors or security personnel help maintain order at the meeting place, they shall wear an

armband or identification card bearing the word "Proctor."

Article 17 These Rules shall be implemented following adoption by the shareholders' meeting. The same shall apply to any amendments thereto.

Nano Electronics and Micro System Technologies, Inc.

Articles of Incorporation

General Provisions

- Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be “Nano Electronics and Micro System Technologies, Inc.”.
- The Company’s English name shall be “Nano Electronics and Micro System Technologies, Inc.
- Article 2 The Company’s scope of services is set out hereunder:
- 01.F119010 Wholesale of Electronic Materials
 - 02.F113010 Wholesale of Machinery
 - 03.F113020 Wholesale of Electrical Appliances
 - 04.F401010 International Trade
 - 05.CA04010 Surface Treatments
 - 06.CA03010 Thermal Treatments
 - 07.CC01990 Manufacturing of Other Electrical and Electronic Machinery
 - 08.F107010 Wholesale of Paints, Varnishes and Lacquers
 - 09.F113030 Wholesale of Precision Instruments
 - 10.F113100 Wholesale of Pollution Controlling Equipments
 - 11.F113990 Wholesale of Other Machinery and Equipment
 - 12.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company’s reinvestments are not restricted by the provisions of re-investments in aggregate at 40 percent of the Company’s paid-in capital, as provided under Article 13 of the Company Act.
- Article 3 The Company shall have its head office in Tainan City, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.
- Article 4 Public announcements of the Company shall be made according to Article 28 of the Company Act.

Chapter 2 Shares

- Article 5 The total capital stock of the Company shall be in the amount of NT\$ 600 million, divided into 60 million shares, at NT\$10 each, to be issued in installments by the Board of Directors under authorization. Of the total, five million shares are reserved for issuance upon the exercise of subscription rights attached to stock warrants, warrant-bearing preferred shares, or warrant-bearing corporate bonds, and may be issued in multiple tranches pursuant to resolutions of the Board of Directors.

- Article 5-1 The recipients of the employee stock options issued by the Company, the transfer of treasury shares to employees, the issuance of new shares for which a certain percentage must be reserved by law for employee subscription, and the issuance of restricted shares for employees may include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The qualifications and allocation methods shall be resolved by the Board of Directors under authorization.
- Article 6 The share certificates of the Company shall be in registered form, and before they are issued, shall be signed by or affixed with the seals of the directors representing the Company, and, prior to issuance, be certified by a bank eligible for certification of share certificate issuance pursuant to the law. Shares issued by the Company may be exempted from printing its share certificate, provided the Company registers the issued shares with a centralized securities depository enterprise.
- Article 7 Changes to the shareholders' roster shall be made in accordance with Article 165 of the Company Act.
- Article 8 Stock affairs of the Company shall, except as otherwise provided for under applicable laws and regulations or securities provision, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" adopted by competent authorities.

Chapter 3 Shareholders Meetings

- Article 9 Shareholders meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.
- The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
- Where the competent securities authority has otherwise provided the criteria, operational procedure, and other matters for compliance for a shareholders' meeting held by means of visual communication network, such provisions shall prevail.
- Article 10 In the event a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.
- For the provisions of shareholder attendance by proxy, in addition to Article 177 of the Company Act, relevant matters shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 11 A shareholders' meeting shall be chaired by the Chairman. In the event the Chairman is absent, a director shall be designated to act in his/her behalf; and if no director is so designated, the directors shall elect a chair from among themselves. Whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chair of that meeting provided, however, that if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.
- Article 12 Unless as otherwise provided by the regulations, each shareholder of the Company shall have one vote for each share held.

- Article 13 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- During the period in which the Company is traded on the Emerging Stock Market and after it is listed at TWSE (TPEX), when convening a shareholders' meeting, the Company shall, in accordance with Article 177-1 of the Company Act, include electronic means as one of the manners for shareholders to exercise their voting rights. Shareholders who exercise their voting rights by electronic means shall be deemed to have attended the meeting in person, and all related matters shall be handled in accordance with applicable laws and regulations.
- Article 14 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be handled in accordance with Article 183 of the Company Act.
- Article 14-1 The Company may not cease the issuance of its shares without resolutions by the shareholders' meeting.
- The preceding paragraph may not be changed during the period in which the Company is traded on the Emerging Stock Market and after it is listed at TWSE (TPEX).

Chapter 4 Directors and Audit Committee

- Article 15 The Company shall have five to nine directors. Directors shall be elected under a candidate nomination system, pursuant to which the shareholders' meeting shall elect directors from the list of nominated candidates. The directors shall not be of a single gender. Each director shall serve a term of three years and may be re-elected.
- Among the directors referred to in the preceding paragraph, the Company shall appoint independent directors in a number of no fewer than three and not less than one-third of the total number of directors. The professional qualifications, shareholding requirements, restrictions on concurrent positions, criteria for determination of independence, nomination procedures, and other matters to be complied with by independent directors shall be handled in accordance with the relevant regulations prescribed by the competent securities authority.
- Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall establish its Audit Committee, which shall be composed of all independent directors. Matters regarding the number of Audit Committee members, their terms of office, powers and duties, and rules of procedure shall be otherwise prescribed in the Audit Committee Organizational Charter.
- Article 16 In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the Company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the outgoing directors shall be discharged ipso facto from such expiration date.
- Article 17 For the Board of Directors comprising directors, the Board shall, with the attendance of at least two-thirds of all directors and the approval of a majority of the directors present, elect from among themselves one Chairman, who shall, in accordance with applicable laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the Board of Directors, conduct all affairs of the Company. The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy.
- Article 18 The Board of Directors shall meet at least once every quarter, and meetings of the Board of Directors shall be convened in accordance with Article 204 of the Company Act. Notices of convening Board meetings may be given in writing, by facsimile, or by electronic mail. In the event of a vacancy among the Directors, a by-election shall be held in accordance with the law. The term of office of a director elected through such by-election shall be limited to the remaining term of the original director.
- Article 19 Unless as otherwise provided for under the Company Act, a Board of Directors' meeting shall be convened and chaired by the Chairman. In the event the Chairman is unable to perform his/her/its duties, a proxy shall be designated in accordance with Article 208 of the Company Act.

- Article 20 Unless otherwise provided for in the Company Act, resolutions at a Board of Directors' meeting shall be adopted by a majority vote of the directors present in a Board of Directors' meeting attended by a majority of all directors. In case a director is unable to attend a Board of Directors' meeting, the director may appoint another director to attend a meeting of the Board of Directors in his/her behalf by issuing a written proxy stating the scope of authority with reference to the subjects to be discussed at the meeting; however, a director may accept the appointment to act as the proxy of one other director only.
- In case a Board of Directors ' meeting is proceeded via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.
- Article 21 Resolutions adopted at a Board of Directors' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all directors of the Company within twenty (20) days after the close of the meeting. The minutes of Board of Directors' meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes along with the attendance list bearing the signatures of directors present at the meeting and the powers of attorney of the proxies shall be kept at the Company.
- Article 22 Remunerations received by the directors of the Company may be determined by the Board of Directors under authorization based on the degree of engagement in Company operations and value of contribution by individual directors, with reference to the amounts paid to directors by the industry peer; allowances for transportation or other purposes may be provided as appropriate.
- Article 22-1 The Board of Directors of the Company may establish functional committee(s) as the business may require; organizational charters of the committee(s) shall be formulated by the Board of Directors in accordance with laws and regulations.

Chapter 5 Managerial Officers

- Article 23 The Company may have one or more managerial officers. Appointment, discharge and the remuneration of the managerial officers shall be adopted by a majority of the directors present in a Board of Directors' meeting attended by a majority of all directors.

Chapter 6 Final Accounts

- Article 24 At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and shall submit them to the regular shareholders' meeting for ratification in accordance with statutory procedures:
- (1) The Business Report;
 - (2) the Financial Statements; and
 - (3) the surplus earning distribution or loss off-setting proposals.
- Article 25 At the close of each fiscal year, if there is a profit, the Company shall allot compensations for director and employees by the following proportions:
- (1) Compensations for Directors: no more than 6 percent of the said profit; however, the said compensations for directors do not involve allotment for independent directors.
 - (2) Compensations for Employees: 2 to 10 percent of the said profit: the aggregate amount for the aforesaid compensations for employees shall include no less than 45 percent allotted for non-executive employees.
- In spite of the above terms, the accumulated losses of the Company shall have been covered first. The proposal concerning the distribution(s) of compensations for directors and employees shall be resolved by the Board of Directors before reported to the shareholders' meeting.
- The distribution of the compensations for employees as provided for under Paragraph 1 may be made in form of cash or stock, as resolved by the Board of Directors; the employees entitled to receive such compensation may include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Article 26 For each fiscal year, the Company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside 10 percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The remaining balance shall then be appropriated to or reversed from any special reserve in accordance with applicable laws and regulations. If there remains any balance thereafter, such balance, together with accumulated undistributed earnings, may be used for distribution pursuant to a proposal prepared by the Board of Directors. Where such earnings distribution is made in the form of issuance of new shares, it shall be submitted to the shareholders' meeting for resolution.

Any distribution of dividends and bonuses, or all or a portion of the legal reserve or capital surplus, to be made in cash shall be subject to authorization by the Board of Directors upon the attendance of at least two-thirds of all directors and the approval of a majority of the directors present, and shall thereafter be reported to the shareholders' meeting.

The Company's dividend policy shall be determined with due regard to its current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and the interests of shareholders. Out of the earnings available for distribution for the current year, no less than 10 percent shall be allocated for distribution as shareholders' dividends and bonuses; provided, however, that no distribution may be made if the accumulated earnings available for distribution are less than 5 percent of the paid-in capital. Shareholders' dividends may be distributed in cash or in shares, provided that the portion of cash dividends shall be no less than 10 percent of the total dividends distributed. If the Company has major investment projects or development plans, dividends may be distributed entirely in the form of stock dividends.

Chapter 7 Supplementary Provisions

Article 27 The Company may perform external guarantees as its business may require.

Article 28 Deleted

Article 29 Matters unspecified under these Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.

Article 30 Deleted

Article 31 These Articles of Incorporation were formulated on May 27, 2002. The 1st Amendment was made on August 10, 2002. The 2nd Amendment was made on January 27, 2003. The 3rd Amendment was made on June 26, 2006. The 4th Amendment was made on August 1, 2011. The 5th Amendment was made on June 26, 2012. The 6th Amendment was made on November 27, 2012. The 7th Amendment was made on May 25, 2015. The 8th Amendment was made on June 6, 2016. The 9th Amendment was made on May 31, 2017. The 10th Amendment was made on April 22, 2019. The 11th Amendment was made on May 30, 2023. The 12th Amendment was made on June 28, 2024. The 13th Amendment was made on June 18, 2025.

Nano Electronics and Micro System Technologies, Inc.

Chairman: Chun-Yi Sung

Procedures for the Acquisition or Disposal of Assets

Chapter 1 General Provisions

Article 1 The Company shall handle the acquisition or disposal of assets in compliance with these Procedures. Any matters unspecified under these Procedures shall be handled in accordance with relevant laws and regulations.

Article 2 Scope of Application

1. Investments in securities (incl. stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 3 Definition of Terms

1. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
3. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
4. The “financial statements for the most recent period” refers to the financial statements publicly audited and attested or reviewed by a certified public accountant in accordance with the law prior to the Company’s acquisition or disposal of assets.
5. For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
6. Terms not defined under these Procedures shall follow the provisions under the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” formulated by competent authorities.

Article 4 Appraisal Procedure

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions.
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. In acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.
3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
5. The calculation of the transaction amounts shall be done in accordance with Article 6, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with these Procedures need not be counted toward the transaction amount.

Article 5 Operation Procedures

1. The acquisition or disposal of marketable securities shall be handled by the financial unit in accordance with the applicable approval authority. Any transaction exceeding NT\$20 million shall require prior approval by the Board of Directors before it may be conducted.
2. The acquisition or disposal of real property or right-of-use assets thereof, as well as equipment, shall be handled by the requesting unit in accordance with the applicable approval authority. Any

transaction exceeding NT\$30 million shall require prior approval by the Board of Directors before it may be conducted.

3. The acquisition or disposal of intangible assets or right-of-use assets thereof, and membership certificates, shall be handled in accordance with the procedures applicable to securities.
4. In the event of a merger, demerger, acquisition, or transfer of shares conducted pursuant to applicable laws, the Chairman shall instruct the responsible person or establish a task force to handle the relevant procedures and prepare the related documentation in accordance with Chapter 3 of these Procedures. Among such transactions, mergers, demergers, and acquisitions shall be subject to approval by resolution of the shareholders' meeting before implementation, unless otherwise exempted from convening a shareholders' meeting under other applicable laws. Transfers of shares shall be subject to approval by the Board of Directors before implementation.
5. or derivative transactions exceeding the limits prescribed in the approval authority table (including equivalent foreign currency amounts), such transactions shall be subject to the approval of more than one-half (1/2) of all members of the Audit Committee and shall be submitted to the Board of Directors for resolution. If approval by more than one-half of all Audit Committee members has not been obtained, the transaction may nonetheless be carried out upon approval of at least two-thirds (2/3) of all Directors, and the resolution of the Audit Committee shall be clearly recorded in the minutes of the Board of Directors meeting.

Article 6 Procedures for Public Announcement and Filing

1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event.
 - (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria.
 1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - (4) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
 - (5) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances.
 1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- (6) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out under Chapter 4, Article 12, Paragraph 4 herein.
2. The amount of transactions above shall be calculated as follows.
 - (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
 - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
4. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.
5. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
6. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Paragraph 1, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.

Article 7 Scope and Credits for the Investments

1. In the event the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 15 percent of the Company's net worth; where a subsidiary of the Company acquires real properties for non-business use and right-of-use assets thereof, the aggregate amount shall not be more than 5 percent of the Company's net worth.
2. In the event the Company invests in securities, the aggregate amount shall not be more than 10 percent of the Company's net worth; where a subsidiary of the Company invests in securities, the aggregate amount shall not be more than 10 percent of the Company's net worth.
3. In the event the Company invests in securities, the amount in an individual security shall not be more than 10 percent of the Company's net worth; where a subsidiary of the Company invests in securities, the amount in an individual security shall not be more than 10 percent of the Company's net worth.

Article 8 Control Procedures for Acquisition or Disposal of Assets by the Company's Subsidiaries

1. Any acquisition or disposal of assets by the Company's subsidiaries shall be conducted in accordance with the applicable local laws and regulations governing the "Procedures for Acquisition or Disposal of Assets" as compiled by the Company.

2. The Company's subsidiaries shall establish and implement procedures for the acquisition or disposal of assets. Such procedures shall be approved by the subsidiary's Board of Directors and submitted to the shareholders' meeting for approval; the same shall apply to any amendments thereto. The Company's subsidiaries shall also periodically provide relevant information regarding asset acquisitions or disposals to the Company for review and inspection.
3. Where a subsidiary of the Company is not a domestic public company, and its acquisition or disposal of assets reaches the threshold requiring public announcement and reporting as prescribed in Article 6 of these Procedures, the Company shall make such announcement and filing on behalf of the subsidiary.
4. For the purpose of determining the thresholds for public announcement and reporting under the preceding paragraph that are based on paid-in capital or total assets, the paid-in capital or total assets of the Company shall apply.

Chapter Acquiring Real Properties from Related Parties

Article 9 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Chapter. The calculation of the transaction amount shall be made in accordance with Article 6, Paragraph 2 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 10 Resolution Procedures

1. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution.
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a transaction counterparty.
 - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions by the competent authority.
 - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - (7) Restrictive covenants and other important stipulations associated with the transaction.
2. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 6, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and submitted to the Board of Directors for adoption and to the shareholders' meeting for ratification need not be counted toward the transaction amount.

3. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within NT\$30 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.
4. If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiary or those between subsidiaries.
- 5.
6. Where the Company engages in the acquisition or disposal of assets with a related party, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Chapter 3 Merger, Demerger, Acquisition and Transfer of Shares

- Article 11 Where the Company acquires or disposes assets through mergers, demergers, acquisitions, or transfer of shares in accordance with law, it shall comply with the provisions under the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority.

Chapter 4 Derivatives Trading

- Article 12 Principles and Guidelines for Transactions

1. Transaction Types: "Derivatives" under these Procedures refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

The Company shall not engage in derivatives transactions other than those specified above. If it becomes necessary to engage in transactions involving other derivative instruments, such transactions shall only be conducted after approval by resolution of the Board of Directors.

2. Management or Hedging Strategies: The Company engages in derivatives transactions on the principle of risk hedging. Such transactions shall be undertaken to hedge against receivables, payables, or assets and liabilities arising from, or expected to arise from, the Company's business operations. Prior to entering into any transaction, it shall be confirmed that the transaction is hedging in nature. The Company shall not engage in speculative or trading activities (i.e., non-hedging transactions).
3. Division of Duties:
 - (1) Trading Personnel: Trading personnel shall be responsible for executing derivatives transactions and shall be appointed by the Chairman. Within the scope of their authorized powers, they shall be responsible for formulating trading strategies, executing trading instructions, disclosing potential future trading risks, and providing timely information to relevant departments for reference.
 - (2) Finance Unit: The Finance Unit shall be responsible for transaction confirmation and settlement arrangements, recording transactions in accordance with applicable regulations, and maintaining transaction records and supporting documentation. The Finance Unit shall also establish and maintain a reference ledger, conduct periodic fair value assessments of outstanding positions, and provide such information to the personnel in charge of trading. In addition, the Finance Unit shall disclose matters related to derivatives transactions in the Company's financial statements.

4. Limits for Transactions and Maximum Loss for Aggregate and Individual Contracts: The aggregate notional amount of hedging contracts shall not exceed the Company's net exposure, after offsetting receivables and payables or assets and liabilities, arising from business operations within the next six months. The authorization limit for each individual transaction (including foreign-currency equivalents) shall be governed by the approval authority table. The maximum loss limit shall not exceed 20% of the contract amount and shall apply to both individual contracts and the aggregate of all contracts.
5. Performance Evaluation: Performance evaluation shall be based on the gains or losses arising from derivatives transactions as compared with the Company's book exchange (interest) rate costs. Such evaluation shall be conducted at least twice per month, and the results shall be submitted to management for review and reference.

Article 13 Risk Management

1. Credit Risk: Counterparties shall be limited to banks with which the Company has an existing business relationship or internationally recognized financial institutions capable of providing professional expertise and information.
2. Market Risk: With respect to derivatives financial instruments, the risks arising from market price fluctuations caused by changes in interest rates, foreign exchange rates, or other relevant factors shall be continuously monitored and controlled. After positions are established, pre-determined stop-loss limits shall be strictly observed.
3. Liquidity Risk: To ensure adequate liquidity, counterparties must possess sufficient operational systems, information resources, and transaction execution capabilities, and must be able to conduct transactions in any relevant market.
4. Cash Flow Risk: Authorized trading personnel shall strictly comply with approved trading limits and shall at all times monitor the Company's cash flow position to ensure that sufficient funds are available for settlement when due.
5. Operation Risk: The degree of authority delegated and the related operating procedures shall be clearly defined and documented to mitigate operational risks.
6. Product Risk: Authorized trading personnel shall possess complete and accurate professional knowledge of the derivatives instruments involved to avoid losses arising from misuse or misunderstanding of such instruments.
7. Legal Risk: All documents executed between the Company and its counterparties shall be subject to review by internal legal personnel or external legal counsel prior to execution, in order to mitigate legal risks.

Article 14 Internal Control and Internal Audit Systems

1. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
2. Where the Chairman designates relevant personnel to conduct transactions, such designation shall be reported to the most recent meeting of the Board of Directors after the fact for record and reference.
3. After a transaction has been executed by the trading personnel, a designated confirmation officer shall confirm the transaction terms with the counterparty and submit the transaction for approval by the responsible authority. The confirmation officer shall also periodically reconcile accounts or conduct confirmations with correspondent banks to ensure on an ongoing basis that the aggregate transaction amount does not exceed the limits prescribed under these Procedures.
4. Risk measurement, monitoring, and control personnel shall be assigned to a different section or department than the personnel in derivatives trading, confirmation and settlement personnel and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
5. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 15 Methods for Periodic Evaluation and Handling of Irregular Circumstances

positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the Chairman or senior management personnel authorized by the Board of Directors.

For engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, periodic evaluation reports to be issued monthly or weekly, and matters concerning periodic evaluation by senior management personnel authorized by the Board of Directors shall be recorded in detail in the log book.

The Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk, and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk, and periodically evaluate whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures for engaging in derivatives trading formulated by the Company. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Chairman and the Board of Directors.

Chapter 5 Other Important Matters

Article 16 Penal Provisions

If any personnel responsible for handling the acquisition or disposal of assets on behalf of the Company violate these Procedures, the responsible supervisor shall impose disciplinary actions commensurate with the severity of the violation. The immediate supervisor of the personnel in violation shall also be subject to disciplinary action, unless the supervisor can reasonably demonstrate that appropriate preventive measures had been taken in advance. Where the Board of Directors or any director, in the execution of their duties, violates applicable laws, regulations, or resolutions of the shareholders' meeting, the Audit Committee shall, in accordance with Article 218-2 of the Company Act, notify the Board of Directors or the relevant director to cease such conduct.

Article 17 In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 18 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by the competent authority.

Article 19 When these Procedures are adopted, they shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution before approval by the shareholders' meeting; the same shall apply to any amendments thereto. If approval of one-half or more of all Audit Committee members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Nano Electronics and Micro System Technologies, Inc.

Rules for Election of Directors

Article 1. Unless otherwise provided by laws, regulations, or the Company's Articles of Incorporation, the election of directors of the Company shall be conducted in accordance with these Rules.

Article 2. The election of directors shall be held at the shareholders' meeting. The Company shall prepare ballots and indicate the number of voting rights thereon.

Article 3. The election of directors of the Company shall adopt a candidate nomination system.

Article 4. The election of directors shall adopt a cumulative voting system. Each share shall have voting rights equivalent to the number of directors to be elected, and the total votes may be cast for a single candidate or distributed among several candidates. Independent and non-independent directors shall be elected at the same time, with the number of elected seats calculated separately.

Article 5. Candidates who receive the highest number of voting rights shall be elected in descending order. If two or more candidates receive an equal number of votes and the prescribed number of seats is exceeded, the winner shall be determined by drawing lots. The Chairman shall draw lots on behalf of any candidate who is not present.

Article 6. Before the election begins, the Chairman shall appoint several scrutineers and vote counters to perform their respective duties. Scrutineers must hold the status of a shareholder.

Article 7. The ballot boxes used for the election shall be prepared by the Company and shall be publicly inspected by the scrutineers before voting commences.

Article 8. A ballot shall be deemed invalid under any of the following circumstances:

- 1.The ballot was not placed in the ballot box.
- 2.The ballot used was not prepared by the Company.
- 3.A blank ballot was placed in the ballot box.
- 4.The writing is illegible or has been altered by the voter.
- 5.The total number of voting rights cast by the voter exceeds the total number of voting rights held by said voter.
- 6.The names of two or more candidates are filled in on a single ballot.

- 7.The candidate filled in on the ballot does not match the official list of director candidates.
- 8.Other words, drawings, symbols, or extraneous markings are included on the ballot besides the candidate’s account name, account number, ID number, or name.

Article 9. The ballots shall be counted immediately after voting is completed. The results of the election shall be announced on the spot by the Chairman or a person designated by the Chairman.

Article 10. The Company shall issue a notice of election to the directors-elect.

Article 11 .These Rules shall take effect after being approved by the shareholders' meeting. The same shall apply to any future amendments.

Nano Electronics and Micro System Technologies, Inc.
Shareholding by All Directors

Book Closure Date: March 23, 2026

Role	Name	Shares
Chairman	Chun-Yi Sung	3, 769, 197
Director	KI GIANT TECHNOLOGY INC. Representative Shao-Chieh Chiang	5, 235. 307
Director	Kun-Tsan Tseng	2,519,082
Director	Chia-Yuan Hsu	1,517,981
Independent Director	Meng-Feng Yen	0
Independent Director	Chih-Wen Huang	0
Independent Director	Hui-Ling Huang	0
Total Shares Owned by All Directors		13, 041, 567

1. Total shares issued by the Company: 36,796,731 shares.
2. In accordance with Article 26, Paragraph 2 of the Securities and Exchange Act, the total shares in minimum owned by all directors is as follows:
The statutory minimum of total shares owned by all directors shall be: 3, 600, 000 shares.
3. The total shares owned by all director has met the statutory percentages.
4. As the Company has an Audit Committee in place, the legal requirements for supervisor shareholdings do not apply.