

Stock Code: 9942

NAK Sealing Technologies Corporation

2025 Annual General Meeting



Meeting Handbook

Time of Meeting: 09:30 am, June 13, 2025 (Friday)

Location of Meeting: No. 336, Industrial Road, Nantou City, Nantou County (the conference room on the 4th floor of the company building)

Meeting method: Physical venue

NAK Sealing Technologies Corporation

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I. Meeting Agenda

NAK Sealing Technologies Corporation Meeting Agenda for the 2025 Annual General Meeting

- (I) Meeting method: Physical venue
- (II) Time: 09:30 am, June 13, 2025 (Friday)
- (III) Location: No. 336, Industrial Road, Nantou City, Nantou County (the conference room on the 4th floor of the company building)
- (IV) Report the number of shares in attendance and call the meeting to order.
- (V) Chair's speech
- (VI) Report Items
 - 1. 2024 Business Report.
 - 2. Audit Committee's review of the 2024 year-end report.
 - 3. Report on distribution of 2024 director and employee remuneration.
 - 4. Report on the collection of the remuneration of directors for 2024.
- (VII) Ratification Topics:
 - 1. 2024 business report, parent-only financial reports and consolidated financial reports.
 - 2. 2024 profit distribution.
- (VIII) Discussion Item: Amendment of provisions of the "Articles of Incorporation".
- (IX) Election Items: Full re-election of the Company's directors.
- (X) Extraordinary Motions
- (XI) Adjournment

II. Report Items:

(I) 2024 Business Report.

Description: Please refer to Attachment 1 (page 12 of the meeting handbook) for the Company's 2024 business report.

(II) Audit Committee's review of the 2024 year-end report.

Description: Please refer to Attachment 2 (page 15 of the meeting handbook) for the Audit Committee Report.

(III) Report on distribution of 2024 director and employee remuneration.

Description:

1. The 2024 net income before tax before subtracting the allocation of remuneration to employees and directors was NT\$967,384,336. According to the provisions of Article 28 of the Articles of Incorporation, 4.76%, or NT\$46,041,082, of the abovementioned amount was allocated as employees' remuneration, while 0.52%, or NT\$5,000,000, was allocated as directors' remuneration, all of which were paid in cash.
2. Please kindly find the attached report for your reference.

(IV) Report on the collection of the remuneration of directors for 2024.

Description:

1. The distribution made to general directors was based on the 2024 results of the operation and performance of the Board of Directors. Please refer to Attachment 3 (page 16 of the meeting handbook) for the detailed information on the distribution and the collection of remuneration by general directors and independent directors of the Company.
2. The remuneration policies and procedures for the Company's general directors and independent directors, and its relevance to business performance, responsibilities, future risks, and time commitment:
 - (1) Remuneration paid to the Chairman and general directors: It is divided into business execution expenses and remuneration distributed from annual profits and is paid in accordance with the Company's Articles of Incorporation and the "Regulations Governing the Remuneration of Directors and Independent Directors".
 - (2) Remuneration paid to independent directors: It is divided into business execution expenses and fixed remuneration and is paid in accordance with the "Regulations Governing the Remuneration of Directors and Independent Directors" of the Company, except that independent directors do not participate in the annual remuneration distribution of profits.
 - (3) For the remuneration of the Company's directors (including independent directors), the remuneration committee considers the operating achievements of the Company throughout the year and the evaluation results under the Regulations for Performance Evaluation of the Board to recommend a reasonable remuneration paid to the directors (including independent directors). The recommendation is reported to the Board of Directors for discussions, and the distribution is made after it is approved.

- (4) The remuneration of the Company's directors (including independent directors) is based on the market positioning of the Company's overall remuneration and industry salary survey results with reference to the comprehensive considerations to the internal fairness, and the operating performance of the Company, and it is highly related to the responsibilities and risks assumed and time invested.

III. Ratification Topics:

Proposal 1: Proposed by the Board of Directors

Summary: Please ratify the 2024 business report, parent-only financial reports and consolidated financial reports for ratification.

Description:

1. The Company's 2024 parent-only and consolidate financial report have been audited by accountants Song-Yuan Wu and Chih-Wei Lai of PricewaterhouseCoopers Taiwan and submitted to the Company's audit committee, together with the financial statements and business report, for review.
2. Please ratify the parent-only and consolidated financial statements (refer to Attachment 4 (pages 17-46 of the meeting handbook)) and the 2024 business report (refer to Attachment 1 (page 12 of the meeting handbook)).

Resolution:

Proposal 2: Proposed by the Board of Directors

Summary: Submit the 2024 earnings distribution for ratification.

Description: Please ratify the 2024 earnings distribution which has been prepared by the Board in accordance with the Company Act and the Articles of Incorporation.

NAK Sealing Technologies Corporation

2024 Profit Distribution Table

Unit: NT\$

Item		Amount	Remarks
2024 Net income after tax	\$720,814,015		
Re-measured actuarial gains and losses of the defined benefit plans recognized in the retain earnings	19,793,619		
The amount of which the net income after taxes plus the items other than the net income added to the undistributed retained earnings		\$ 740,607,634	
Less: 10% as legal reserve		(74,060,763)	
Add: Special reserve		56,245,147	
2024 distributable earnings		\$ 722,792,018	
Add: Beginning undistributed earnings		1,348,450,532	
Accumulated distributable earnings as of the end of 2024		\$ 2,071,242,550	
Less: Shareholder bonus - Cash dividends (NT\$7.0/share)		(582,129,240)	Note 1
Undistributed earnings at the end of the period		\$ 1,489,113,310	

Note:

Note 1: The amount of dividends per share to be distributed is calculated based on the number of 83,161,320 issued shares outstanding as of March 13, 2025.

Note 2: The fractional cash dividends that do not amount to a full NT\$1 shall be added to the Company's other income.

Chairman: Cheng-Fu Shih

President Ming-Yao Shih

Principal Accounting Officer: Jul-Ching Hsueh

Resolution:

IV. Discussion Items:

Proposed by the Board of Directors

Summary: Amendment of provisions of the "Articles of Incorporation".

Description:

1. It is proposed to amend provisions of the "Articles of Incorporation" to meet Paragraph 6 of Article 14 of the Securities and Exchange Act, which stipulates that "the company shall specify in its Articles of Incorporation a certain percentage of its annual earnings to be allocated for adjusting the salaries or distributing compensation to basic-level employees."
2. The comparison of amendments to the "Articles of Incorporation" is shown as follows:

Article	Before Amendment	After Amendment	Descriptions
Article 28	<p>If the Company is profitable in the fiscal year, no less than 3% of the profit shall be offered as bonuses for employees, and no more than 3% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.</p> <p>Employee remuneration is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria specified by the board. The remunerations for directors are to be paid in cash only.</p> <p>The distribution in the abovementioned paragraphs shall be executed after the resolution approval at the board meeting with more than two-thirds of directors attending and more than half of the attending directors agreed and passed the resolution, and then reported to the shareholders' meeting.</p>	<p>If the Company is profitable in the fiscal year, no less than 3% of the profit shall be offered as bonuses for employees, and no more than 3% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.</p> <p><u>No less than 50% of employee remuneration referred to in the preceding paragraph shall be distributed to basic-level employees.</u></p> <p><u>Employee</u> remuneration is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria specified by the board. The remunerations for directors are to be paid in cash only.</p> <p>The distribution in the abovementioned paragraphs shall be executed after the resolution approval at the board meeting with more than two-thirds of directors attending and more than half of the attending directors agreed and passed the resolution, and then reported to the shareholders' meeting.</p>	<p>The article is amended to meet Paragraph 6 of Article 14 of the Securities and Exchange Act.</p>

Article	Before Amendment	After Amendment	Descriptions
Article 31	<p>The Articles of Incorporation were established in</p> <p>July 23, 1976.....The 25th amendment was made on June 15, 2010. The 26th amendment was made on June 6, 2012. The 27th amendment was made on June 12, 2015. The 28th amendment was made on June 29, 2016. The 29th amendment was made on June 22, 2017. The 30th amendment was made on July 29, 2011. The Articles of Incorporation were established in July 23, 1976...The 25th amendment was made on June 15, 2010. The 26th amendment was made on June 6, 2012. The 27th amendment was made on June 12, 2015. The 28th amendment was made on June 29, 2016. The 29th amendment was made on June 22, 2017. The 30th amendment was made on July 29, 2011. The 31st amendment was made on June 9, 2022. The 32nd amendment was made on June 20, 2024.</p>	<p>The Articles of Incorporation were established in</p> <p>July 23, 1976.....The 25th amendment was made on June 15, 2010. The 26th amendment was made on June 6, 2012. The 27th amendment was made on June 12, 2015. The 28th amendment was made on June 29, 2016. The 29th amendment was made on June 22, 2017. The 30th amendment was made on July 29, 2011. The Articles of Incorporation were established in July 23, 1976...The 25th amendment was made on June 15, 2010. The 26th amendment was made on June 6, 2012. The 27th amendment was made on June 12, 2015. The 28th amendment was made on June 29, 2016. The 29th amendment was made on June 22, 2017. The 30th amendment was made on July 29, 2011. The 31st amendment was made on June 9, 2022. The 32nd amendment was made on June 20, 2024. <u>The 33rd amendment was made on June 13, 2025.</u></p>	<p>Add the date of the new amendment.</p>

V. Election Items:

Summary: Full re-election of the Company's directors.

Description:

1. The term of the Company's directors will expire on June 12, 2025. A full re-election is proposed at this year's shareholders' annual general meeting, and the original directors will be discharged after the election of the new directors.
2. A total of nine directors (including four independent directors) will be elected, and shall take office immediately after the shareholders' meeting. The term of service is three years and they can be re-elected. The term of office is from June 13, 2025 to June 12, 2028. In accordance with the Company's Articles of Incorporation, the directors shall be elected by the candidate nomination approach. Shareholders shall elect directors from the list of candidates.
3. The candidates for directors were approved by the Board of Directors on March 13, 2025. The relevant information is as follows:

Category of Candidate	Name of Candidate (Gender)	Educational Background	Work Experience	Current Position	No. of Shares Held	Name of the Represented Government or Legal Entity
Director	Cheng-Fu Shih (Male)	Master of Business Administration, Dominican University of California, USA	Chairman of Lian-Shun Company Chairman of Yi-Cheng Company	Chairman of NAK Sealing Technologies Corporation	9,572,000	Representative of Fu Mao Mei Investment
Director	Ming-Yao Shih (Male)	Lansbridge University MBA Department of Physics of Chung Yuan Christian University	Manager of Production Technology Department and Production Planning Department at NAK Sealing Technologies Corporation	President of NAK Sealing Technologies Corporation	9,572,000	Representative of Fu Mao Mei Investment

Category of Candidate	Name of Candidate (Gender)	Educational Background	Work Experience	Current Position	No. of Shares Held	Name of the Represented Government or Legal Entity
Director	Hsi-Hu Nian (Male)	Tung Der Vocation School	Manager of Production Department and Procurement Department at NAK Sealing Technologies Corporation	None	275,000	Not applicable
Director	Ren-An Chen (Male)	Overseas Chinese University	Manager of Management Department at Hota Industrial Vice President of Finance Department at NAK Sealing Technologies Corporation	None	887,533	Not applicable
Director	Shu-Chun Hsu (Female)	Department of Accounting of Chinese Culture University University of North Texas - Marketing Master degree	Audit specialist of PricewaterhouseCoopers, Taiwan Marketing specialist and Manager of Operations Section IV at NAK Sealing Technologies Corporation	Senior sales manager of Development Division V at NAK Sealing Technologies Corporation	780,000	Not applicable

Category of Candidate	Name of Candidate (Gender)	Educational Background	Work Experience	Current Position	No. of Shares Held	Name of the Represented Government or Legal Entity
Independent director	Chin-Lung Lin (Male)	Department of Law, Soochow University	Prosecutor of Taiwan Yunlin District Prosecutors Office Prosecutor of Taiwan Changhua District Prosecutors Office Attorney-at-Law of Chang-De Law Firm	Independent director of NAK Sealing Technologies Corporation Lead attorney of Cheng-Chun Law Firm	3,000	Not applicable
Independent director	Yeh Yeh (Female)	Department of Accounting of Providence University	Practicing accountant of Chao Yi Certified Public Accountants	Practicing accountant of Chao Yi Certified Public Accountants	None	Not applicable

Category of Candidate	Name of Candidate (Gender)	Educational Background	Work Experience	Current Position	No. of Shares Held	Name of the Represented Government or Legal Entity
Independent director	Wendy Yang (Female)	Doctor of Laws of School of Law of Washington University Bachelor of School of Hotel Administration of Cornell University	Responsible person of International Department of Feng Yi International Law Firm Senior foreign-related lawyer of Direction Int'l Patent Trademark & Law Office	Managing director and founding partner of International Law Offices of Wendy Yang & Partners	None	Not applicable
Independent director	Ming-Chin Yang (Male)	Department of Accounting of Soochow University Master of College of EMBA of Tunghai University	CPA Partner of PricewaterhouseCoopers, Taiwan	Independent director of Cayman Engley Industrial Co., Ltd.	None	Not applicable

VI. Extraordinary Motions

VII. Adjournment

Attachment 1

2024 Business Report

1. Achievements of business plan

The Company's net revenue in 2024 is NT\$2,447,525 thousand, representing an decrease of 29% from NT\$3,447,437 thousand in 2023; the net profit before tax in 2024 is NT\$916,343 thousand, representing a decrease of 25.18% from NT\$1,224,659 thousand in 2023. This is mainly due to the decline in the market demand for the current year, so that both net operating income and net profit before tax in 2024 decreased compared with the previous period.

Unit: In NT\$ thousand

Item	2024	2023	Change in %
Net Operating Income	2,447,525	3,447,437	-29.00%
Gross profit	840,472	1,299,948	-35.35%
Operating Income	462,491	811,383	-43.00%
Pre-tax net income	916,343	1,224,659	-25.18%
Net income after tax	720,814	979,206	-26.39%

2. Budget execution

The Company is not required to make public financial forecasts for 2024 under the prevailing laws. Business performance is generally in line with internal plans.

3. Analysis of revenue and expenditure and profitability

Item		2024	2023
Capital structure (%)	Debt-to-total-assets ratio	15.60	20.67
	Long-term funds to fixed assets ratio	404.32	374.25
Solvency (%)	Current ratio	398.62	277.66
	Quick ratio	257.33	172.73
Profitability (%)	Return on total assets	14.52	19.88
	Return on shareholders' equity	17.72	26.37
	Net margin	29.45	28.40
	Earnings per share - After tax (NT\$)	8.67	11.77

4. Status on research and development:

(1) Research and development results for 2024:

Item	Description
Technologies and products successfully developed	<ol style="list-style-type: none"> 1. OEM products in the automotive industry, oil seals used in vehicle diesel pumps. 2. OEM products in the automotive industry, oil seals used in vehicle axles. 3. OEM products in the automotive industry, oil seals used in vehicle shock absorbers. 4. OEM products for industrial applications, oil seals used in precision gearboxes. 5. OEM products for industrial applications, oil seals used in hydraulic motors. 6. OEM products in the industrial industry, used in washing machine oil seals. 7. OEM products for agricultural construction and mining industries, oil seals used in agricultural machinery axles. 8. OEM products for agricultural construction and mining industries, oil seals used in agricultural hydraulic pumps. 9. OEM products for agricultural construction and mining industries, oil seals used in hydraulic cylinders of construction machinery. 10. OES products in the automotive industry, oil seals used in vehicle shock absorbers. 11. OES products in the automotive industry, oil seals used in vehicle axles. 12. As for AF products in the automotive industry, the following products have been developed in line with the sales department's strategy for the aftermarket segment: <ol style="list-style-type: none"> (1) Steering gearbox repair kit. (2) Steering pump repair kit. (3) Automatic transmission pistons repair kit. 13. Development of injection molding-grade rubber compound.

- (2) The research and development expenses of 2024 is NT\$77,979 thousand, accounting for 3.19% of the net operating income.

Chairman: Cheng-Fu Shih

President: Ming-Yao Shih

Principal Accounting Officer: Jul-Ching Hsueh

NAK Sealing Technologies Corporation
Audit Committee Report

The Board of Directors has produced the Company's 2024 business report, financial statements and proposals for profits distribution, of which the financial statements have been audited by PwC Taiwan, with the auditing report attached. The business report, financial statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the audit committee. We hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

The 2025 Annual General Meeting

NAK Sealing Technologies Corporation
Convener of the Audit Committee: Su-Ying Li

March 13, 2025

Attachment 3

NAK Sealing Technologies Corporation
Details of Remuneration of Directors in 2024

Unit: NTD in thousands

Job title	Name of Director	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of the Net Income		Remuneration for concurrent position as an employee								Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income		Receipt of remuneration from non- consolidated affiliates or the parent company
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors' remuneration (C)		Allowances for Operations (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)						
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	Cheng-Fu Shih	-	-	-	-	1,000	1,000	56	56	0.15%	0.15%	2,845	2,845	-	-	544	-	544	-	0.62%	0.62%	None
Vice Chairman	Chun-Tang Hsu	-	-	27	27	1,000	1,000	16	16	0.14%	0.14%	487	5,231	-	-	-	-	2,410	-	0.21%	1.20%	None
Director	Ming-Yao Shih	-	-	112	112	1,000	1,000	48	48	0.16%	0.16%	3,265	3,265	-	-	503	-	503	-	0.68%	0.68%	None
Director	Hsi-Hu Nian	-	-	-	-	1,000	1,000	40	40	0.14%	0.14%	-	-	-	-	-	-	-	-	0.14%	0.14%	None
Director	Ren-An Chen	-	-	-	-	1,000	1,000	56	56	0.15%	0.15%	-	-	-	-	-	-	-	-	0.15%	0.15%	None
Independent director	Kuo-Ko Chen	360	360	-	-	-	-	56	56	0.06%	0.06%	-	-	-	-	-	-	-	-	0.06%	0.06%	None
Independent director	Su-Ying Lee	360	360	-	-	-	-	56	56	0.06%	0.06%	-	-	-	-	-	-	-	-	0.06%	0.06%	None
Independent director	Chih-Hung Wu	360	360	-	-	-	-	56	56	0.06%	0.06%	-	-	-	-	-	-	-	-	0.06%	0.06%	None
Independent director	Chin-Lung Lin	360	360	-	-	-	-	56	56	0.06%	0.06%	-	-	-	-	-	-	-	-	0.06%	0.06%	None
Note: In addition to as disclosed in the above table, the remuneration received by the directors for their services provided (such as serving as a non-employee consultant for the parent company and all companies/re-investment listed in the financial reports) in the most recent fiscal year: None.																						

Attachment 4

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Nak Sealing Technologies Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Nak Sealing Technologies Corporation (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Timing of sales revenue recognition

Description

Please refer to Notes 4(24) and 6(15) for accounting policies on revenue recognition. For the year ended December 31, 2024, the Company had operating revenue amounting to NT\$2,447,525 thousand.

The Company is primarily engaged in the manufacture and sales of various types of sealing components. In addition, the Group's marketing channels of products are spread globally, and sales to customers involve different kinds of transaction terms. The Company recognises sales revenue in accordance with the transaction terms of individual customers and after delivery and confirmation that control was transferred. Thus, the procedure for revenue recognition usually involves highly manual judgement, and the financial report period in which the sales revenue will be recognised would be affected by whether the control of goods were transferred to buyers in accordance with the performance obligations which were stipulated in the contracts before the end date of the reporting period. Thus, we consider the timing of sales revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the working procedures and internal control system of the Company's timing of sales revenue recognition, and tested for the efficiency of such controls.
2. Performed sales cut-off test for a certain period around balance sheet date and reviewed evidence in relation to subsequent significant sales returns and discounts to assess the adequacy of revenue cut-off.

Adequacy of accounting estimates of allowance for inventory valuation losses

Description

Please refer to Notes 4(10), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to loss allowance and details of loss allowance. As of December 31, 2024, the Company's total amount of inventories and allowance for inventory valuation losses were NT\$581,511 thousand and NT\$45,856 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of various types of sealing components. Such inventories are affected by the highly competitive market and the price fluctuation of international raw materials, such as glue, fossil oil and steel, thus, there were higher risk in inventory valuation loss and obsolescence. In addition, the Company's allowance for valuation loss on inventories primarily came from individually identified obsolete or damaged inventories. Since the cash amount of inventories is significant, types of items are numerous, and the net realisable value adopted usually involves subjective judgment, therefore, there is uncertainty in accounting estimates. Thus, we consider the estimates of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the Company's operations and industry in order to assess the reasonableness of the policy on recognition of allowance for inventory valuation losses.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan, participated in and observed the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Obtained inventory ageing report statements which management used in valuation and related supporting documents to verify the date of inventory change, and tested the accuracy and reasonableness of program logic of report statements.
4. Obtained the inventory cost and net realisable value estimation data which was prepared by management to verify individual inventory item with sales evidences and its accounting records, and tested the calculation of statements for accuracy to assess the basis of net realisable value and its reasonableness.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

6. Obtain sufficient 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 performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Sung-Yuan

Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 279,663	6	\$ 320,071	7
1136	Current financial assets at amortised cost	6(2)	102,956	2	102,956	2
1150	Notes receivable, net	6(3)	5,341	-	6,314	-
1170	Accounts receivable, net	6(3)	415,669	9	513,397	10
1180	Accounts receivable - related parties	7(2)	102,149	2	120,401	2
1200	Other receivables	6(4)	19,641	-	12,699	-
1210	Other receivables - related parties	7(2)	3,671	-	3,671	-
130X	Inventories	5(2) and 6(5)	535,655	11	686,689	14
1470	Other current assets		46,453	1	50,903	1
11XX	Current Assets		1,511,198	31	1,817,101	36
Non-current assets						
1550	Investments accounted for under equity method	6(5)	2,200,315	44	1,902,774	38
1600	Property, plant and equipment	6(7) and 8	1,129,852	23	1,159,166	23
1755	Right-of-use assets	6(8)	391	-	2,505	-
1780	Intangible assets		19,657	-	10,672	-
1840	Deferred income tax assets	6(21)	60,718	1	81,919	2
1900	Other non-current assets		25,236	1	18,460	1
15XX	Non-current assets		3,436,169	69	3,175,496	64
1XXX	Total assets		\$ 4,947,367	100	\$ 4,992,597	100

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2150	Notes payable		\$	109	-	\$	1,339	-
2170	Accounts payable			82,135	2		85,659	2
2200	Other payables	6(9)		268,852	6		360,006	7
2230	Current income tax liabilities	6(21)		18,626	-		192,212	4
2280	Current lease liabilities			395	-		2,140	-
2399	Other current liabilities, others	6(15)		8,990	-		13,072	-
21XX	Current Liabilities			379,107	8		654,428	13
Non-current liabilities								
2570	Deferred income tax liabilities	6(21)		392,020	8		346,275	7
2580	Non-current lease liabilities			-	-		172	-
2600	Other non-current liabilities	6(10)		787	-		30,993	1
25XX	Non-current liabilities			392,807	8		377,440	8
2XXX	Total Liabilities			771,914	16		1,031,868	21
Equity								
	Share capital	6(11)						
3110	Share capital - common stock			831,613	17		831,613	17
	Capital surplus	6(12)						
3200	Capital surplus			214,743	4		214,743	4
	Retained earnings	6(13)						
3310	Legal reserve			983,793	20		884,775	18
3320	Special reserve			197,664	4		166,780	3
3350	Unappropriated retained earnings			2,089,059	42		2,060,482	41
	Other equity interest							
3400	Other equity interest	6(14)	(	141,419)	(3)	(	197,664)	(4)
3XXX	Total equity			4,175,453	84		3,960,729	79
	Significant Contingent Liabilities and	9						
	Unrecognised Contract Commitments							
	Significant Disasters Loss	10						
	Significant Events after the Balance	11						
	Sheet Date							
3X2X	Total liabilities and equity		\$	4,947,367	100	\$	4,992,597	100

The accompanying notes are an integral part of these parent company only financial statements.

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(15) and 7(2)	\$ 2,447,525	100	\$ 3,447,437	100
5000	Operating costs	6(5)(20)	(1,618,403)	(66)	(2,132,296)	(62)
5900	Net operating margin		829,122	34	1,315,141	38
5920	Realized loss from sales		11,350	-	(15,193)	(1)
5950	Net operating margin		840,472	34	1,299,948	37
	Operating expenses	6(20)				
6100	Selling expenses		(115,327)	(5)	(147,076)	(4)
6200	General and administrative expenses		(185,417)	(7)	(262,187)	(8)
6300	Research and development expenses		(77,979)	(3)	(79,302)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		742	-	-	-
6000	Total operating expenses		(377,981)	(15)	(488,565)	(14)
6900	Operating profit		462,491	19	811,383	23
	Non-operating income and expenses					
7100	Interest income	6(16) and 7(2)	4,678	-	2,521	-
7010	Other income	6(17)	14,270	1	3,756	-
7020	Other gains and losses	6(18)	30,448	1	14,892	-
7050	Finance costs	6(19)	(162)	-	(4,268)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	404,618	17	396,375	12
7000	Total non-operating income and expenses		453,852	19	413,276	12
7900	Profit before income tax		916,343	38	1,224,659	35
7950	Income tax expense	6(21)	(195,529)	(8)	(245,453)	(7)
8200	Profit for the year		\$ 720,814	30	\$ 979,206	28

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Year ended December 31			
		2024		2023	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(10)			
		\$	24,742	1	\$ 13,719
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)			
		(	4,948)	-	(2,744)
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
			19,794	1	10,975
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income (loss), before tax, exchange differences on translation	6(14)			
			70,821	3	(33,037)
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(14)			
		(	515)	-	(5,568)
8399	Income tax relating to the components of other comprehensive income	6(14)(21)			
		(	14,061)	(1)	7,721
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
			56,245	2	(30,884)
8300	Other comprehensive income (loss) for the year		\$ 76,039	3	(\$ 19,909)
8500	Total comprehensive income for the year		\$ 796,853	33	\$ 959,297
Basic earnings per share					
9750	Total basic earnings per share	6(22)	\$	8.67	\$ 11.77
9850	Total diluted earnings per share		\$	8.62	\$ 11.70

The accompanying notes are an integral part of these parent company only financial statements.

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total equity
Notes	Share capital - common stock	Additional paid-in capital	Premium from merger	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>Year 2023</u>									
		\$ 831,613	\$ 208,642	\$ 6,101	\$ 820,541	\$ 191,973	\$ 1,575,045	(\$ 166,780)	\$ 3,467,135
		-	-	-	-	-	979,206	-	979,206
	6(14)	-	-	-	-	-	10,975	(30,884)	(19,909)
		-	-	-	-	-	990,181	(30,884)	959,297
<u>Appropriation and distribution of 2022 earnings</u>									
		-	-	-	64,234	-	(64,234)	-	-
		-	-	-	-	(25,193)	25,193	-	-
		-	-	-	-	-	(465,703)	-	(465,703)
		<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 884,775</u>	<u>\$ 166,780</u>	<u>\$ 2,060,482</u>	<u>(\$ 197,664)</u>	<u>\$ 3,960,729</u>
<u>Year 2024</u>									
		\$ 831,613	\$ 208,642	\$ 6,101	\$ 884,775	\$ 166,780	\$ 2,060,482	(\$ 197,664)	\$ 3,960,729
		-	-	-	-	-	720,814	-	720,814
	6(14)	-	-	-	-	-	19,794	56,245	76,039
		-	-	-	-	-	740,608	56,245	796,853
<u>Appropriation and distribution of 2023 earnings</u>									
		-	-	-	99,018	-	(99,018)	-	-
		-	-	-	-	30,884	(30,884)	-	-
		-	-	-	-	-	(582,129)	-	(582,129)
		<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 983,793</u>	<u>\$ 197,664</u>	<u>\$ 2,089,059</u>	<u>(\$ 141,419)</u>	<u>\$ 4,175,453</u>

The accompanying notes are an integral part of these parent company only financial statements.

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 916,343	\$ 1,224,659
Adjustments			
Adjustments to reconcile profit (loss)			
Realized loss (gain) from sales		(11,350)	15,193
Expected credit (gain) loss	12(2)	(742)	-
Depreciation expense-property, plant and equipment	6(6)(20)	115,014	115,617
Depreciation expense-right-of-use assets	6(7)(20)	7,218	9,306
Amortization expense	6(18)(20)	17,303	13,455
Loss (gain) on disposal of property, plant and equipment	6(18)	(473)	2,229
Disaster loss		5,210	-
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(404,618)	(396,375)
Loss on disposal of investments	6(18)	-	739
Interest revenue	6(16)	(4,678)	(2,521)
Grant revenue	6(17)	(12,535)	(171)
Financial cost-bank loan	6(19)	83	4,141
Financial cost-lease liabilities	6(7)(19)	79	127
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		973	2,175
Accounts receivable (including related parties)		116,722	134,900
Other receivables		13,642	6,313
Inventories		150,855	160,789
Other current assets		4,448	(9,188)
Changes in operating liabilities			
Notes payable		(1,230)	(1,903)
Accounts payable (including related parties)		(3,524)	(96,651)
Other payables		(93,500)	58,663
Other current liabilities		(4,082)	(6,862)
Net defined benefit liability		(4,096)	(7,364)
Cash inflow generated from operations		807,062	1,227,271
Dividends received		201,067	211,892
Interest received		4,624	2,662
Interest paid		(162)	(4,568)
Income taxes paid		(321,178)	(94,062)
Net cash flows from operating activities		691,413	1,343,195

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at amortised cost		\$	-	(\$	100,000)
Increase in other receivables due from related parties			-	(	489)
Acquisition of long-term equity investment	6(5)	(	15,000 )	(	15,000)
Proceeds from liquidation of investees accounted for using equity method			-		2,760
Acquisition of property, plant and equipment (including prepayments for equipment)	6(23)	(	104,611 )	(	135,059)
Proceeds from disposal of property, plant and equipment			580		545
Acquisition of intangible assets		(	24,239 )	(	16,804)
Decrease in other non-current assets			-	(	699)
Net cash flows used in investing activities		(	143,270 )	(	264,746)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds of short-term loans	6(24)		50,000		2,020,000
Repayments of short-term debt	6(24)	(	50,000 )	(	2,510,000)
Payments of lease liabilities	6(24)	(	7,022 )	(	9,063)
Cash dividends paid	6(13)(24)	(	582,129 )	(	465,703)
Increase in guarantee deposits received	6(24)		600		-
Net cash flows used in financing activities		(	588,551 )	(	964,766)
Net (decrease) increase in cash and cash equivalents		(	40,408)		113,683
Cash and cash equivalents at beginning of year			320,071		206,388
Cash and cash equivalents at end of year		\$	279,663	\$	320,071

The accompanying notes are an integral part of these parent company only financial statements.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Nak Sealing Technologies Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Nak Sealing Technologies Corporation and subsidiaries (the “Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted 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. Based on our audits and the reports of other independent auditors, 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 Group's 2024 consolidated financial statements. 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 for the Group's 2024 consolidated financial statements are stated as follows:

Timing of sales revenue recognition

Description

Please refer to Notes 4(26) and 6(16) for accounting policies on revenue recognition. For the year ended December 31, 2024, the Group had operating revenue amounting to NT\$3,923,456 thousand.

The Group is primarily engaged in the manufacture and sales of various types of sealing components, the marketing channels of products spread over the globe, and sales to customers involves different kinds of transaction terms. The Group recognised sales revenue in accordance with the transaction terms of individual customer and after delivery and confirming the control was transferred. Thus, the procedure of revenue recognition usually involved highly manual judgment and works, and which financial report period will the sales revenue be recognised in would be affected by whether the control of goods were transferred to buyers in accordance with the performance obligations which were regulated in the contracts before the final date of reporting period. Thus, we consider the timing of sales revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

3. Understood and assessed the working procedures and internal control system of the Group's timing of sales revenue recognition, and tested for the efficiency of such controls.
4. Performed sales cut-off test for a certain period around balance sheet date and reviewed evidence in relation to subsequent significant sales returns and discounts to assess the adequacy of revenue cut-off.

Adequacy of accounting estimates of allowance for inventory valuation losses

Description

Please refer to Notes 4(12), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to loss allowance and details of loss allowance. As of December 31, 2024, the Group's total amount of inventories and allowance for inventory valuation losses were NT\$1,028,898 thousand and NT\$56,982 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of various types of sealing components. Such inventories were affected by highly competitive market and the price fluctuation of international raw materials, such as glue, fossil oil and steel, thus, there were higher risk in inventories valuation loss and obsolescence. In addition, the Group's allowance for valuation loss on inventories primarily came from individually identified obsolete or damaged inventories. Since the cash amount of inventories was significant, types of items were many, and the net realisable value adopted usually involved subjective judgment, therefore, there was estimates uncertainty. Thus, we consider the estimates of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

5. Obtained an understanding of the Group's operations and industry in order to assess the reasonableness of the policy on recognition of allowance for inventory valuation losses.
6. Obtained an understanding on the warehouse management processes, reviewed the annual physical inventory count plan, participated in and observed the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
7. Obtained inventory ageing report statements which management used in valuation and related supporting documents to verify the date of inventory change, and test the accuracy and reasonableness of program logic of report statements.
8. Obtained the inventory cost and net realisable value estimation data which was prepared by management to verify individual inventory item with sales evidences and its accounting records, and tested the calculation of statements for accuracy to assess the basis of net realisable value and its reasonableness.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion and unmodified opinion with emphasis of matter on the parent company only financial statements of Nak Sealing Technologies Corporation as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 generally accepted 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 based on these consolidated financial statements.

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

7. 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 controls.
8. 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 controls.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

10. 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.
11. 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.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Sung-Yuan

Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2025

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NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 433,850	8	\$ 519,086	10
1136	Current financial assets at amortised cost	6(2)	237,599	5	163,482	3
1150	Notes receivable, net	6(3)	346,439	7	292,711	5
1170	Accounts receivable, net	6(3)	1,060,715	20	1,093,010	21
1180	Accounts receivable - related parties	7(2)	33,024	1	34,321	1
1200	Other receivables	6(4)	23,064	-	16,006	-
1210	Other receivables due from related parties	7(2)	3,653	-	3,653	-
130X	Inventories	6(5)	971,916	18	1,041,309	20
1470	Other current assets		57,655	1	68,632	1
11XX	Current Assets		3,167,915	60	3,232,210	61
Non-current assets						
1550	Investments accounted for under equity method	6(6)	41,955	1	33,215	1
1600	Property, plant and equipment	6(7) and 8	1,915,943	36	1,843,053	35
1755	Right-of-use assets	6(8)	49,975	1	51,907	1
1780	Intangible assets		30,311	-	21,195	-
1840	Deferred income tax assets	6(19)	62,976	1	84,153	2
1900	Other non-current assets	7(2)	47,109	1	26,521	-
15XX	Non-current assets		2,148,269	40	2,060,044	39
1XXX	Total assets		\$ 5,316,184	100	\$ 5,292,254	100

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023					
			AMOUNT	%	AMOUNT	%				
Current liabilities										
2150	Notes payable		\$	109	-	\$	1,339	-		
2170	Accounts payable			143,411	3		122,728	2		
2200	Other payables	6(9)		450,640	8		477,888	9		
2230	Current income tax liabilities			49,522	1		230,307	5		
2280	Current lease liabilities			1,189	-		2,504	-		
2320	Long-term liabilities, current portion	6(10)		11,320	-		11,320	-		
2399	Other current liabilities, others	6(16)		8,991	-		13,075	-		
21XX	Current Liabilities			665,182	12		859,161	16		
Non-current liabilities										
2540	Long-term borrowings	6(10)		56,600	1		67,920	1		
2570	Deferred income tax liabilities	6(19)		413,965	8		368,510	7		
2580	Non-current lease liabilities			-	-		922	-		
2600	Other non-current liabilities	6(11)		787	-		30,991	1		
25XX	Non-current liabilities			471,352	9		468,343	9		
2XXX	Total Liabilities			1,136,534	21		1,327,504	25		
Equity attributable to owners of parent										
	Share capital	6(12)								
3110	Share capital - common stock			831,613	16		831,613	16		
	Capital surplus	6(13)								
3200	Capital surplus			214,743	4		214,743	4		
	Retained earnings	6(14)								
3310	Legal reserve			983,793	19		884,775	17		
3320	Special reserve			197,664	4		166,780	3		
3350	Unappropriated retained earnings			2,089,059	39		2,060,482	39		
	Other equity interest	6(15)								
3400	Other equity interest		(141,419)	(3)	(197,664)	(4)
31XX	Equity attributable to owners of the parent			4,175,453	79		3,960,729	75		
36XX	Non-controlling interest			4,197	-		4,021	-		
3XXX	Total equity			4,179,650	79		3,964,750	75		
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9								
	Significant Disasters Loss	10								
3X2X	Total liabilities and equity		\$	5,316,184	100	\$	5,292,254	100		

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7(2)	\$ 3,923,456	100	\$ 4,786,526	100
5000	Operating costs	6(5)(18)	(2,342,050)	(60)	(2,810,271)	(59)
5900	Net operating margin		1,581,406	40	1,976,255	41
5920	Realized profit (loss) from sales		436	-	(5,053)	-
5950	Net operating margin		1,581,842	40	1,971,202	41
	Operating expenses	6(18)				
6100	Selling expenses		(189,366)	(5)	(214,028)	(4)
6200	General and administrative expenses		(322,584)	(8)	(371,788)	(8)
6300	Research and development expenses		(77,979)	(2)	(79,303)	(2)
6450	Expected credit loss	12(2)	(12,581)	-	-	-
6000	Total operating expenses		(602,510)	(15)	(665,119)	(14)
6900	Operating profit		979,332	25	1,306,083	27
	Non-operating income and expenses					
7100	Interest income		10,316	-	5,628	-
7010	Other income		14,766	-	8,327	-
7020	Other gains and losses	6(17)	22,172	1	13,348	1
7050	Finance costs		(2,996)	-	(6,118)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)	14,295	-	1,634	-
7000	Total non-operating income and expenses		58,553	1	22,819	1
7900	Profit before income tax		1,037,885	26	1,328,902	28
7950	Income tax expense	6(19)	(317,060)	(8)	(348,391)	(8)

(Continued)

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
8200	Profit for the year		<u>\$ 720,825</u>	<u>18</u>	<u>\$ 980,511</u>	<u>20</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(11)	\$ 24,742	1	\$ 13,719	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	(4,948)	-	(2,744)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>19,794</u>	<u>1</u>	<u>10,975</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(15)	70,986	2	(33,029)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(15)	(515)	-	(5,568)	-
8399	Income tax relating to the components of other comprehensive income	6(19)	(14,061)	(1)	7,721	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>56,410</u>	<u>1</u>	<u>(30,876)</u>	<u>-</u>
8300	Total other comprehensive income for the year		<u>\$ 76,204</u>	<u>2</u>	<u>(\$ 19,901)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 797,029</u>	<u>20</u>	<u>\$ 960,610</u>	<u>20</u>
	Profit, attributable to:					
8610	Owners of the parent		\$ 720,814	18	\$ 979,206	20
8620	Non-controlling interest		11	-	1,305	-
			<u>\$ 720,825</u>	<u>18</u>	<u>\$ 980,511</u>	<u>20</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 796,853	20	\$ 959,297	20
8720	Non-controlling interest		176	-	1,313	-
			<u>\$ 797,029</u>	<u>20</u>	<u>\$ 960,610</u>	<u>20</u>
	Basic earnings per share	6(20)				
9750	Total basic earnings per share		<u>\$ 8.67</u>		<u>\$ 11.77</u>	
9850	Total diluted earnings per share		<u>\$ 8.62</u>		<u>\$ 11.70</u>	

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Capital surplus			Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity	
Notes	Share capital - common stock	Additional paid-in capital	Premium from merger	Legal reserve	Special reserve	Unappropriated retained earnings						
<u>Year 2023</u>												
	Balance at January 1, 2023	\$ 831,613	\$ 208,642	\$ 6,101	\$ 820,541	\$ 191,973	\$ 1,575,045	(\$ 166,780)	\$ 3,467,135	\$ 16,562	\$ 3,483,697	
	Profit for the year	-	-	-	-	-	979,206	-	979,206	1,305	980,511	
	Other comprehensive income (loss)	6(15)	-	-	-	-	10,975	(30,884)	(19,909)	8	(19,901)	
	Total comprehensive income (loss)		-	-	-	-	990,181	(30,884)	959,297	1,313	960,610	
	Appropriation and distribution of 2022 earnings	6(14)										
	Legal reserve appropriated		-	-	-	64,234	-	(64,234)	-	-	-	
	Special reserve appropriated		-	-	-	-	(25,193)	25,193	-	-	-	
	Cash dividends		-	-	-	-	-	(465,703)	-	(465,703)	(465,703)	
	Deregistration of subsidiary		-	-	-	-	-	-	-	(13,854)	(13,854)	
	Balance at December 31, 2023		<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 884,775</u>	<u>\$ 166,780</u>	<u>\$ 2,060,482</u>	<u>(\$ 197,664)</u>	<u>\$ 3,960,729</u>	<u>\$ 4,021</u>	<u>\$ 3,964,750</u>
<u>Year 2024</u>												
	Balance at January 1, 2024		\$ 831,613	\$ 208,642	\$ 6,101	\$ 884,775	\$ 166,780	\$ 2,060,482	(\$ 197,664)	\$ 3,960,729	\$ 4,021	\$ 3,964,750
	Profit for the year		-	-	-	-	-	720,814	-	720,814	11	720,825
	Other comprehensive income	6(15)	-	-	-	-	-	19,794	56,245	76,039	165	76,204
	Total comprehensive income		-	-	-	-	-	740,608	56,245	796,853	176	797,029
	Appropriation and distribution of 2023 earnings	6(14)										
	Legal reserve appropriated		-	-	-	99,018	-	(99,018)	-	-	-	-
	Special reserve appropriated		-	-	-	-	30,884	(30,884)	-	-	-	-
	Cash dividends		-	-	-	-	-	(582,129)	-	(582,129)	-	(582,129)
	Balance at December 31, 2024		<u>\$ 831,613</u>	<u>\$ 208,642</u>	<u>\$ 6,101</u>	<u>\$ 983,793</u>	<u>\$ 197,664</u>	<u>\$ 2,089,059</u>	<u>(\$ 141,419)</u>	<u>\$ 4,175,453</u>	<u>\$ 4,197</u>	<u>\$ 4,179,650</u>

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

NAK SEALING TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,037,885	\$ 1,328,902
Adjustments			
Adjustments to reconcile profit (loss)			
Realized loss from sales		(436)	5,053
Expected credit loss	12(2)	12,581	-
Depreciation expense-property, plant and equipment	6(7)(18)	167,385	159,645
Depreciation expense-right-of-use assets	6(8)(18)	3,849	5,672
Amortization expense	6(18)	25,308	19,479
Loss on disposal of property, plant and equipment	6(17)	1,982	2,245
Disaster loss	6(17)	5,210	-
Loss on disposal of investments	6(17)	-	739
Grant revenue		-	(4,940)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(14,295)	(1,634)
Interest revenue		(10,316)	(5,628)
Financial cost-bank loan		2,996	6,118
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(42,304)	(7,737)
Accounts receivable(include related parties)		21,011	(3,177)
Other receivables		1,008	12,940
Inventories		69,214	201,183
Other current assets		10,977	(15,669)
Changes in operating liabilities			
Notes payable		(1,230)	(1,904)
Accounts payable		20,683	(95,863)
Other payables		(34,326)	56,875
Other current liabilities		(4,084)	(6,859)
Net defined benefit liability		(4,096)	(7,364)
Cash inflow generated from operations		1,269,002	1,648,076
Dividend income		2,090	2,981
Interest received		10,245	5,614
Interest paid		(1,799)	(6,187)
Income taxes paid		(451,000)	(232,813)
Net cash flows from operating activities		828,538	1,417,671

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at amortised cost		(\$	74,117)	(\$	111,983)
Increase in other receivables due from related parties			-	(	489)
Proceeds from liquidation of investees accounted for using equity method			-		2,760
Acquisition of property, plant and equipment	6(21)	(	258,565 )	(	193,826)
Proceeds from disposal of property, plant and equipment			2,225		548
Acquisition of intangible assets		(	30,098 )	(	21,452)
(Increase) decrease in other non-current assets		(	183)		337
Net cash flows used in investing activities		(	360,738 )	(	324,105)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term loans	6(22)		50,000		2,020,000
Repayments of short-term loans	6(22)	(	50,000 )	(	2,510,000)
Repayments of long-term debt	6(22)	(	11,320 )	(	11,320)
Payments of lease liabilities	6(22)	(	2,285 )	(	4,087)
Cash dividends paid	6(14)(22)	(	582,129 )	(	465,703)
Payments to non-controlling interest for deregistration of subsidiary	4(3)		-	(	13,319)
Increase in guarantee deposits received	6(22)		600		-
Net cash flows used in financing activities		(	595,134 )	(	984,429)
Effect of exchange rate changes on cash and cash equivalents			42,098	(	28,044)
Net (decrease) increase in cash and cash equivalents		(	85,236)		81,093
Cash and cash equivalents at beginning of year			519,086		437,993
Cash and cash equivalents at end of year		\$	433,850	\$	519,086

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

Appendix 1

Articles of Incorporation of NAK Sealing Technologies Corporation

Chapter 1: General Principles

Article 1: The Company is incorporated in accordance with the Company Act, and is named NAK Sealing Technologies Corporation.

Article 2: The Company is engaged in the following business activities:

- I. Processing, manufacturing and import and export of oil seals for automobiles, motorcycles, machinery and transportation equipment.
- II. CQ01010 Mold and Die manufacturing.
- III. CB01010 Mechanical Equipment Manufacturing.
- IV. F401030 Manufacture export.
- V. C804020 Industrial rubber products manufacturing.
- VI. F401010 International trade.
- VII. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The head office of the Company is located in Nantou County, Taiwan. If necessary, branch offices at home and abroad may be established after the resolution of the Board of Directors and the approval by the central authority.

Article 4: The Company may provide external endorsement due to the needs of the business.

Article 5: The total amount of the Company's re-investment is not subject to limitations specified in Article 13 of the Company Act.

Chapter 2: Shares

Article 6: The total authorized capital of the Company is NT\$1 billion, divided into 100 million common stock shares. Each share has a face value of ten New Taiwan Dollars. The board of directors is authorized to issue unissued stocks on installment basis.

Article 7: The share certificates of the Company shall be name-bearing and signed or stamp-sealed by the directors representing the Company and are issued upon the authentication by the government authority. The name-bearing shares issued by the

Company may be exempted from actual printing, and the same applies to the issue of other securities, but they shall all be registered with the Taiwan Depository and Clearing Corporation and comply with the regulations of the organization.

Article 8: Changes in the shareholder register cannot be made within 60 days prior to shareholders' regular meetings, 30 days prior to extraordinary general meetings or 5 days before the Company's decision on dividend or bonus distribution or other ex-dates.

Chapter 3: Shareholders Meeting

Article 9: There are two types of shareholder meetings : annual general meetings and extraordinary general meetings. General meetings are held once a year and shall be held within six months after the end of each fiscal year. Extraordinary general meetings, when necessary, are held in accordance with the provisions of relevant regulations. The shareholder meetings may be held by teleconferencing or other means announced by the Ministry of Economic Affairs.

Article 10: Shareholders who cannot attend the meetings in person may offer to show the power of attorney issued by the Company which specifies the scope of authorization, and entrust their proxy with attending the meetings, or attend the meeting through electronic transmission. Shareholders who entrust their proxy with the meeting attendance shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.

Article 11: Shareholders' meetings shall be convened by the Board and chaired by the Chairman. If the Chairman is absent for any reason, the Vice Chairman will be the acting chairperson of the meetings on behalf of the Chairman. If the Vice Chairman is also absent, one of the directors shall be appointed by the Chairman to chair the meeting. If no person of acting duty is appointed, one shall be appointed among the directors. Shareholders' meetings that are convened by other authorized persons shall be chaired by the convener. If there are two or more conveners, one shall be appointed among them to act as a Chair.

Article 12: The standard of one share, one vote shall apply to every shareholder of the Company, but those in the circumstances limited by the relevant laws and regulations shall have

no voting rights.

Article 13: Except otherwise regulated by relevant laws, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting in person or by proxies, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 14: The voted issues should be made into a resolution record signed or stamped by the Chair of the meeting and then distributed to each shareholder within 20 days after the meeting. The distribution of the record may be made electronically or by other means announced.

Chapter 4: Directors and Audit Committee

Article 15: The Company has nine directors, who are elected by the candidate nomination approach. Shareholders shall elect directors from the list of candidates. The term of service is three years and they can be re-elected.

According to the provisions of Article 14-2 of the Securities and Exchange Act, there shall be no less than three independent directors, and they shall represent no less than one-third of the above-mentioned directors of the Company. The election of independent directors adopts a candidate nomination approach, and they are elected from the list of candidates for independent directors at the shareholders' meeting. The professional qualifications, shareholding, part-time restrictions, nominations and other rules to be followed regarding the election of independent directors shall be handled in accordance with the laws and regulations of the securities authority.

The Company establishes an audit committee, and the committee shall be composed of all independent directors. The audit committee or its members are responsible for performing the functions of supervisors specified in the Company Act, Securities and Exchange Act and other regulations.

Article 16: If the Board loses more than one-third of its directors, the Board of Directors shall convene an extraordinary general meeting within 60 days to elect new members for the shortfall. In which case, the newly elected members shall serve the remaining term of the existing Board. If video conferencing is adopted in a board meeting, directors who participate in the meeting via video conferencing are considered in attendance in person.

- Article 17: The executive duties of directors shall be extended until the re-election if their term expires before the re-election. 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 out-going directors shall be discharged ipso facto from such expiration date.
- Article 18: A Chairman and a Vice Chairman representing the Company are elected in the Board meeting where more than two-thirds of directors are in attendance and more than half of the attending directors agree to the vote, and the Chairman and the Vice Chairman are to conduct all matters of the Company in accordance with the laws, regulations and the resolutions of the shareholders' meetings and the Board.
- Article 19: Strategies and key issues concerning the Company's operations shall be resolved by the Board of Directors. The first meeting of a new Board is to be convened according to Article 203 of the Company Act, whereas all subsequent Board meetings shall be convened and chaired by the Chairman. If the Chairman is unable to perform duties for any reason, he/she may appoint the Vice Chairman to act on his/her behalf. If the Vice Chairman is unable to perform duties, he/she may appoint one of the directors to act on his/her behalf. If no delegate is appointed, the remaining directors will appoint one among them to perform the Chair's duties on his/her behalf.
- Article 19-1: Reasons shall be specified and every director shall be notified at least 7 days before the convening of Board meetings. Meetings can be called at any time in case of emergency. The notice of the convening of board meeting can be made in writing, e-mail or fax.
- Article 20: Unless otherwise regulated by the Company Act, Board meetings shall have the attendance of more than half of the Board members, and the resolutions shall be represented by more than half of the attending directors. Directors who cannot attend the meetings may present a power of attorney which specifies the scope of authorization and entrust other directors with attending the meetings. One director can only represent one other director.
- Article 21: The discussed issues should be recorded in the meetings signed or stamped and sealed by the Chair and then distributed to each director within 20 days after the meeting. The meeting minutes shall record the essentials and results of the meetings. The proceedings shall be kept in the Company together with the signature of the attending

directors and the power of attorney for the proxies.

Article 22: The composition, powers, rules of procedures and other rules to be followed regarding the audit committee shall be handled in accordance with the laws and regulations of the securities authority.

Article 23: The Company engages in business execution of the Company, regardless of the operating gain or loss of the Company, and the compensation shall be determined based on the level of participation in the Company's operations and the value of contributions with reference to the general standards within the industry. If the Company has earnings, the earnings shall be distributed in accordance with Article 28.

Article 24: The Company may purchase liability insurance for all directors to protect the rights and interests of all shareholders and reduce the Company's operational risks.

Chapter 5: Managers and Employees

Article 25: The Company shall establish positions of managers, and the appointment, dismissal and remuneration shall comply with the Company Act.

Article 26: The Company may hire consultants or high-level staff through a resolution of the Board based on Article 20 of the Articles of Incorporation.

Chapter 6: Settlement of Accounts

Article 27: The Company shall, at the end of each fiscal year, have the Board prepare the list of documents shown below, submit them to shareholders general meeting, and request for the ratification of the reports at the meeting:

- I. Business report.
- II. Financial statements.
- III. Motions for profit distribution or making-up for losses.

Article 28: If the Company is profitable in the fiscal year, no less than 3% of the profit shall be offered as bonuses for employees, and no more than 3% of the profit shall be allocated as remuneration for directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.

Employee remuneration is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria specified by the board. The remunerations for directors are to be paid in cash only.

The distribution in the abovementioned paragraphs shall be executed after the resolution approval at the board meeting with more than two-thirds of directors attending and more than half of the attending directors agreed and passed the resolution, and then reported to the shareholders' meeting.

Article 28-1: The current year's earnings after year-end accounting, if any, shall first be used to pay taxes and offset prior years' operating losses, and then 10% of the remaining amount shall be set aside as legal reserve. This does not apply if the legal reserve has reached the Company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority.

With respect to the balance and the accumulated undistributed profits of the previous year, the board proposes a profit distribution plan to the shareholders meeting for a resolution on the distribution of dividends and bonuses.

The Company's dividend policy is based on the current and future development plans and considers the investment environment and competition both at home and abroad and the interests of shareholders. More than 50% of the accumulated earnings available for distribution is allocated as shareholders' dividends and bonuses every year; more than 20% of the shareholders' dividends and bonuses shall be cash dividends. The percentages of shareholders' dividends and bonuses and cash dividends may be adjusted by the resolution of the shareholders' meeting depending on the actual profits and capital status of the current year.

Chapter 7: Supplementary Provisions

Article 29: The Company's organizational policies and procedures are determined separately by the Board.

Article 30: Any outstanding issues not addressed in the Articles of Incorporation shall be governed by the Company Act and relevant regulations.

Article 31: The Articles of Incorporation were established on July 23, 1976; the 1st amendment was made on June 16, 1978; the 2nd amendment was made on April 20, 1979; the 3rd amendment was made on July 29, 1980; the 4th amendment was made on February 1, 1982; the 5th amendment was made on August 20, 1982; the 6th amendment was made on September 10, 1983; the 7th amendment was made on December 13, 1986; the 8th amendment was made on August 15, 1990; the 9th amendment was made on March 1, 1994; the 10th amendment was made on September 1, 1994; the 11th amendment was

made on October 1, 1994; the 12th amendment was made on June 1, 1995; the 13th amendment was made on August 2, 1997; the 14th amendment was made on April 28, 1998; the 15th amendment was made on April 8, 1999; the 16th amendment was made on June 5, 1999; the 17th amendment was made on May 26, 2000; the 18th amendment was made on May 24, 2001; the 19th amendment was made on April 8, 2002; the 20th amendment was made on June 17, 2003; the 21st amendment was made on May 18, 2004; the 22nd amendment was made on May 18, 2004; the 23rd amendment was made on June 10, 2005; the 24th amendment was made on June 21, 2006; the 25th amendment was made on June 15, 2010; the 26th amendment was made on June 6, 2012; the 27th amendment was made on June 12, 2015; the 28th amendment was on June 29, 2016; the 29th amendment was made on June 22, 2017; the 30th amendment was made on July 29, 2021; the 31st amendment was made on June 9, 2022; and the 32nd amendment was made on June 20, 2024.

NAK Sealing Technologies Corporation

Responsible Person: Cheng-Fu Shih

Appendix 2

NAK Sealing Technologies Corporation Rules of Procedure for Shareholders' Meetings

- Article 1: Unless otherwise specified by laws, shareholder meetings of the Company shall proceed according to the terms of these Rules.
- Any changes to the convening of a shareholders' meeting shall be resolved in a Board meeting, which should be completed at the latest before the notice of the shareholders' meeting is sent.
- Article 2: The Company shall provide an attendance register for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in, and the attending shareholders should wear their attendance certificate to attend the shareholder meeting. The number of shares in attendance is counted based on the attendance register or the submitted attendance cards.
- Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly marked and stationed with competent personnel. Check in to the teleconferencing platform of the shareholders' meeting should be completed at least 30 minutes before the meeting starts. Those who complete the check-in are considered to have attended the meeting in person.
- Shareholders who would like to attend the teleconferencing shareholder meeting should register with the Company at least two days before the shareholder meeting.
- For shareholder meetings that are held by teleconferencing, the Company shall upload the meeting handbook, annual report and other relevant information to the teleconferencing platform of the shareholder meeting, and keep them disclosed until the end of the meeting.
- Article 3: Attendance and voting at a shareholders meeting shall be calculated based on the number of shares. The number of shares in attendance is counted based on the submitted attendance cards and the shareholding reported on the teleconferencing platform, together with the shares with the written or electronic voting rights. The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting.
- Article 4: The shareholders' meetings should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm.

If the shareholder meeting is held by teleconferencing, it is not subject to the restriction on the revenue as specified in the preceding paragraph.

Article 5: Shareholders' meetings that are convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise duties for any reason, the Vice Chairman will act on his/her behalf. If there is no Vice Chairman or if the Vice Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume the acting duty. If there is no managing director, one of the directors shall be appointed to perform the acting duty. If the Chairman does not appoint a delegate, one shall be appointed among managing directors or directors.

For a shareholders' meeting that is convened by those with the convening authority outside of the board, the meeting should be chaired by the ones with convening authority.

Article 6: The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholders' meetings.

Staff handling administrative affairs of the shareholders' meeting shall wear identification cards or armbands.

Article 7: The Company shall make an uninterrupted audio and video recording of the entire shareholders' meeting. These recordings must be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

For the shareholder meetings held by teleconferencing, the Company shall retain records of the shareholders' registration, login, check-in, questioning, voting and vote counting results, etc., and make continuous and uninterrupted audio and video recording of the entire meeting.

The above-mentioned materials and audio and video recordings shall be properly retained by the Company during the period of existence, and they shall be provided to those who are entrusted with handling teleconferencing tasks.

If the shareholder meeting is to be held by teleconferencing, the Company should audio- and video-record the backend operation interface of the teleconferencing platform.

Article 8: The chairperson shall call the meeting to order immediately at the designated meeting time if the attending shareholders represent a majority of the total number of issued shares. However, if the attending shareholders do not represent a majority of the total

number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements (20 minutes for the first and 10 minutes for the second) may be made. If the number of shares present is still insufficient after two postponements, and there are more than 1/3 of the total issued shares present, a tentative resolution may be passed by a majority of those present in accordance with Article 175 of the Company Act. Shareholders who wish to attend the shareholders' meeting, which is to be held by teleconferencing, shall register with the Company in accordance with Article 2.

During the time when the tentative resolutions mentioned in the preceding paragraph are being made, if the number of shares represented by the shareholders present has reached the quorum, the chairperson may immediately announce the formal start of the meeting and submit the tentative resolutions that have been made to the general meeting for ratification.

Article 9: The Board should set the agenda for the meetings that it convenes. Relevant motions (including extraordinary motions and amendments to the original motions) shall be decided on a case-by-case basis. The meeting should be carried out based on the agenda, and should not be changed without the resolution of the shareholders.

The rules of the preceding paragraph may be applied to a meeting of shareholders convened by a party that is not the board of directors.

The chair may not declare the meeting ended prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. After the said meeting ends, shareholders shall not elect another chairperson to hold another meeting at the same or any other place.

Article 10: Before speaking, the attending shareholders should first fill out a statement slip specifying the attendance card number, account number and purpose, and allow the Chair to determine the order to give the statements.

The attending shareholders are considered to offer no statement if they only provide the statement slips without speaking. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

When a present shareholder is making a statement, other shareholders shall not speak unless permitted by the chairperson and the speaking shareholder. Violators shall be halted by the chairperson.

- Article 11: Each shareholder shall not make more than two statements for the same motion without the Chair's agreement, and each statement shall not exceed five minutes. If a shareholder's statement violates the rules or exceeds the scope of the issue, the chairperson has the right to halt the statement.
- Article 12: Corporate entities that have been appointed as proxy attendants can only appoint one representative to attend shareholders' meeting. The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving a speech for a motion.
- Article 13: Motions should be discussed in the order in which they are arranged on the agenda. If there are any violations of the procedures, the Chair should immediately stop the violators. The chair is to stop discussion and announce for a vote for the motion that is close to the level to be decided by votes.
- Article 14: After an attending shareholder speaks, the chairman shall personally answer or designate relevant personnel to answer.
- For the shareholders' meetings held by teleconferencing, the shareholders who attend the meetings by teleconferencing may raise their questions in writing on the teleconferencing platform after the Chair announces the start of the meeting and before the Chair announces the ending of the meeting. No more than two questions for the same motion should be allowed, and each question can have a maximum of 200 words. These do not apply to the requirements in Article 10 to Article 12. The abovementioned questions which do not violate the rules or do not exceed the scope of the motion should be disclosed on the teleconferencing platform as public knowledge.
- Article 15: Vote counting for shareholders' meeting motions or elections shall be conducted in public at the place of the shareholders' meeting. The examining and counting personnel for the voting should be assigned by the Chair, and the examining personnel should have a shareholder status. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site and made into record.
- For the shareholder meetings held by teleconferencing, the votes shall be counted once after the Chair announces the close of voting, and the results of the voting and election will be announced.

Article 16: The Chair may put the meeting in recess at appropriate times. In the occurrence of a force majeure event, the Chair may suspend the meeting temporarily and resume it at another time.

Article 17: Unless otherwise provided in the Company Act, the approval of a resolution shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During the voting process, the chair or the designated personnel announces the total number of the eligible voting rights of the attending shareholders and then carries out the voting case by case. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.

The standard of one share, one vote shall apply to every shareholder, but those in the circumstances limited by the relevant laws and regulations shall have no voting power. Shareholders unable to attend the meeting may offer to show the power of attorney issued by the Company that specifies the scope of authorization and entrust their proxy with attending the meeting in accordance with the rules specified in the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. Other than the trust businesses approved by the authorities, a person representing more than two shareholders as a proxy cannot have the shares exceeding three percent of the total voting shares. The exceeded voting rights will not be counted. Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.

Should the shareholder decide to attend a shareholder meeting by teleconferencing after a proxy form has been received by the Company, a written notice must be sent to the Company no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw the proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Article 18: For the amendment or substitute of the same motion, the Chair is to combine it with the original motion to determine the vote order. If one of the motions has been passed, the other motions are viewed as denied and no more voting will be conducted.

Article 18-1: Shareholders' meetings that involve election of directors shall proceed according to the Company's election policy. Results of the elections, including the list of elected directors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 19: The Chair is to direct proctors (or security guards) to help maintain order of the meeting. The proctors (or security personnel) help maintaining order at the meeting place shall wear an armband bearing the word "Proctor."

Article 20: The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The distribution of the aforementioned resolutions can be entered into Market Observation Post System to be publicly announced.

The resolution proceedings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors and supervisors, the votes received by each nominee shall also be disclosed.

These records are to be kept permanently during the Company's existence. The attendance register or the attendance card of the attending shareholders and the power of attorney of attending proxies shall be retained for at least one year.

The minutes of the shareholders' meeting held by teleconferencing should record the items mentioned the preceding paragraph, the starting and ending time of the meeting, the convening method the meeting, the name of the Chair and the meeting minute taker, the measures taken for those who have difficulties participating in the meeting by teleconferencing or when the teleconferencing platform or the teleconference experiences force majeure.

The meeting minutes should also specify the alternative measures taken for shareholders who may have difficulties joining the meeting by teleconferencing.

Article 21: For shareholder meetings that are held by teleconferencing, the Company immediately discloses the voting results of motions and election results to the teleconferencing platform of the shareholders' meeting in accordance with the regulations, and keeps them disclosed for at least 15 minutes after the Chair announces the ending of the meeting.

Both the Chair and the meeting minute keeper shall be at the same domestic location when holding teleconferencing shareholders' meetings, and the Chair should announce the address of the place at the beginning of the meeting.

Article 22: Any outstanding issues not specified in the Rules are to be handled in accordance with the Company Act, the relevant laws and the Company's Articles of Incorporation.

Article 23: The above rules shall take effect once approved during a shareholders' meeting. The same applies to all subsequent revisions.

Appendix 3

NAK Sealing Technologies Corporation **Rules for Election of Directors**

- Article 1: Except for relevant laws and regulations of the Company Act, the Securities and Exchange Act, and the Company's Articles of Incorporation, the election of the Company's directors shall be conducted in accordance with the rules.
- Article 2: The election of the Company's directors shall be conducted by means of a single-name and cumulative voting. Each share shall have voting rights equivalent to the number of directors to be elected, which may be cast cumulatively for one candidate or distributed among several candidates. The name of the voter may be replaced by the shareholder's attendance certificate number on the ballot.
- Article 3: The election of the Company's directors shall be conducted in accordance with the number of seats specified in the Company's Articles of Incorporation. Candidates who receive the higher number of ballots representing voting rights shall be elected as directors in descending order. In the event that two candidates receive the same number of ballots and exceeds the number of seats available, the winner shall be determined by drawing lots. If any candidate is absent, the Chair shall draw lots on their behalf.
- The election of the Company's directors shall be conducted according to the candidate nomination approach as prescribed in Article 192-1 of the Company Act. The shareholders shall be elected from the list of candidates for directors and independent directors.
- The independent directors and non-independent directors shall be elected together, with the number of elected seats calculated separately.
- Article 4: The ballots shall be prepared and issued by the Company, numbered according to the shareholder's account number or attendance certificate number, and the number of voting rights shall be included.
- Article 5: Before the election begins, the Chair shall appoint a certain number of ballot examiners and ballot counters, among whom the ballot examiners must be shareholders, to execute their respective duties.
- Article 6: The ballot box shall be prepared by the Board of Directors and opened publicly for inspection by the ballot examiners before the voting begins.
- Article 7: (Delete this provision).
- Article 8: If the number of voting rights indicated on the ballot for the candidate is less than the voter's total voting rights, the unallocated voting rights shall be considered as abstained.

- Article 9: A ballot shall be considered invalid if any of the following conditions occur:
1. A ballot not using the provisions specified in the rules.
 2. A ballot that is blank and placed in the ballot box.
 3. A ballot with illegible handwriting that cannot be identified.
 4. A ballot where the chosen candidate does not match the list of candidates for directors upon verification.
 5. A ballot that contains additional text other than the allocated voting rights.
 6. A ballot that is not placed into the ballot box before the Chair announces the end of voting at the shareholders' meeting.
- Article 10: After voting is completed, the ballots shall be opened and counted on-site under the supervision of the ballot examiners. The results shall be announced on-site by the Chair or other designated personnel.
- Article 11: If there is any doubt regarding a ballot, the ballot examiners shall first verify whether it is invalid. The invalid ballot shall be placed separately, with the number of ballots and voting rights clearly recorded, and submitted to the ballot examiners for marking as invalid, with their signature and seal.
- Article 12: The ballot examiners shall verify that the total number of valid and invalid ballots is correct. After verification, the number of valid ballots and voting rights, as well as the number of invalid ballots and voting rights, shall be recorded separately in the tally sheet. The Chair or its designated personnel shall then announce the name of elected candidates.
- Article 13: The newly elected directors shall be individually issued a notice of election by the Company after the end of the shareholders' meeting.
- Article 14: The above rules shall take effect once approved during a shareholders' meeting. The same applies to all subsequent revisions.

Appendix 4

NAK Sealing Technologies Corporation **Directors' Shareholding Position**

- I. In accordance with the provisions of Article 3 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", the shareholdings of all the directors of the Company recorded in the shareholder register as of the date when the annual general meeting ends are detailed in the following table:
- II. The total issued share capital of the Company has 83,161,320 shares. According to the provisions of Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shareholding of all directors is 6,652,905 shares. The company has established an audit committee; therefore, the rule that all supervisors are legally required to hold a number of shares does not apply.

April 16, 2025

Job title	Name	Number of shares recorded in the list of shareholders' registrations by the stop-transfer date	Ownership
Chairman	Cheng-Fu Shih	4,500,000	5.41%
Vice Chairman	Chun-Tang Hsu	1,412,427	1.70%
Director	Hsi-Hu Nian	275,000	0.33%
Director	Ming-Yao Shih	1,637,402	1.97%
Director	Ren-An Chen	887,533	1.07%
Independent director	Kuo-Ko Chen	-	-
Independent director	Su-Ying Lee	-	-
Independent director	Chi-Hung Wu	-	-
Independent director	Chin-Lung Lin	3,000	-
Overall Directors' Shareholding Position		8,715,362	10.48%