

**Stock Code: 6175**

# **LITON TECHNOLOGY CORP.**

## **2024 Annual Meeting of Shareholders**

### **Handbook**

**Meeting Time: 27 June 2024**

**Location: No. 9, Zhonglong 2nd Rd., Tongluo Township, Miaoli County,  
Taiwan (R.O.C.) (The Company's 3F Meeting Room)**

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**LITON TECHNOLOGY CORP.**  
**2024 Annual Meeting of Shareholders**  
**Meeting Agenda**

**I. Call the Meeting to Order**

**II. Chairperson Remarks**

**III. Management Presentation**

**IV. Proposed Resolutions**

**V. Discussion**

**VI. Election**

**VII. Other Matters**

**VIII. Questions and Motions**

**IX. Adjournment**

# **LITON TECHNOLOGY CORP.**

## **2024 Annual Meeting of Shareholders**

### **Meeting Agenda**

Meeting Time: 9:00 a.m., 27 June 2024 (Thursday)

Location: No. 9, Zhonglong 2nd Rd., Tongluo Township, Miaoli County, Taiwan  
(R.O.C.) (The Company's 3F Meeting Room)

Type of meeting: Physical Meeting

#### **I. Call the Meeting to Order (Report the total number of shares represented at this AGM)**

#### **II. Chairperson Remarks**

#### **III. Management Presentation**

(I) 2023 Business Report

(II) 2023 Audit Committee's Review Report

(III) 2023 Distribution Report of employee compensation and director's remuneration.

(IV) Report of Loaning of Funds to Others and Making of Endorsement/ Guarantees.

(V) Report of Buyback of the Company's Shares.

(VI) Issuance of Unsecured Domestic Convertible Bonds.

(VII) 2023 The Implement of Private Placements with Certificates.

(VIII) 2023 Compensation for Directors

#### **IV. Proposed Resolutions**

(I) Adoption of the 2023 Business Report and Financial Statements.

(II) Adoption of the Proposal for Distribution of 2023 Profits.

#### **V. Discussion**

Proposal for a cash offering by private placement.

#### **VI. Election**

General Re-election of Director.

#### **VII. Other Matters**

Proposal of Release of the Prohibition on Directors and Their Representatives from Participation in Competitive Business

#### **VIII. Questions and Motions**

#### **IX. Adjournment**

# Management Presentation

## (I) 2023 Business Report

(Please refer to pages 11 to page 16, Attachment 1 of this Handbook. )

## (II) 2023 Audit Committee's Review Report

(Please refer to page 17, Attachment 2 of this Handbook.)

## (III) 2023 Distribution Report of employee compensation and director's remuneration.

- Explanation: 1. In Accordance with the Articles 19 of the Articles of Incorporation:  
"Where there are profits of the Company for the year (The term "profit" refers to the benefits derived from deducting employee compensation and director remuneration from net income before tax.), the Company shall allocate no less than 2.5% as employee compensation, and less than 2.5% as director remuneration."
2. In 2023, 2.78% of employee compensation of NT\$9,870 thousand and 1.04% of director remuneration of NT\$3,700 thousand were distributed in the form of cash.

## (IV) Report on the state of implementation of Loaning of Funds to Others and Making of Endorsement/ Guarantees.

- Explanation: 1. The Company's loan balances was NT\$0, as of 30 April 2024.  
2. The Company's remainder of endorsement guarantee was NT\$0, as of 30 April 2024.

## (V) Report on the State of Implementation of Buyback of the Company's shares.

Explanation: The implementation of buyback of the Company's shares

Repurchase tranche	7th
Purpose of the repurchase	For transferring shares to employees
Period for the repurchase	16 November 2022 to 6 January 2023
Actual price range of the shares to be repurchased	NT\$29.10 to NT\$33.80
Types and number of shares to be repurchased	1,300,000 common shares
Amount of shares to be repurchased	NT\$41,808,445
Average amount of per share to be repurchased	NT\$32.16
The number of shares to be canceled and transferred	0 shares
Number of accumulated shareholdings	1,300,000 shares
Number of accumulated shareholding to the issued shares ratio ( % )	0.91%
Subsequent actions taken	Not transferred yet.

## (VI) Issuance of Unsecured Domestic Convertible Bonds

(Please refer to page 18 Attachment 3 of this Handbook.)

## (VII) 2023 The Implement of Private Placements with Certificates

Explanation: 1. At the shareholders' meeting held on 30 June 2023, the Company approved the authorization for the board of directors to carry out two tranches of private placement of ordinary shares for capital increase, within the limit of up to 13,000,000 shares, within one year from the date of the shareholders' meeting resolution.

2. Considering that the private placement period is nearing its end (to 29 June 2024), the previously planned issuance of 13,000,000 shares of private placement common stock for 2023 will no longer be proceeded.

## (VIII) 2023 Compensation for Directors

Explanation: The Company's compensation for directors includes director's remuneration for business execution such as transportation and accommodation, as well as employee remuneration including salaries, bonuses, and retirement benefits for directors who also serve as employees. Please refer to page 19 (Appendix 4) of this Handbook.

## Proposed Resolutions

Report No. 1: 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation: 1. The Company's 2023 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by the CPAs of Ernst & Young Taiwan, CHIN-YUAN TU and WEN-CHEN LO. The audit report, along with the business report, has been submitted to the Audit Committee for review and a written audit report has been issued.

2. For the business report, audit report and the preceding financial statements, please refer to pages 11-16 and pages 20-41, Attachment 1 and 5 of this Handbook.

3. Proposed for adoption.

Resolution:

Report No. 2: Proposal for Distribution of 2023 Profits (Proposed by the Board of Directors)

Explanation: 1. The Company 2023 profit distribution table, please refer to page 42, Attachment 6 of this Handbook.

2. The net income after tax for 2023 was NT\$294,870,269. In accordance with the law, NT\$29,461,657 will be allocated to the legal reserve and NT\$60,397,932 will be allocated to the special reserve. After taking into account the undistributed earnings from the beginning of the period, it is proposed to distribute a cash dividend of NT\$156,111,567 to the shareholders. Based on the outstanding shares of 141,919,606 (deducting the repurchase of treasury shares of 1,300,000 shares.), the proposed dividend per share is NT\$1.1. Once approved by the shareholders at the upcoming shareholders meeting, it is planned to authorize the Chairman to determine the ex-dividend date and payment date, as well as other relevant matters regarding the dividend distribution.

3. If there are any changes in the dividend yield due to fluctuations in the outstanding shares resulting from changes in the company's share capital, it is proposed to seek authorization from the shareholders at the shareholders meeting to empower the Chairman to handle such adjustments.
4. The cash dividends for this distribution will be calculated and rounded down to the nearest whole dollar, with any fractional amounts less than one dollar being disregarded. The total amount of fractional dividends, in descending order of decimal numbers, will be adjusted according to the account numbers from front to back until it matches the total cash dividend distribution amount.
5. Proposed for adoption.

Resolution:

## Discussion

Description: Proposal for a cash offering by private placement. (Proposed by the Board of Directors)

Explanation: 1. In order to meet the operational growth needs and strengthen the company's financial structure, as well as to diversify and enhance the flexibility of fundraising channels, it is proposed to the shareholders' meeting to authorize the Board of Directors to, based on market conditions and the company's funding requirements, raise medium- to long-term funds through private placement of common shares in accordance with the Article of Association, relevant laws, and the following principles. The following is an explanation of the methods, content, and principles for the Board of Directors to handle the private placement of securities:

(1) The private placement of shares in this offering is limited to a maximum of 13,000,000 common shares with a par value of NT\$ 10 per share. In accordance with Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placement of Securities", the following information shall be provided:

A. Basis and rationale for price determination:

- (a) The issuance price for this offering will be no lower than 80% of the higher of the following two reference prices and shall not be lower than the par value of NT\$10 per share:
  - i. The simple average closing price of the common shares of the TWSE listed or TPEx listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
  - ii. The simple average closing price of the common shares of the TWSE listed or TPEx listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.



- (b) The actual issuance price of the private placement common shares will be based on a reference price of not less than 80% and shall not be lower than the par value of NT\$10 per share. The specific pricing date and the actual private placement price will be determined by the Board of Directors within the range defined by the shareholder meeting resolution. The determination will take into account the circumstances of the specific parties involved and the market conditions at a later date.
  - (c) Rationale for price determination: The determination of the aforementioned price is based on the reference to the Company's stock price and complies with the provisions of the "Directions for Public Companies Conducting Private Placement of Securities." It takes into account the three-year transfer restriction on private placement securities and is considered reasonable.
- B. The method, purpose, necessity, and expected benefits of selecting specific individuals:
- (a) The method and purpose of candidate selection:

The target of this private placement is limited to specific individuals who meet the requirements stipulated in Article 43-6 of the Securities and Exchange Act. They must be strategic investors who can generate benefits for the long-term development, competitiveness, and existing shareholder equity of the Company. However, we currently do not have any confirmed candidates. The specifics regarding the selection of specific individuals will be handled by the Board of Directors, and we plan to seek authorization from the shareholders' meeting for this purpose.
  - (b) The necessity and expected benefits of candidate selection:

In order to meet the operational development needs of the Company, we aim to attract strategic investors through this recruitment process. The selection of candidates will prioritize those who can contribute to the Company's future operations. We will focus on individuals or entities that can assist in market development, product sales, and technical collaborations, while also contributing to the Company's profitability and positively impacting shareholder equity. Strategic investors who meet these criteria will be considered.
- C. Essential reason for conducting private placement:
- (a) Reasons for not conducting a public offering: Considering the expedient and efficient nature of private placement, it is deemed advantageous for achieving the objective of attracting strategic investors. Moreover, the three-year transfer restriction on privately placed securities ensures a long-term cooperative relationship between the company and strategic investors. Additionally, authorizing the Board of Directors to conduct private placements based on the actual operational needs of the company will enhance the flexibility and agility of our fundraising efforts.



- (b) The quota for private placement: Offering is limited to a maximum of 13,000,000 common shares.
- (c) Expected benefits to be achieved: The purpose of the private placements of this financing plan is to repay loans and enhancing working capital to improve financial structure. The private placement plan is expected to be implemented in two tranches within one year from the resolution of the shareholders' meeting. The intended use of funds and the expected achievements for each tranche of the private placement are as follows:

Projected transaction tranche	Expected the number of shares of the private placements	Purpose of the private placements	Expected benefits to be achieved
1st	6,500,000 shares	Repaying loans and enhancing working capital to improve financial structure	Repaying loans and enhancing working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.
2nd	6,500,000 shares	Repaying loans and enhancing working capital to improve financial structure	Repaying loans and enhancing working capital to reduce interest burden, improve financial structure, and enhance operational efficiency of the company.

- (2) The rights and obligations of the privately placed common shares in this offering are generally the same as those of the common shares already issued by the Company. However, the transfer of privately placed common shares shall be subject to the provisions of Article 43-8 of the Securities and Exchange Act within three years from the delivery date. After the expiration of three years from the delivery date of the privately placed common shares, the Company intends to comply with the relevant regulations of the Securities and Exchange Act and apply to the competent authority for the public offering of the privately placed common shares and their listing on the stock exchange.
- (3) The main details of the proposed private placement of common shares include the actual number of shares to be issued, the issuance conditions, the amount of the private placement, the reference date for the capital increase, the planned projects, the expected timeline and anticipated benefits, as well as any other matters not yet specified. In the future, if there are any modifications due to changes in regulatory requirements or objective environmental factors, the Board of Directors intends to seek authorization from the shareholders' meeting to proceed in accordance with the relevant regulations.

- (4) In addition to the authorized scope mentioned above, it is proposed to seek authorization from the shareholders' meeting for the chairman of the board or the designated person to represent the company in signing, negotiating, and amending all contracts and documents related to the private placement of common shares. Furthermore, the chairman of the board is authorized to handle all other matters related to the private placement of common shares that may arise.

2. Proposed for resolution

Resolution:

## **Election**

Description: The general re-election of directors was submitted for election. (Proposed by the Board of Directors)

Explanation:

1. The Company's current directors' term is set to expire on 26 August 2024. According to regulations, a director re-election will be conducted at this shareholders' meeting."
2. According to Article 13 of the Company's "Articles of Association", there should be a total of 7 Directors (including 3 Independent Directors), following a candidate nomination system.
3. The term of office for the newly appointed directors is three years, starting from 27 June 2024, until 26 June 2027. The term of office for the current directors shall cease upon the completion of the current shareholders' meeting.
4. The current election abides by the Company's "Election of Directors Procedure", please refer to page 59, Appendix 3 of this Handbook.
5. The Company's candidates for the election of independent directors, please refer to page 43, Attachment 7 of this Handbook.
6. YEN-CHUNG TSOU has served as the Company's independent director for three terms. Considering his expertise in accounting, familiarity with relevant laws and regulations, and experience in corporate governance, which significantly benefits the Company, he will continue to be nominated as a candidate for independent director. With his expertise, he can provide professional advice to the board and supervise its activities effectively while fulfilling the responsibilities of an independent director.

7. Proposed for election.

Election Results:

## **Other Matters**

Description: Proposal of Release of the Prohibition on Directors and their representatives from Participation in Competitive Business. (Proposed by the Board of Directors)

Explanation:

1. In accordance with Article 209 of the Company Act: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. In order to leverage the expertise and relevant experience of the company's directors, it is hereby proposed to the shareholders' meeting to agree on lifting the restrictions on the newly appointed director's and their representative's competition activities in accordance with the law.
3. Details of the proposal of release of the prohibition on directors and their representatives from participation in competitive business, please refer to page 45, Attachment 8 of this Handbook.
4. Proposed for resolution

Resolution:

## **Questions and Motions**

## **Adjournment**

## 2023 Business Report

We would like to express our gratitude to all shareholders and directors for full support. It is through the collective efforts of our dedicated team that the company has been able to operate successfully in challenging circumstances. Since the second quarter of 2022, the global economy has slowed down and entered an even more difficult period in 2023. Most financial institutions currently estimate that there will be a recovery in 2024, but the outlook is not optimistic. To save the economy, countries have adopted loose monetary policies, issuing large amounts of currency, leading to a flood of liquidity and pushing up asset prices. The Russia-Ukraine war is not over yet, the Middle East war have been rekindled, and the inflation in Europe and the United States remains high, so consumer confidence is weak, and the market has shrunk significantly. The electronics industry chain remains in a slump, with consumer electronics being the most affected. The overall capacity utilization rate of the electrode foil industry is below 60%. Liton's overall revenue slightly declined last year, while the revenue of its subsidiary, Ruyuan Lidong Electronic Technology Co., Ltd., showed slight growth. However, due to the overall market contraction and price decline, its gross profit margin was greatly impacted. We will continue to invest in research and development to improve our processes and enhance the quality and grade of our products. We will also adjust our production and marketing strategies to increase the added value of our products and create value for our shareholders. We would like to express our gratitude to all our dedicated employees for their relentless efforts, as well as the unwavering support and trust of our shareholders and directors. We hereby present the financial results for the 2023 and provide an outlook for the operational performance in 2024 as follow:

### I. 2023 Business Report

#### (I) Implementation Results of Business Plan

In the 2023, the Company achieved a net operating revenue of NT\$1,273,498 thousand and net income before tax of NT\$341,004 thousand. This represents a 27.45% decrease in operating revenue and an 40.51% decrease in net income before tax compared to 2022, where the net operating revenue was NT\$1,755,439 thousand and the net income before tax was NT\$573,221 thousand.

In 2023, the Company recorded a consolidated operating revenue of NT\$3,676,095 thousand, which represents a decrease of NT\$168,152 thousand or 4.37% compared to the consolidated operating revenue of NT\$3,844,247 thousand in 2022. The net income after tax for 2023 was NT\$ 340,694 thousand, showing a decrease of NT\$232,258 thousand or 40.54% compared to the net income after tax of NT\$572,952 thousand in 2022.

(II) Budget Execution Status: The Company did not disclose financial forecasts for 2023. Here is the actual operational performance for the year as shown in the following table:

Item	Unit: NT\$ thousands	
	2023 (Individual)	2023 (Consolidated)
Operating revenue, net	1,273,498	3,676,095
Operating cost, net	(1,085,512)	(2,927,301)

Unrealized Profit on Intercompany Sales	1,131	-
Gross profit	189,117	748,794
Operating expense	(85,261)	(321,916)
Non-operating incomes and expenses	237,148	652
Net income (loss) before tax	341,004	427,530
Net income (loss) after tax	294,871	340,694
Comprehensive income	234,219	266,546

### (III) Financial Income and Expenditure and Profitability Analysis

#### 1. Individual

Unit: NT\$ thousands; %

Item	2023	2022
Net cash generated by operating activities	232,807	138,774
Net cash used in investing activities	(2,085)	(7,815)
Net cash (used in) generated by financing activities	(236,489)	(92,268)
Return on assets (%)	6.92	12.11
Return on shareholders' equity (%)	9.47	16.95
Operating profit to paid-in capital ratio (%)	7.32	13.23
Net income before tax to paid-in capital ratio (%)	24.04	40.09
Net profit margin (%)	23.15	28.67
Basic EPS (NT\$)	2.08	3.52
Diluted EPS (NT\$)	1.95	3.29

#### 2. Consolidated

Unit: NT\$ thousands; %

Item	2023	2022
Net cash generated by operating activities	553,118	950,679

Net cash used in investing activities	(130,259)	(461,070)
Net cash (used in) generated by financing activities	(316,308)	(364,869)
Return on assets (%)	6.16	10.41
Return on shareholders' equity (%)	9.00	15.97
Operating profit to paid-in capital ratio (%)	30.09	45.48
Net income before tax to paid-in capital ratio (%)	30.13	48.92
Profit ratio (%)	9.27	14.90
Basic EPS (NT\$)	2.08	3.52
Diluted EPS (NT\$)	1.95	3.29

## II. Research and Development Achievements in 2023

1. Developed a process to improve leakage current of products above 100Vf in low-voltage conversion.
2. Developed a process to improve brittleness of BA13-64Vf products for Panasonic
3. Entrust the Industrial Technology Research Institute (ITRI) to do a preliminary research project on aluminum foil advanced process.

## III. 2024 Summary Business Plan

### (I) Business Policy

1. Production line improvement plan - advancing energy-saving processes, assessing phosphoric acid recovery technology.
2. Chemical process development - improve features, cut down cost, Differentiation.
3. Etched Aluminum Foils - development of high-volume foil, improvement feature of dispersion.
4. Management System Enhancement - Management IT digitization, maintenance of qualification certificate for a high-tech enterprise.
5. Progressing greenhouse gas inventory and product carbon footprint verification in all factories.

### (II) Sales Plan

1. Low pressure formed foil
  - A. International market
    - a. Continuously leverage the competitive advantage of subsidiary Lidong Advanced Electric Foil products to promote the expansion of the market share replacing Japanese foils and strengthening strategic cooperation with high-quality customers in niche products.
    - b. Sustain the advantage in the high-end customer market share, aligning with customers' utilization of advanced products, and deepen and broaden the market presence in the high-quality customer segment.

- c. Maintain the focus on targeting new customers and exploring new application markets for products.
- B. Domestic market
  - a. Stabilize the order stability with key domestic customers, increase production line utilization, and improve gross profit margin.
  - b. Continuously expand the sales proportion of polymer solid capacitors and vehicle-dedicated capacitors to enhance the market share of niche products.
  - c. Utilize the competitive advantages of Lidong Electronic Foil's niche products and Linton formed foil's superior product quality to develop a sales strategy for expanding the customer market and achieve the company's goal of full production and sales utilization.
- 2. Medium and high pressure formed foil
  - A. Achieve full capacity utilization in the line of medium and high pressure formed, effectively improving market share and gross profit targets.
  - B. Focus on customer orders and sales in high-value application markets to enhance product competitiveness effectively (catering to demands for a long lifespan, high capacity, and high strength).
  - C. Continuously strive to increase market share among high-end customers in Europe, America, and Japan.
- 3. Guide foil and lead-out bar
  - A. Our main objective is to expand in the Japanese market and continue to leverage our sales advantages in the European and American markets while maintaining a high gross profit margin.
  - B. We aim to increase our sales proportion to first-tier domestic customers.
  - C. Coupled with high-end precision cutting process, we aim to maintain our leading position as a high-quality lead frame brand both domestically and internationally.

### (III) R&D Plan

- 1. To develop Low-voltage energy-saving process.
- 2. To develop Aluminum foil degradation test solution.
- 3. To plan LD01 machine dispersion and black edge improvement

### (IV) Projected Revenue Growth for the Year 2024.

## **IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

### (I) External competitive environment

According to the latest Global Economic Outlook forecast report from the International Monetary Fund (IMF) as of 30 January 2024, the global economic growth rate for 2023 was 3.1%. The IMF has revised its projection for global economic growth in 2024 to 3.1% and estimates it to be 3.2% in 2025. The decline in inflation from its peak in 2022 has occurred more rapidly than expected, with a smaller-than-anticipated impact on employment and economic activity. This reflects favorable developments on the supply side and the stabilizing effect of central bank tightening policies on inflation expectations.



Although the economic situation has shown some improvement compared to expectations, 2024 is characterized by a state of “weak recovery” from a macroeconomic perspective. Factors such as high inflation are gradually diminishing, but the anticipated withdrawal of fiscal support under high-interest rates to combat inflation and a high debt backdrop is expected to exert pressure on economic growth in 2024. The past two years have likely been the most challenging, indicating that the upcoming period will be a gradual recovery process. With economic weakness persisting and supply-demand imbalances resulting in insufficient orders, the competitive environment is expected to become more intense.

## (II) Regulatory environment

The escalating tensions in the Middle East, sparked by the Israel-Palestine conflict, have gradually escalated into a war between Islam and Judaism. The Red Sea crisis poses risks to global maritime trade, with increased transit times around the Cape of Good Hope, skyrocketing shipping costs, and delays in freight transport between Asia and Europe. This has impacted the stability of supply chains for automotive and chemical products, which rely heavily on maritime transportation. Furthermore, the ongoing Russia-Ukraine conflict continues to disrupt global supply chains, leading to chaos and resulting in high inflation and monetary tightening, pushing the global economy into turmoil. The FED raised interest rates in the beginning of 2022, and whether it turns to lower interest rates in 2024 has become the key to world change.

Extreme weather events caused by climate change are disrupting global supply chains. Severe droughts and heatwaves are already putting pressure on crop yields, while the El Niño phenomenon may exacerbate weather events, such as halving the Panama Canal's capacity due to drought. Most areas of the United States are experiencing significant declines in crude oil production due to extreme cold weather. If extreme weather events significantly impact production, shortages may occur, tightening global supply chains and further exacerbating upward inflationary pressures. These costs may ripple through households, intensifying concerns about the cost of living and food security. Abnormal climate events are intensifying countries' focus on greenhouse gas emissions, potentially accelerating the implementation of carbon reduction policies.

2024 is being hailed as the “super election year” and perhaps the largest election year in history, mainly because populous nations such as the United States, Russia, Mexico, India, and Indonesia are set to hold highly anticipated elections this year. The policies of the new governments will have significant implications for addressing all the issues arising from the economic downturn, potentially reshaping the global landscape.

## (III) Macroeconomic conditions

On January 30th, the International Monetary Fund (IMF) released an updated version of its “World Economic Outlook Report”, raising the global economic growth forecast for 2024 to 3.1%. This is 0.2 percentage points higher than the forecast made in October of the previous year.

The economic recovery in the United States, fiscal stimulus measures in China, and robust performance in major emerging market economies have all boosted confidence in global economic development.

At the end of 2023, the World Trade Organization (WTO) released its Goods Trade Barometer, indicating a gradual recovery in global trade. The strongest performers were automotive sales and production, as well as electronic component trade. However, the index for raw materials remained weak due to persistently high interest rates, leading to a downturn in the housing market. The report also highlighted escalating geopolitical tensions, contributing to heightened uncertainty in near-term trade prospects.

With the advancement of net-zero carbon policies, green energy will continue to flourish, making new energy vehicles, photovoltaics, wind power, hydrogen energy, and energy storage among the high-growth industries of the future. Breakthroughs in artificial intelligence and neuromorphic computing technology will drive rapid expansion in applications, not only improving daily life, healthcare, and productivity but also fostering rapid innovation in technology research and development across various fields. This industrial revolution will be swift and have a profound impact. Benefiting from strong demand in emerging applications like artificial intelligence, the demand for integrated circuits, computers, and their ancillary components (such as graphics cards and servers) will also rise.

It is anticipated that in 2024, due to the global electronics industry's improvement and strong demand for high-tech products in the United States, coupled with the completion of destocking in the manufacturing sector, global terminal demand is expected to gradually recover. However, the global economic recovery is slow, leading various industries into intense competition akin to a survival battle. To cope with the impacts of dramatic environmental changes, we must strengthen various aspects such as research and development innovation, efficiency improvement, cost reduction, energy conservation, and carbon reduction.

Wishing all shareholders good health and all the best.

Chairman: CHIH-MING WU

President: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG



9, Chung-Lung 2<sup>nd</sup>, Chung-Hsing Ind. District, TEL : 886-37-222899  
Tung Lo Shiang, Miaoli Hsien, Taiwan, R.O.C. .FAX : 886-37-229213

### **Audit Committee's Review Report**

The board of directors has prepared the Company's 2023 Business Report, Financial Statements, Consolidated Financial Statements and profit distribution table. The CPAs of Ernst& Young Taiwan, CHIN-YUAN TU and WEN-CHEN LO were retained to audit LITON TECHNOLOGY CORP. 's Financial Statements and Consolidated Financial Statements and has issued an audit report. For the preceding the Business Report, Financial Statements, Consolidated Financial Statements and proposal of statement of appropriation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of LITON TECHNOLOGY CORP. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Best regards,

2024 shareholders meeting of LITON TECHNOLOGY CORP.

Convener of the Audit Committee      YEN-CHUNG TSOU

13 March 2024

**LITON TECHNOLOGY CORP.****Issuance of Unsecured Domestic Convertible Bonds**

Type of Convertible Bonds	The fourth unsecured conversion of corporate bonds
Date of issuance (processing)	15 July 2021
Denomination	NTD \$100,000
Issue price	NTD \$101(Issued at a premium)
Total price	NTD \$505,000,000
Interest rate	0%
Term	Three-year term, Expiry date: 15 July 2024
Trustee	Taishin International Bank
Underwriters	Fubon Securities Co., Ltd.
Repayment method	Except for those converted into common shares of the Company or exercised the right of sale and the Company recovered in advance or repurchased and cancelled by the securities dealer's business premises, the principal will be repaid in cash at maturity according to the par value of the bonds.
Outstanding principal amount	NTD \$ 500,000,000
Funding plan execution	All executions have been completed in 2021 Q3
The year ended 30 April 2024 The number of common shares converted	0 Share
The year ended 30 April 2024 Outstanding corporate amount	NTD \$ 500,000,000

## Compensation for Directors

Unit: Expressed in thousands of new Taiwan dollars																							
Title	Name	Compensation of Directors						The total amount of the four items, namely, A, B, C and D, and the proportion of net profit after tax				Part-time employees receive relevant remuneration						The total amount of the four items, namely, A, B, C, D, E, F AND G, and the proportion of net profit after tax(Note 3)				Receiving remuneration from subsidiaries for reinvestment in business or parent companies	
		Remuneration(A)		Retirement pay(B)(Note1)		Director's remuneration(C)(Note2)		Business execution expenses(D)		Salary, bonuses and special expenses, etc(E)		Retirement pay(F)		Employee compensation(G)(Note 2)		The amount of the cash		The amount of the shares		Company	All companies in the financial report		
		All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	The amount of cash	The amount of the shares	The amount of cash	The amount of the shares						
President	CHIH-MING WU (Note4)	346	698	-	-	531	531	30	30	907	1,259	-	-	-	-	-	-	-	907	1,259	0.31%	0.43%	7,832
Director	LELON ELECTRONICS CORP. Representative: TE-CHUAN WU (Note4)	343	343	-	-	542	542	30	30	915	915	-	-	-	-	-	-	-	915	915	0.31%	0.31%	3,392
Director	TSUN-HSIN KO	-	-	-	-	542	542	30	30	572	572	2,987	3,708	-	-	645	-	-	4,204	4,925	1.43%	1.67%	-
Director	YUNG-CHANG CHU	-	-	-	-	518	518	30	30	548	548	-	-	-	-	-	-	-	548	548	0.19%	0.19%	-
Independent Director	YEN-CHUNG TSOU	-	-	-	-	542	542	50	50	592	592	-	-	-	-	-	-	-	592	592	0.20%	0.20%	-
Independent Director	YIN-TANG TSENG	-	-	-	-	530	530	40	40	570	570	-	-	-	-	-	-	-	570	570	0.19%	0.19%	-
Independent Director	CHENG-NING OU (Note5)	-	-	-	-	-	-	30	30	30	30	-	-	-	-	-	-	-	30	30	0.01%	0.01%	1,871
Independent Director	LI-HUA HUANG (Note5)	-	-	-	-	495	495	20	20	515	515	-	-	-	-	-	-	-	515	515	0.17%	0.17%	-

1. Please name the policy, system, standard and structure of remuneration payment of independent directors, and describe the relevance of the remuneration amount according to the responsibilities, risks, investment time and other factors:

(1) In accordance with the provisions of the Articles of Association of the Company and the remuneration of the Chairman, Directors and Independent Directors, the Board of Directors is authorized to negotiate the remuneration of the Chairman of the Board of Directors according to the extent of their participation in the operation of the Company and the value of their contributions, and with reference to the level of the general manager of the industry.

(2) The articles of association of the company also stipulate that no more than 2.5% of the annual profit shall be used as the remuneration of directors, and independent directors who have not received a fixed salary at present, and the company shall allocate the remuneration of directors when they make profits.

2. In addition to the above table, the remuneration received by the directors of the company for their services (e.g., acting as an advisor to non-employees of the parent company/financial reporting company/reinvestment business, etc.) in the most recent year: None

Note1 : This is a retirement pension paid in accordance with the law, and there is no actual retirement pension paid in the most recent year.

Note2 : On March 13, 2024, the Board of Directors of the Company resolved to distribute NT\$9,870 thousand of employee remuneration and NT\$3,700 thousand of directors' remuneration for the 2024 year annual general meeting of shareholders.

Note3 : Based on the net profit after tax and consolidated financial report attributable to the parent company of NT\$294,871 thousand in the 2023 year individual financial report.

Note4 : TE-CHUAN WU resigned as Chairman of the Board on August 18, 2023 and was elected Chairman by CHIH-MING WU on August 8, 2023.

Note5 : CHENG-NING OU submitted his resignation as a director on March 14, 2023 due to personal reasons, and his term of office was until June 29, 2023, and a by-election was held at the general meeting of shareholders on June 30, 2023, and LI-HUA HUANG served as an independent director.

**Independent Auditors' Report Translated from Chinese**

To Liton Technology Corp.

**Opinion**

We have audited the accompanying parent company only balance sheets of Liton Technology Corp. (the "Company") as of 31 December 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies. (together "the parent company only financial statements").

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and its parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of 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 Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 the 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, and we do not provide a separate opinion on these matters.

### **1. Impairment of accounts receivable**

As of 31 December 2023, the gross accounts receivable and loss allowance by the Company amounted to NT\$435,276 thousand and NT\$763 thousand, respectively. The net accounts receivable accounted for 10% of total assets, which was considered material to the Company. The collection of accounts receivable is a key factor in the working capital management of the Company. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing of the effectiveness of the Company internal control related to the management of customer credit risk and accounts receivable collection; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; recalculating the reasonableness of loss allowance based on trading conditions; evaluating individually the reasonableness of the impairment of accounts receivable longer aging and significant overdue amounts ; recalculating the reasonableness of non individual significant customers (cohort assessment) based on accounting policy of loss allowance ; sampling and testing accounts receivable letter and reviewed its collection in subsequent period. We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

### **2. Valuation for inventories**

As of 31 December 2023, the Company's net inventories amounted to NT\$286,025 thousand. Net inventories accounted for 7% of total assets. The losses of write-downs and slow-moving inventories are caused by valuation for finished goods. Based on valued amounts for inventories which was considered material in the consolidated statements, and as the uncertainty due to fast-changing technology, the assessment of the inventory valuation require significant management judgement. We therefore determined this a key audit matter.



Our audit procedures included, but not limited to, observing inventory counts to ensure quantities and status; checking the unit cost of inventory; evaluating the reasonableness of accounting policy of loss allowance; sampling and testing the accuracy of inventory aging intervals; investigating whether manufactured goods had properly classified by level of inventories and valued with each levels. We also assessed the adequacy of disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 the 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 ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, 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 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 the 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 2023 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chin-Yuan Tu

Wen-Chen Lo

Ernst & Young, Taiwan

13 March 2024

#### **Notice to Readers**

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2023	2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$453,065	\$458,832
Financial assets at fair value through profit or loss, current	4, 12	1,135	1,189
Notes receivable, net	4, 6(12)	4,243	6,592
Accounts receivable, net	4, 6(2), 6(12)	215,281	274,346
Accounts receivables-related parties, net	4, 6(2), 6(12), 7	219,232	354,545
Other receivables	4, 7	5,625	17,579
Inventories	4, 6(3)	286,025	287,104
Prepayment		5,831	11,646
Other current assets	8	37,528	576
Total current assets		<u>1,227,965</u>	<u>1,412,409</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(4)	2,993,126	2,876,733
Property, plant and equipment	4, 6(5), 8	188,023	189,486
Right-of-use assets	4, 6(13)	2,405	257
Intangible assets	4	1,592	1,345
Deferred tax assets	4, 6(17)	3,604	1,713
Net defined benefit assets, non-current	4, 6(9)	7,399	6,884
Other non-current assets		8,039	7,521
Total non-current assets		<u>3,204,188</u>	<u>3,083,939</u>
Total assets		<u>\$4,432,153</u>	<u>\$4,496,348</u>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2023	2022
Current liabilities			
Short-term loans	4, 6(6), 12	\$681,282	\$580,570
Short-term notes and bills payable	4, 6(7), 12	-	89,981
Financial liabilities at fair value through profit or loss, current	4, 12	-	1,700
Contract liabilities, current	4, 6(11)	-	2
Accounts payable	4	17,155	14,400
Accounts payables-related parties	7	32,008	83,571
Other payables		49,070	60,355
Current tax liabilities	4, 6(17)	43,673	54,042
Lease liabilities, current	4, 6(13), 12	966	260
Long-term liabilities, current portion	4, 6(8), 12	496,127	-
Other current liabilities	4	244	204
Total current liabilities		<u>1,320,525</u>	<u>885,085</u>
Non-current liabilities			
Bonds payable	4, 6(8)	-	488,952
Deferred tax liabilities	4, 6(17)	1,480	1,377
Lease liabilities, non-current	4, 6(13), 12	1,449	-
Other current liabilities, non-current		4	4
Total non-current liabilities		<u>2,933</u>	<u>490,333</u>
Total liabilities		<u>1,323,458</u>	<u>1,375,418</u>
Equity attributable to the parent company	4, 6(10)		
Capital			
Common stock		1,432,196	1,432,196
Additional Paid-in Capital		583,462	579,882
Retained earnings			
Legal reserve		259,681	209,160
Special reserve		147,667	190,800
Unappropriated earnings		935,562	896,692
Subtotal		<u>1,342,910</u>	<u>1,296,652</u>
Other components of equity			
Exchange differences on translation of foreign operations		(206,562)	(146,164)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		<u>(208,065)</u>	<u>(147,667)</u>
Treasury shares		<u>(41,808)</u>	<u>(40,133)</u>
Total equity		<u>3,108,695</u>	<u>3,120,930</u>
Total liabilities and equity		<u>\$4,432,153</u>	<u>\$4,496,348</u>

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2023	2022
Operating revenues	4, 6(11), 7	\$1,273,498	\$1,755,439
Operating costs	6(3), 6(14), 7	(1,085,512)	(1,489,853)
Gross profit		187,986	265,586
Unrealized intercompany profit	7	(7,771)	(8,902)
Realized intercompany profit	7	8,902	7,025
Gross profit		189,117	263,709
Operating expenses			
Sales and marketing expenses	6(14)	(13,330)	(11,988)
General and administrative expenses	6(14)	(55,744)	(58,144)
Research and development expenses	6(14)	(16,225)	(4,176)
Expected credit (losses) gains	6(12)	38	(194)
Subtotal		(85,261)	(74,502)
Operating income		103,856	189,207
Non-operating income and expenses			
Other income	4, 6(15)	51,673	20,698
Other gains and losses	6(15)	28,703	84,581
Financial costs	6(15)	(17,329)	(12,500)
Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(4)	174,101	291,235
Subtotal		237,148	384,014
Income before income tax		341,004	573,221
Income tax expense	4, 6(17)	(46,133)	(69,879)
Net income		294,871	503,342
Other comprehensive income	6(16), 6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(317)	2,329
Income tax related to items that may not be reclassified subsequently		63	(466)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(4), 6(16)	(60,398)	43,133
Total other comprehensive income, net of tax		(60,652)	44,996
Total comprehensive income		\$234,219	\$548,338
Earnings per share (NTD)	4, 6(18)		
Earnings per share-basic		\$2.08	\$3.52
Earnings per share-diluted		\$1.95	\$3.29

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital		Retained Earnings		Other components of equity			Treasury shares	Total equity
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive	Total equity
Balance as of 1 January 2022	\$1,430,048	\$775	\$577,355	\$160,481	\$203,129	\$642,389	\$(189,297)	\$(1,503)	\$2,819,918
Appropriation and distribution of 2021 retained earnings									
Legal reserve				48,679		(48,679)			-
Cash dividends					(12,329)	(214,552)			(214,552)
Special reserve						12,329			-
Net income in 2022						503,342			503,342
Other comprehensive income, net of tax in 2022						1,863	43,133		44,996
Total comprehensive income	-	-	-	-	-	505,205	43,133	-	548,338
Acquisition of treasury shares									
Bonds converted to stock	2,148	(775)	2,527						(36,674)
Balance as of 31 December 2022	\$1,432,196	\$ -	\$579,882	\$209,160	\$190,800	\$896,692	\$(146,164)	\$(1,503)	\$3,120,930
Balance as of 1 January 2023	\$1,432,196	\$ -	\$579,882	\$209,160	\$190,800	\$896,692	\$(146,164)	\$(1,503)	\$3,120,930
Appropriation and distribution of 2022 retained									
Legal reserve				50,521		(50,521)			-
Cash dividends						(248,359)			(248,359)
Special reserve					(43,133)	43,133			-
Net income in 2023						294,871			294,871
Other comprehensive income, net of tax in 2023						(254)	(60,398)		(60,652)
Total comprehensive income	-	-	-	-	-	294,617	(60,398)	-	234,219
Acquisition of treasury shares									
Bonds converted to stock			3,580						(5,134)
Balance as of 31 December 2023	\$1,432,196	\$ -	\$583,462	\$259,681	\$147,667	\$935,562	\$(206,562)	\$(1,503)	\$3,108,695

(The accompanying notes are an integral part of the parent company only financial statements)



English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$341,004	\$573,221
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	7,823	7,730
Amortization	683	882
Expected credit (income) loss	(38)	194
Net gain (loss) of financial assets/liabilities at fair value through profit or loss	(1,646)	2,694
Interest expense	17,329	12,500
Interest income	(10,714)	(1,104)
Dividends income	-	(90)
Share of profit of subsidiaries, associates and joint ventures	(174,101)	(291,235)
Unrealized intercompany (gain) loss	(1,131)	1,877
Gain(loss) from market value decline, obsolete and slow-moving of inventories	(262)	1,561
Gains on disposals of investments	531	-
Other item	(4,115)	(4,084)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	2,349	(166)
Decrease (increase) in accounts receivable	194,416	(50,800)
Decrease (increase) in other receivable	11,954	(8,578)
Decrease (increase) in inventories	1,341	(80,612)
Decrease (increase) in prepayments	5,815	(4,595)
(Increase) decrease in other current assets	(36,952)	36
Increase in net defined benefit assets, non-current	(832)	(670)
(Increase) decrease in other non-current assets	(518)	3,912
Decrease in contract liabilities	(2)	(15)
(Decrease) increase in accounts payable	(48,808)	30,022
(Decrease) increase in other payables	(13,739)	1,990
Increase in other current liabilities	40	10
Cash generated from operations	290,427	194,680
Interest received	10,714	1,104
Dividend received	-	90
Interest paid	(10,107)	(5,072)
Income tax paid	(58,227)	(52,028)
Net cash provided by operating activities	232,807	138,774

(Continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(5,840)	(7,111)
Proceeds from disposal of property, plant and equipment	5,216	-
Acquisition of intangible assets	(930)	(704)
Proceeds from disposal of financial assets at fair value through profit or loss	(531)	-
Net cash used in investing activities	(2,085)	(7,815)
Cash flows from financing activities:		
Increase in short-term loans	2,807,775	1,620,672
Decrease in short-term loans	(2,707,063)	(1,489,616)
Increase in short-term notes and bills payable	209,600	149,816
Decrease in short-term notes and bills payable	(299,581)	(119,792)
Cash payments of bonds	-	(1,300)
Acquisition of treasury shares	(5,134)	(36,674)
Exercise of employee share options	7,039	-
Cash payments for the principal portion of the lease liability	(766)	(516)
Increase in guarantee deposits received	-	(306)
Cash dividends	(248,359)	(214,552)
Net cash used in by financing activities	(236,489)	(92,268)
Net (decrease) increase in cash and cash equivalents	(5,767)	38,691
Cash and cash equivalents at beginning of period	458,832	420,141
Cash and cash equivalents at end of period	\$453,065	\$458,832

(The accompanying notes are an integral part of the parent company only financial statements)

## **Independent Auditors' Report Translated from Chinese**

To Liton Technology Corp.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Liton Technology Corp. (the “Company”) and its subsidiaries (the “Group”) as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 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, and we do not provide a separate opinion on these matters.

### **1. Impairment of accounts receivable**

As of 31 December 2023, the gross accounts receivable and loss allowance by the Group amounted to NT\$865,190 thousand and NT\$8,883 thousand, respectively. The net accounts receivable accounted for 15% of consolidated total assets, which was considered material to the Group. The collection of accounts receivable is a key factor in the working capital management of the Group. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing of the effectiveness of the Group internal control related to the management of customer credit risk and accounts receivable collection; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; recalculating the reasonableness of loss allowance based on trading conditions; evaluating individually the reasonableness of the impairment of accounts receivable longer aging and significant overdue amounts; recalculating the reasonableness of non-individual significant customers (cohort assessment) based on accounting policy of loss allowance; sampling and testing accounts receivable letter and reviewed its collection in subsequent period. We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the Group's consolidate financial statements.

### **2. Valuation for inventories**

As of December 31, 2023, the net inventories amounted to NTD 795,268 thousand accounting for 14% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. The Company and its subsidiaries starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation and slow-moving losses for raw materials, supply and parts. Due to diversity of products and uncertainty arising from rapid changes in products, allowance for obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; understanding the allowance for inventory loss and slow-moving inventory policies; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging intervals to make sure that the inventory aging schedule was appropriate. In addition, we sample tested inventories to check related certificates of purchases and sales and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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

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

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



1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and 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 2023 consolidated financial statements 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.

**Other**

We have audited and expressed an unqualified opinion on the parent company only financial statements of Liton Technology Corp. as of and for the years ended 31 December 2023 and 2022.

Chin-Yuan Tu

Wen-Chen Lo

Ernst & Young, Taiwan

13 March 2024

**Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 2023 and 31 December 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2023	2022
Current assets			
Cash and cash equivalents	4, 6(1)	\$899,003	\$834,236
Financial assets at fair value through profit or loss, current	4,12	1,135	1,189
Notes receivable, net	4, 6(11)	130,529	51,924
Notes receivables-related parties, net	4, 6(11), 7	2,034	-
Accounts receivable, net	4, 6(2), 6(11)	703,797	621,771
Accounts receivables-related parties, net	4, 6(2), 6(11), 7	152,510	191,413
Other receivables	4	8,018	32,589
Inventories	4, 6(3)	795,268	1,029,755
Prepayment		107,317	131,771
Other current assets	8	42,115	700
Total current assets		<u>2,841,726</u>	<u>2,895,348</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4,12	5,554	5,664
Property, plant and equipment	4, 6(4), 8	2,802,818	2,850,082
Right-of-use assets	4, 6(12), 7	92,571	98,171
Intangible assets	4	2,257	2,136
Deferred tax assets	4, 6(16)	23,472	19,246
Net defined benefit assets, non-current	4, 6(8)	7,399	6,884
Other non-current assets		66,757	212,454
Total non-current assets		<u>3,000,828</u>	<u>3,194,637</u>
Total assets		<u>\$5,842,554</u>	<u>\$6,089,985</u>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2023	2022
Current liabilities			
Short-term loans	4, 6(5)	\$958,274	\$840,996
Short-term notes and bills payable	4	-	89,981
Financial liabilities at fair value through profit or loss, current	4	-	1,700
Contract liabilities, current	4, 6(10)	5,056	227,030
Accounts payable	4	26,323	59,921
Accounts payables-related parties	4, 7	124,273	4,260
Other payables		164,830	186,162
Current tax liabilities	4, 6(16)	56,463	99,512
Lease liabilities, current	4, 6(12), 7	4,265	3,402
Bond payable, current	4, 6(6)	496,127	-
Long-term liabilities, current portion	6(7)	-	130,408
Other current liabilities		11,201	8,695
Total current liabilities		1,846,812	1,652,067
Non-current liabilities			
Bonds payable	4, 6(6)	-	488,952
Deferred tax liabilities	4, 6(16)	1,480	1,377
Lease liabilities, non-current	4, 6(12), 7	53,891	56,848
Guarantee deposits received		39,009	39,784
Other non-current liabilities	4	104,189	73,876
Total non-current liabilities		198,569	660,837
Total liabilities		2,045,381	2,312,904
Equity attributable to the parent company	4, 6(9)		
Capital			
Common stock		1,432,196	1,432,196
Additional Paid-in Capital		583,462	579,882
Retained earnings			
Legal reserve		259,681	209,160
Special reserve		147,667	190,800
Unappropriated earnings		935,562	896,692
Subtotal		1,342,910	1,296,652
Other components of equity			
Exchange differences on translation of foreign operations		(206,562)	(146,164)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,503)	(1,503)
Subtotal		(208,065)	(147,667)
Treasury shares		(41,808)	(40,133)
Non-controlling interests	6(9)	688,478	656,151
Total equity		3,797,173	3,777,081
Total liabilities and equity		\$5,842,554	\$6,089,985

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2023	2022
Operating revenues	4, 6(10), 7	\$3,676,095	\$3,844,247
Operating costs	6(3)	(2,927,301)	(2,880,206)
Gross profit		748,794	964,041
Operating expenses			
Sales and marketing expenses	6(13)	(54,299)	(64,764)
General and administrative expenses		(147,860)	(154,186)
Research and development expenses		(122,039)	(89,178)
Expected credit (losses) gains	6(11)	2,282	(5,693)
Subtotal		(321,916)	(313,821)
Operating income		426,878	650,220
Non-operating income and expenses	4, 6(14)		
Interest income		15,574	4,328
Other income		40,255	14,223
Other gains and losses		(21,974)	71,980
Financial costs		(33,203)	(41,289)
Subtotal		652	49,242
Income before income tax		427,530	699,462
Income tax expense	4, 6(16)	(86,836)	(126,510)
Net income		340,694	572,952
Other comprehensive income	6(15)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(317)	2,329
Income tax related to items that may not to be reclassified subsequently		63	(466)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(73,894)	52,566
Total other comprehensive income, net of tax		(74,148)	54,429
Total comprehensive income		\$266,546	\$627,381
Net income attributable to:			
Stockholders of the parent		\$294,871	\$503,342
Non-controlling interests		45,823	69,610
		\$340,694	\$572,952
Comprehensive income attributable to:			
Stockholder of the parent		\$234,219	\$548,338
Non-controlling interests		32,327	79,043
		\$266,546	\$627,381
Earnings per share (NTD)			
Earnings per share-basic	4, 6(17)	\$2.08	\$3.52
Earnings per share-diluted		\$1.95	\$3.29

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company									
	Capital			Retained Earnings			Other components of equity			
	Common Stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains(Losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total
Balance as of 1 January 2022	\$1,430,048	\$775	\$577,355	\$160,481	\$203,129	\$642,389	\$(189,297)	\$(1,503)	\$(3,459)	\$2,819,918
Appropriation and distribution of 2021 retained earnings										
Legal reserve				48,679		(48,679)			-	-
Cash dividends						(214,552)			(214,552)	(214,552)
Special reserve					(12,329)	12,329			-	-
Net income in 2022						503,342				503,342
Other comprehensive income, net of tax in 2022						1,863	43,133			69,610
Total comprehensive income										44,996
Acquisition of treasury shares						503,205	43,133	-		548,338
Bonds converted to stock	2,148	(775)	2,527						(36,674)	(36,674)
									3,900	3,900
Balance as of 31 December 2022	\$1,432,196	\$ -	\$579,882	\$209,160	\$190,800	\$896,692	\$(146,164)	\$(1,503)	\$(40,133)	\$3,120,930
Balance as of 1 January 2023										\$656,151
Appropriation and distribution of 2022 retained earnings										
Legal reserve				50,521		(50,521)			-	-
Cash dividends						(248,359)			(248,359)	(248,359)
Special reserve					(43,133)	43,133			-	-
Net income in 2023						294,871				294,871
Other comprehensive income, net of tax in 2023						(254)	(60,398)			45,823
Total comprehensive income										(13,496)
Bonds converted to stock						294,617	(60,398)	-		32,327
Acquisition of treasury shares									(5,134)	(5,134)
Balance as of 31 December 2023	\$1,432,196	\$ -	\$583,462	\$259,681	\$147,667	\$935,562	\$(206,562)	\$(1,503)	3,459	\$688,478
										\$3,797,173

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$427,530	\$699,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	231,490	202,252
Amortization	804	1,008
Expected credit (income) loss	(2,282)	5,693
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(1,646)	2,694
Interest expense	33,203	41,289
Interest income	(15,574)	(4,328)
Loss from market value decline, obsolete and slow-moving of inventories	1,839	8,611
Dividends income	-	(90)
Loss on disposal of property, plant and equipment	13,689	345
Gain on financial assets measured at fair value through profit or loss	(531)	-
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(80,639)	20,102
(Increase) decrease in accounts receivable	(40,676)	205,480
Decrease (increase) in inventories	218,979	(288,336)
Decrease in prepayments	24,454	23,099
Decrease in other receivables	24,571	173
(Increase) decrease in other current assets	(41,415)	275
Decrease in other non-current assets	31,649	1,339
Increase in net defined benefit assets, non-current	(832)	(670)
Increase (decrease) in accounts payable	86,415	(43,134)
Decrease in other payables	(20,705)	(10,805)
(Decrease) increase in contract liabilities	(221,974)	227,013
Increase in other current liabilities	2,506	498
Cash generated from operations	670,855	1,091,970
Interest received	15,574	4,328
Dividend received	-	90
Interest paid	(26,506)	(34,220)
Income tax paid	(106,805)	(111,489)
Net cash provided by operating activities	553,118	950,679

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
LITON TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(116,701)	(95,968)
Proceeds from disposal of property, plant and equipment	5,972	86
Acquisition of right-of-use assets	-	(964)
Increase in prepayment for equipment	(19,123)	(363,448)
Acquisition of intangible assets	(938)	(776)
Proceeds from disposal of financial assets at fair value through profit or loss	531	-
Net cash used in investing activities	(130,259)	(461,070)
Cash flows from financing activities:		
Increase in short-term loans	3,149,687	1,885,418
Decrease in short-term loans	(3,027,335)	(1,754,456)
Increase in short-term notes and bills payable	209,600	149,816
Decrease in short-term notes and bills payable	(299,581)	(119,792)
Cash payments of bonds	-	(1,300)
Increase in long-term loans	-	76,484
Decrease in long-term loans (including current portion)	(127,867)	(364,172)
Cash payments for the principal portion of the lease liability	(3,896)	(3,251)
(Decrease) increase in guarantee deposits received	(775)	213
Acquisition of treasury shares	(5,134)	(36,674)
Exercise of employee shares option	7,039	-
Cash dividends	(248,359)	(214,552)
Other non-current liability - other increase	30,313	17,397
Net cash used in financing activities	(316,308)	(364,869)
Effect of exchange rate on cash and cash equivalents	(41,784)	11,754
Net increase in cash and cash equivalents	64,767	136,494
Cash and cash equivalents at beginning of period	834,236	697,742
Cash and cash equivalents at end of period	\$899,003	\$834,236

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



**LITON TECHNOLOGY CORP.****2023 Profit Distribution Table**

Unit: in NT\$

<b>Items</b>	<b>Amount</b>
Unappropriated retained earnings, beginning balance	640,945,257
Remeasurement on defined benefit plan	(253,703)
Net profit	294,870,269
Adjusted retained earning	935,561,823
Appropriation of 10% legal reserve	(29,461,657)
Special reserve	(60,397,932)
Cash dividends of shareholders (NT\$ 1.1 share)	(156,111,567)
Unappropriated retained earnings, ending balance	689,590,667
Note: 1. The amount of this profit distribution is given priority to the distribution of 2023. 2. The distribution amount per share is calculated based on the number of outstanding shares of 141,919,606 shares (deducted 1,300,000 shares of treasury shares repurchased for the seventh time).	

Chairman: CHIH-MING WU      Manager: TSUN-HSIN KO

Accounting Supervisor: KUO-CHUAN WANG

## LITON TECHNOLOGY CORP.

## Candidates for the Election of Independent Directors

Shareholders' Meeting Date: 27 June 2024

Candidate category	Name of candidate	Education	Relevant experience	Current position	Shareholding
Director	CHIH-MING WU	Lamar University, Master	Chairman and President of Lelon Electronic Corp. Chairman of LITON TECHNOLOGY CORP.	Chairman and President, Lelon Electronic Corp.	470,701
Director	LELON ELECTRONICS CORP. Representative: HONG-TE LU	National Taiwan University of PhD in Marketing	Professor at Department of Business Administration, Chung Yuan Christian University	Professor at Department of Business Administration, Chung Yuan Christian University	43,731,598/0
Director	TSUN-HSIN KO	National Yang Ming Chiao Tung University EMBA	ITRI MCL of Deputy Researcher and Engineer ITRI MCL of Lead Investigator for Aluminum Foil Development Program Director and President of Liton Technology Corp.	Director and President, LITON TECHNOLOGY CORP.	635,309
Director	YUNG-CHANG CHU	National Defense Medical College	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic Supervisor and Director of LITON TECHNOLOGY CORP.	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic	810,092

Independent Director	YEN-CHUNG TSOU	National Cheng Kung University, Department of Accountancy	Partner of Representative of Sun Young CPAs Independent Director of Universal Microelectronics CO., LTD. Independent Director of SUNKO INC CO. LTD. Independent Director of LITON TECHNOLOGY CORP.	Partner of Representative of Sun Young CPAs	0
Independent Director	LI-HUA HUANG	National Taichung Junior College Of Business (Now : National Taichung University of Science and Technology) Accounting Statistics	Senior Manager of Ernst & Young Taiwan Vice President of Hong Siang Certified Public Accountants Independent Director of Chian Hsing Forging Industrial Co., Ltd. Independent Director of LITON TECHNOLOGY CORP.	Vice President of Hong Siang Certified Public Accountants	0
Independent Director	JUNG-MENG TSENG	EMBA, Feng Chia University	Director and President of SIWARD Crystal Technology Co., Ltd. Chairman of Apex Optech Corporation Corporate Director Representative of Securitag Assembly Group Co., Ltd. Independent Director of Sun Own Industrial Co., Ltd.	Director and President of SIWARD Crystal Technology Co., Ltd.	0

### Detail of Release of the Prohibition on Directors from Participation in Competitive Business

Title	Name	Positions currently held in other companies
Director	CHIH-MING WU	Chairman and President, Lelon Electronic Corp. Chairman, Lelon Electronics (HUIZHOU) Corp. Chairman and President, Lelon Electronics (SUZHOU) Corp. Chairman, Dongguan Lehong Trading Co, Ltd. Chairman, Lelon Electronics (SUZHOU) Corp. Chairman, Lelon Electronics (HUIZHOU) Corp. Chairman, Liton Electronics Technology (Abazhou) Co., Ltd. Director, ChiFa Enterprise Co., Ltd. Chairman, Lelon Electronics (THAILAND) Corp.
Director	Lelon Electronic Corp. Representative: HONG-TE LU	Professor at Department of Business Administration, Chung Yuan Christian University
Director	TSUN-HSIN KO	Director, Liton Electronics Technology (Abazhou) Co., Ltd. Director, Liton Electronics Technology (Hui Zhou) Co., Ltd. Legal representative, Ruyuan Lidong Electronic Technology Co., Ltd.
Director	YUNG-CHANG CHU	Physician and Director of Chu Yung-Chang Internal Pediatric Clinic
Independent Director	YEN-CHUNG TSOU	Representative and CPA, Sun Young Independent Director, Universal Microelectronics CO., LTD. Independent Director, SUNKO INC CO. LTD.
Independent Director	LI-HUA HUANG	Vice President, Hong Siang Certified Public Accountants Independent Director, Chian Hsing Forging Industrial Co., Ltd.
Independent Director	JUNG-MENG TSENG	Director and President, SIWARD Crystal Technology Co., Ltd. Representative Director, SIWARD TECHNOLOGY CO., LTD. Chairman, APEX OPTECH CO. Chairman, Apex Optech Corporation (Wuxi Factory) Chairman, SIWARD Electronic Technology (Shenzhen) Inc. Representative, Securitag Assembly Group Co., Ltd. Representative Director, SE JAPAN CO. Vice Chairman, SIWARD Crystal Technology (Dongguan) Co., Ltd. Independent Director, Sun Own Industrial Co., Ltd.

## Articles of Association

### Chapter 1 General Provisions

Article 1: The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be 立敦科技股份有限公司, and LITON TECHNOLOGY CORP. in English.

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

- 1.CC01080 Electronics Components Manufacturing (Limited to the industry classifications of 2620 - Passive Electronic Component Manufacturing and 2699 - Unclassified Other Electronic Component Manufacturing in the Republic of China.)
- 2.CC01030 Manufacture of Appliance and Audio and Video Equipment (Limited to the industry classifications of 2730 - Audiovisual Electronic Product Manufacturing and 2859 - Other Household Appliance Manufacturing in the Republic of China.)
- 3.CB01010 Manufacture of Machinery and Equipment (Limited to the industry classification of 2531 - Boiler, Metal Tank, and Pressure Vessel Manufacturing in the Republic of China.)
- 4.CC01990 Other Electrical and Electronic Equipment Manufacturing (Limited to the industry classification of 2699 - Unclassified Other Electronic Component Manufacturing in the Republic of China)
- 5.CA04010 Treatment of Surface (Limited to the industry classification of 2544 - Metal Surface Treatment Industry in the Republic of China.)
- 6.F119010 Wholesale of Electronic Materials (Limited to industry classification 4642 - Wholesale of Electronic Equipment and Components Industry in the Republic of China)
- 7.F113020 Wholesale of Household Appliance(Limited to industry classification 4561 - Wholesale of Household Appliances Industry in the Republic of China)
- 8.F113010 Wholesale of Machinery(Limited to industry classification 4643 - Wholesale of Agricultural and Industrial Machinery and Equipment Industry in the Republic of China)
- 9.F113990 Wholesale of Other Machinery and Equipment (Limited to industry classification 4649 - Wholesale of Other Machinery and Equipment Industry in the Republic of China)
- 10.F219010 Retail of Electronic Materials (Limited to industry classifications 4831 - Retail of Computers and Peripheral Equipment, Software Retail Industry, 4832 - Retail of Communication Equipment Industry, and 4833 - Retail of Audiovisual Equipment Industry in the Republic of China)
- 11.F213010 Retail Sale of Electrical Household Appliances in Specialized Stores (Limited to industry classification 4741 - Retail of Household Appliances Industry in the Republic of China) and retail of audiovisual equipment (limited to industry classification in the Republic of China: 4833 - Retail of Audiovisual Equipment Industry)
- 12.F213080 Retail of Machinery and Equipment (limited to industry classification 4749 - Retail of Other Household Articles and Supplies Industry in the Republic of China)
- 13.F213990 Retail of Other Machinery and Equipment (limited to industry classification 4749 - Retail of Other Household Articles and Supplies Industry in the Republic of China)

Article 2-1: The Company's investments are not subject to the limitation of 40 percent of the paid-in capital.

Article 2-2: The Company may provide guarantees to external parties in accordance with the endorsement guarantee.

Article 3: The Company shall have its head office in Miaoli County, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the board of directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

Article 4: Deleted

## Chapter 2 Capital Stock

Article 5: The total capital stock of the Company shall be in the amount of 3,600,000,000 New Taiwan Dollars, divided into 360,000,000 shares, at ten New Taiwan Dollars to be issued in installments. Authorized to the board of directors to issue in installments. A total of 70,000,000 New Taiwan Dollars among the above total capital stock should be reserved for stock warrants, preferred shares with warrants or quota of the conversion for corporate bonds with warrants, which amounted to 7,000,000 shares, at ten New Taiwan Dollars each.

Article 6: The Company's stocks are generally registered shares issued with the signature or seal of the directors representing the Company, and after being certified by a bank authorized to issue stock certificates in accordance with the law. The shares issued by the Company may be exempted from printing any share certificate for the shares. Nonetheless, the issued shares shall be registered with a centralized securities depository enterprise and shall be in line with the regulations of the institute.

Article 7: In the event of lost or replacement of stock certificates for any reason, a handling fee may be charged.

Article 8: Registration for transfer of shares shall be suspended for a period of sixty days before the convening date of a regular shareholders meeting, thirty days before the convening date of a special shareholders meeting, or within five days before the date on which dividends, bonus, or other benefits are scheduled to be paid by the Company.

## Chapter 3 Shareholders Meeting

Article 9: Shareholders meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened by Board of Directors at least once a year within six months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations. The procedure for convening a shareholders meeting in accordance with the Company Act and related regulations and laws.



Article 10: According to Article 177 of the Company Act, if a shareholder is unavailable to attend a shareholders meeting, he/she could hand in a written proxy and appoints a proxy to attend the shareholders meeting on his/her behalf. Unless otherwise stipulated in the Company Act, the means of attending a shareholder meeting by proxy shall in line with the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

Article 11: Except for being stipulated in related regulations, each of the Company’s shareholder is entitled to one vote for each share held. However, the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act not subject to this limitation.

Article 12: Unless otherwise provided for in related regulations, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

#### Chapter 4 Board of directors and Audit Committee

Article 13: The Company shall have 7 to 11 directors, including at least 3 independent directors. The number of directors is authorized to the board of directors for resolution, with the term of three years. The election adopts a candidate nomination system and directors shall be eligible for re-election. After being elected, the Company shall take out liability insurance for directors during their terms. For the aggregate shareholding percentage of all of the directors shall in line with the regulations stipulated by the central competent authority.

Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors, and the powers and other related affairs shall be in line with the related regulations and laws. The Organization Regulations is stipulated by the board of directors.

The Company is available to establish Remuneration Committee or other functional committees and shall be in line with the related regulations and laws or business needs.

Article 14: Board is organized by directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman represents the Company.

Article 14-1: A board of directors shall meet at least quarterly. The directors (independent directors included) should be informed 7 days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph shall state the reason for calling the meeting in writing, E-mail or by fax.

Article 15: Where there the chairman is on leave or for any reason unable to exercise the powers, his/her proxy shall comply with Article 208 of the Company Act.

Article 15-1: Unless otherwise provided for in this Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. Where there a director for any reason unable to attend a meeting shall give a written proxy stating the scope of authorization with respect to the reasons for meeting and appoint another director to attend the meeting. A director may accept a proxy from one person only.

In case a board meeting is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 16: The board of directors is authorized to determine the salary for the directors, considering the extent and value of the services provided for the management of the Company and the standards of the industry.

## Chapter 5      Managers

Article 17: The Company shall appoint a president, vice president and several managers. The appointment, discharge and the remuneration of the Company's managers shall be in line with Article 29 of the Company Act.

## Chapter 6      Accounting

Article 18: After the close of each fiscal year, the following reports shall be prepared by the board of directors: (1) Business Report (2) Financial Statements (3) Proposal Concerning the Distribution of Earnings or Covering of Losses, and submitted to the regular shareholders meeting for acceptance.

Article 19: Where there are profits (The term "profits" means the net income before tax for the year without allocation of employee remuneration and director remuneration.) of the Company for the year, the Company shall allocate above 2.5% as employee remuneration. For director remuneration, the Company shall allocate less than 2.5%. Nonetheless, the Company shall have reserved a sufficient amount to offset its accumulated losses (including adjustment the amount of undistributed earnings).

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and directors' compensation distributed in the form of shares or in cash; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

Employee remuneration shall be provided in share or cash. The employee remuneration obtained by the employees of parents or subsidiaries of the Company meeting certain specific requirements. The requirements and distribution methods shall be determined by the Board of Directors or its authorized personnel.

Director remuneration shall be provided in cash only.

Article 20: Where there are final accounts shall first pay taxes and offset previous losses (including adjustment the amount of undistributed earnings). Then, set aside 10% of such profits as a legal reserve. However, when the legal reserve amounts to the Company's paid-in capital, this shall not apply. Furthermore, depending on the Company's operational requirements and to comply with legal regulations, the Company shall set aside or reverse a special reserve. Where there are earnings and undistributed earnings at the beginning of the period (including adjustment the amount of undistributed earnings), the appropriation of earnings shall be proposed by the board and submitted to the shareholders meeting to approve the appropriation.

Article 20-1: The Company is in the "growth stage" of its business life cycle, and in order to ensure sustainable development through capital expenditures and sound financial planning, a dividend distribution of at least 10% of distributable profits, as defined in the previous article, will be allocated. However, if the distributable profits are less than 0.5% of the paid-up capital, it may be proposed not to distribute dividends. The Company distributes both stock dividends and cash dividends. The ratio of cash dividends shall not be less than 10% of the total shareholder dividend distribution for the fiscal year. If the cash dividend per share is lower than 0.5 NT dollars, the Board of Directors is authorized to propose a resolution to the shareholders' meeting for the distribution of dividends in either cash or stock.

## Chapter 7      Supplementary Provisions

Article 21: Regarding all matters not provided for in these Articles of Association, the Company Act of the Republic of China shall govern.

Article 22: This Articles of Association is stipulated on 14 October 1993, and its first amendment was on 20 March 1997, the second amendment was on 27 June 1997, the third amendment was on 13 March 1998, the fourth amendment was on 8 May 1999, the fifth amendment was on 3 April 2000, the sixth amendment was on 18 December 2000, the seventh amendment was on 28 May 2001 (First Time), the eighth amendment was on 28 May 2001 (Second Time), the ninth amendment was on 25 June 2002, the tenth amendment was on 27 June 2003, the eleventh amendment was on 25 June 2004, the twelfth amendment was on 24 June 2005, the thirteenth amendment was on 23 June 2006, the fourteenth amendment was on 19 June 2009, the fifteenth amendment was on 24 June 2010, the sixteenth amendment was on 21 June 2011, the seventeenth amendment was on 16 June 2014, the eighteenth amendment was on 6 January 2015, the nineteenth amendment was on 29 June 2016, the twentieth amendment was on 20 June 2017, the twenty-first amendment was on 24 June 2020, the twenty-second amendment was on 27 August 2021.

LITON TECHNOLOGY CORP.

Chairman: CHIH-MING WU

# LITON TECHNOLOGY CORP.

## Rules of Procedure for Shareholder Meetings (Before the amendment)

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Convening shareholders meetings and shareholders meeting notices  
 Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.  
 The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time.  
 The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby and to be distributed on-site at the meeting. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in the electronic form.  
 Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.



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

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held. The Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in the discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- Article 5      The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 6      The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- Shareholders, solicitors and proxies (collectively "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
- When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.
- Article 7      If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.



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

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8      The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

Article 9      Attendance at shareholders' meetings shall be calculated based on the numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

**Article 10** If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

Article 12      Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13      A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is, therefore, advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and the number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.



- Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.  
The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.  
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.
- Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting.  
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.  
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."  
At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.  
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.  
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.  
A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

## LITON TECHNOLOGY CORP.

## Procedures for Election of Directors

- Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
1. Basic requirements and values: Gender, age, nationality, and culture.
  2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.
- Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. The ability to make judgments about operations.
  2. Accounting and financial analysis ability.
  3. Business management ability.
  4. Crisis management ability.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Leadership ability.
  8. Decision-making ability.
- Article 4 The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.



- Article 5 Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
- When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders' meeting. When the number of directors falls short by one-third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholder meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- Article 6 The cumulative voting method shall be used for the election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates.
- Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 8 The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

- Article 10      A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by a person with the right to convene.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The electee does not match the list of director candidates.
  5. In addition to filling in the number of votes to be allocated, other words are inserted.
- Article 11      The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.
- The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 12      This procedure shall be formulated by the Board of Directors and approved by the Shareholders' Meeting, and shall be the same when amended.

**LITON TECHNOLOGY CORP.**  
**Shareholdings of Directors and Independent Directors**

Book closure date: 29 April 2024

Title	Name	Date elected	Terms	Shareholding while elected		Shareholding as of book closure date	
				Shares	%	Shares	%
Chairman	CHIH-MING WU	27 August 2021	3 years	470,701	0.33%	470,701	0.33%
Director	TSUN-HSIN KO	27 August 2021	3 years	615,279	0.43%	635,309	0.44%
Director	LELON ELECTRONICS CORP. Representative: TE-CHUAN WU	27 August 2021	3 years	43,731,598	30.58%	43,731,598	30.53%
Director	YUNG-CHANG CHU	27 August 2021	3 years	1,060,092	0.74%	810,092	0.57%
Independent Director	YEN-CHUNG TSOU	27 August 2021	3 years	0	0.00%	0	0.00%
Independent Director	YIN-TANG TSENG	27 August 2021	3 years	0	0.00%	0	0.00%
Independent Director	LI-HUA HUANG	30 June 2023	3 years	0	0.00%	0	0.00%
Total						45,647,700	31.87%

1. Types of shares: common shares
2. Total issued shares: 143,219,606 shares
3. The minimum required combined shareholding of all directors by law: 8,593,176 shares.
4. All directors of the Company have achieved the regulatory standard.
5. According to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, when two or more independent directors are appointed, the shareholding percentage of all directors and supervisors, excluding independent directors, is reduced to 80 percent.
6. The Independent Director CHENG-MING OU resigned on 29 June 2023.