Stock Code: 2323

CMC

中環股份有限公司

2025 Annual Shareholders' Meeting

Meeting Handbook

June 10, 2025

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CMC Magnetics Corporation
Procedures for 2025 Annual Shareholders' Meeting

I. Call the Meeting to Order

II. Chairman's Remarks

III. Reports

IV. Ratifications

V. Discussion

VI. Motions

VII. Adjournment

CMC Magnetics Corporation
Agenda of 2025 Annual Shareholders' Meeting

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

Place: 1F, No. 350, Songjiang Road, Taipei City (Importers and Exporters Association of Taipei)

Form of Shareholders' Meeting: Physical

Meeting Procedures:

I. Call the Meeting to Order

II. Chairman's Remarks

III. Reports

Case 1. 2024 Business Operations.

Case 2. Audit Committee's Review Report on Final Accounts Statement for 2024.

IV. Ratifications

Case 1. 2024 Business Report and Financial Statements. (Proposed by Board of Directors)

Case 2. 2024 Deficit Compensation. (Proposed by Board of Directors)

V. Discussion

Case 1. The Company's cash dividend of capital reserve. (Proposed by Board of Directors)

Case 2. Amendments to the Articles of Incorporation. (Proposed by Board of Directors)

Case 3. Amendment to the Procedures for Acquisition and Disposal of Assets of the Company (Proposed by Board of Directors)

VI. Motions

VII. Adjournment

Reports

Case 1. 2024 Business Operations. Please kindly review it.

Explanation: Please refer to pages 7-11 of this handbook for the Business Report.

Case 2. Audit Committee's Review Report on Final Accounts Statement for 2024. Please kindly review it.

Explanation: Please refer to page 12 of this handbook for the Audit Committee's Review Report.

Ratifications

Case 1. Approval of 2024 Business Report and Financial Statements. It is hereby submitted for ratification. (Proposed by Board of Directors)

Explanation:

(I) The Company's individual and consolidated financial statements for 2024 have been duly audited by Yu, Shu-Fen and Wang, Song-Tse, the CPAs from PwC Taiwan, who have approved the report without reservation, and issued an unqualified opinion plus the others paragraph. The aforesaid financial statements together with the operating report have been adopted by the Board of Directors.

(II) Various statements and vouchers have been reviewed and determined as correct and accurate by the Audit Committee.

(III) We hereby submit the above statements. It is hereby submitted for ratification.

(IV) Attched are

1. Business Report. (Please refer to pages 7-11 of this handbook.)
2. Financial statements. (Please refer to pages 13-35 of this handbook.)

Resolution:

Case 2. Adoption of the Proposal for 2024 Deficit Compensation. (Proposed by Board of Directors)

Explanation:

(I) For 2024, the Company recorded a net loss after tax of NT$290,130,432, as audited by the certified public accountant. After incorporating the adjustment to retained earnings and the reversal of the special reserve in accordance with applicable regulations, the Company proposes to offset the loss using the legal reserve and capital surplus. Following the offset, the accumulated deficit will be reduced to NT$0.

(II) Please refer to the attached 2024 Deficit Compensation Statement as follows:

CMC Magnetics Corporation
Deficit Compensation Statement
2024

Unit: NT$

Item	Amount
Beginning unappropriated retained earnings	$ 10,936,132
Plus (Less):	
Net after-tax loss in 2024	(290,103,432)
Adjustment to retained earnings in 2024	32,674,058
Subtotal	(246,493,242)
Add:	
Reversal of special reserve	102,468,410
Accumulated deficit to be covered	(144,024,832)
Current period offset items	
Legal reserve	114,221,510
Capital reserve - Treasury share transactions	29,803,322
Deficit yet to be compensated	$ 0

Chairman: Manager: Accounting Controller

Resolution:

Discussion

Case 1. The Company's Cash Distribution Plan from the capital surplus. It is hereby submitted for discussion. (Proposed by Board of Directors)

Explanation:

(I) Pursuant to Article 241 of the Company Act, the Company plans to appropriate NT$326,804,499 from the capital surplus - additional paid-in capital with shares issued in excess of par value, based on the shareholders' shareholdings listed on the shareholder register on the record date. This dividend distribution is NT$0.3 per share.

(II) The cash dividend is rounded down to NT$1. The amounts below NT$ are accounted for as other income in the Company's financial statements.

(III) After the distribution of the cash dividends is passed by the Shareholders' Meeting, the Board of Directors will be authorized to set the ex-dividend record date and the relevant matters. If this distribution proposal is amended by the competent authority or is changed in the distribution ratio due to changes in the number of outstanding shares of the Company, the shareholders' meeting is proposed to authorize the Board of Directors to handle it with full power.

Resolution:

Case 2. Amendments to the Articles of Incorporation. It is hereby submitted for discussion. (Proposed by Board of Directors)

Explanation:

(I) In accordance with the Jin-Guan-Zheng-Fa No.1130385442 issued by the Financial Supervisory Commission and Article 14, Paragraph 6 of the Securities and Exchange Act, the Company shall specify in its Articles of Incorporation matters related to the allocation of a certain percentage of annual earnings for the adjustment of salaries or distribution of compensation to

grassroots employees. Accordingly, the Company proposes to amend its Articles of Incorporation.

(II) The Table of Amendments to the Articles of Incorporation is attached. (Please refer to page 36 of this handbook)

Resolution:

Case 3. Amendments to the Procedures for Acquisition and Disposal of Assets. It is hereby submitted for discussion. (Proposed by Board of Directors)

Explanation:

(I) To align with practical business needs, the relevant procedures have been amended.

(II) The Table of Amendments to the Procedures for Acquisition and Disposal of Assets is attached. (Please refer to page 37 to 38 of this handbook)

Resolution:

Motions

Adjournment

Appendix 1.

CMC Magnetics Corporation
2024 Business Report

In the second half of 2024, the global economy entered a cycle of interest rate cuts, resulting in a moderate recovery. We capitalized on this opportunity to actively promote product innovation and enhance our market share. Our consolidated revenue for the year reached NT$7.44 billion, demonstrating growth compared to the previous year. Furthermore, our consolidated gross profit margin for this year was 22%, indicating that we have successfully achieved our sales strategy and cost control objectives. In terms of financial health, we are continually strengthening our asset structure. The consolidated current ratio is 387%, the consolidated quick ratio is 320%, and the consolidated debt ratio is only 31%. These figures reflect our financial stability, ample liquidity, and a high level of adaptability to address future market fluctuations and expand operations.

Operational Performance of the Organization

- While maintaining the world's leading market share in the optical disc manufacturing business, we have also continued to deepen our presence in the B2B market and increased our shipment ratio, thereby further strengthening our overall profitability structure.
- In the realm of brand development, Verbatim has created a new brand identity that embodies technology and youthfulness. This initiative seeks to strengthen connections with young consumers in Europe, America, and Japan, thereby positioning Verbatim as a prominent consumer electronics brand in these markets. The Company has implemented a diversification strategy for its product line, introducing a range of items including SSD solid-state drives, GaN (gallium nitride) chargers, power banks, and portable monitors. These products have garnered widespread acclaim and

have been positively received by consumers in the market, leading to a substantial increase in brand revenue compared to the previous year.

Building on the solid foundation of maintaining the world's leading market share in the optical disc business, we have continued to allocate resources to drive innovation and market expansion of the Verbatim brand, thereby boosting brand revenue growth and further enhancing the overall operating momentum of the Group.

The reports on the operation in 2024 and the future planning direction are made in the following:

I. Business Performance and Achievements in 2024

(I) Implementation results of the business plan:

The Company's 2024 individual net operating income is NT$2,739,059 thousand, showing a 10% decrease on a year-on-year basis. Operating margin has decreased by 8% on a year-on-year basis with net loss of NT$290,103 thousand.

(II) Financial income and expenditure:

The Company's individual net cash outflow from operating activities in 2024 is NT$447,299 thousand; net cash outflow from investing activities is NT$109,541 thousand, and net cash inflow from financing activities is NT$803,761 thousand. The overall financial income and expenditure shows a net increase of NT$246,921 thousand in cash and cash equivalents.

(III) Analysis on profitability:

Item	2024	2023
Return on Assets (ROA) (%)	(0.83)	7.88
Return on Equity (ROE) (%)	(1.60)	10.00
Ratio of Operating Income to Paid-in Capital (%)	(1.43)	(1.22)
Ratio of Pretax Net Income to Paid-in Capital (%)	(2.35)	16.22
Net Profit Margin (%)	(10.59)	57.30
Earnings Per Share (NT$)	(0.27)	1.61

(IV) Research and Development Status:

In terms of the Company's R&D, besides continuing to develop advanced, high-capacity optical products, the Company also used its professional technical competences in the optical disk industry to expand into other fields. These R&D projects were being completed in 2024 one-by-one.

- Stable production of various printed optical products with high margin designed for high-end B2B market
- Achieved customer verification of various archival disc (AD) products and started production and output
- Completed the development of the full antimicrobial product line and continued production and output

Expected to commence

- Development of archival disk with even higher capacity
- Development of high-capacity professional data lossless optical discs
- Development of a disc backup system
- Design and development of eco-friendly packaging

II. Summary of 2025 Business Plan and Future Development Strategies are as follows:

(I) Accelerating Product Innovation and Enhancing Global Competitiveness

In the Verbatim brand business, we have accelerated the pace of product development by fostering close collaboration among design, procurement, and marketing teams. This has effectively shortened the time-to-market from concept to launch. In addition, we actively promote localized product development tailored to the characteristics of different regional markets, thereby strengthening our global leadership position.

(II) Optimizing Operational Management and Activating Assets

We will continue to optimize operational management by flexibly adjusting production plans to improve efficiency and reduce operating costs. At the same time, for land and factory assets with lower utilization efficiency, the Company is planning asset activation or disposal to improve asset efficiency and concentrate resources in areas with greater development potential.

(III) Promoting strategic diversified investment

We are actively expanding into high-growth potential sectors such as AI and green energy. Through diversified strategic investments, we are building a more resilient and forward-looking business model, grounded in the solid foundation of our core operations.

(IV) Promoting Environmental Sustainability

We continue to implement energy-saving and carbon-reduction policies by optimizing water and electricity usage, promoting circular economy practices, and working closely with supply chain partners to expand the application of green technologies. These concrete actions reflect our commitment to minimizing environmental impact and realizing environmental sustainability.

We sincerely thank our shareholders, customers, and partners for their longstanding support and trust. In the face of global economic uncertainties, our management team will continue to move forward with steady steps and innovative thinking, embracing every challenge and striving to deliver even better results for all stakeholders.

Chairman: Manager: Accounting Controller:

Appendix 2.

CMC Magnetics Corporation
Audit Committee's Review Report

It is to certify that

The Board of Directors has prepared the Company's 2024 business report, financial statements and earnings distribution proposal. The above-mentioned business report, financial statements and deficit compensation statement have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. For your review please.

It is hereby presented to
2025 Annual General Shareholders' Meeting of CMC Magnetics Corporation

Convener of the Audit Committee
Chen Ching-Chang

March 13, 2025

Appendix 3.

Independent Auditors' Report
(114) Financial Review Report No. 24004365

To CMC Magnetics Corporation:

Opinion

We have reviewed the accompanying parent company only balance sheets of CMC Magnetics Corporation (the "Company") as of December 31, 2024 and 2023 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the period from January 1 to December 31, 2024 and 2023, and relevant notes, including a summary of significant accounting policies (collectively referred to as the parent company only financial statements).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows from January 1 to December 31, 2023 are in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers based on our audit results and the audit reports of other certified public accountants (CPAs) (please refer to the section of "Other matters").

Basis for Audit Opinion

The auditor has conducted the audit work in accordance with the Rules for Auditing Certified Financial Statements and the Auditing Standards of the Republic of China. The auditor's responsibilities under these standards will be further explained in the section on the auditor's responsibility for auditing the individual financial statements. The personnel of the firm to which the auditor belongs, in accordance with the Code of Professional Ethics for Certified Public Accountants of the Republic of China, maintain independence from CMC Magnetics Corporation and fulfill other responsibilities under that code. Based on the auditor's audit findings and the audit reports of other auditors, the auditor believes that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing the audit opinion.

Key Audit Matters

The key audit matters refer to the matters that, in the professional judgment of the auditor, are of most significance in the audit of the individual financial statements of CMC Magnetics Corporation for the year of 2024. These matters have been addressed in the overall audit of the individual financial statements and in the process of forming the audit opinion. The auditor does not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year of

2024 are stated as follows:

Accounting estimation of inventory valuation

Description

Refer to Note 4 (13) to the parent company only financial statements for accounting policies regarding inventory valuation; Note 5 (2) for uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note 6 (6) for details of inventory accounting titles.

CMC Magnetics Corporation mainly manufactures and sells optical discs. Due to frequent market price fluctuations in such inventories, there is a higher risk of inventory valuation losses. CMC Magnetics Corporation's inventory holds a significant monetary value and includes many items that require manual judgment for determining obsolescence. Therefore, we have listed the estimate of CMC Magnetics Corporation's allowance for inventory valuation losses as one of the key audit matters for the current year.

Corresponding audit procedures

This matter covers the Company and some of its subsidiaries (investments accounted for using the equity method). Our major audit procedures executed are as follows:

1. Assess the policy adopted for its allowance for valuation loss on its inventories based on the understanding of the Company's operations and the nature of the industry.
2. Test whether the basis for the net realizable value is consistent with the policies set by the Company, and randomly inspect the correctness of the selling prices of individual inventory part numbers and the way the net realized value is calculated.
3. Acquire obsolete inventory details that have been identified and approved by the management, inspect the relevant information and verify it based on the records in the account.

Evaluation of impairment of Property, plant and equipment

Description

For the accounting policies for impairment of Property, plant and equipment and non-financial assets, please refer to Notes 4 (16) and 4 (21) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions for impairment of Property, plant and equipment, please refer to Note 5 (2) of the parent company only financial statements; for the description of impairment accounting items of Property, plant and equipment and non-financial assets, please refer to Notes 6 (8) and 6 (12) of the parent company only financial statements.

CMC Magnetics Corporation evaluates the recoverable amount of its real property, plant and equipment based on their utility value and the fair value of existing assets, less disposal costs, which serves as the basis for impairment assessment. Since the evaluation of utility value involves judgment by management, any changes in estimates due to changes in economic conditions or company strategies may result in impairment in the future. Therefore, the auditor has identified the

impairment assessment of CMC Magnetics Corporation's property, plant and equipment as one of the key audit matters for the current year.

Corresponding audit procedures

This matter covers the Company and some of its subsidiaries (investments accounted for using the equity method). Our major audit procedures executed are as follows:

1. Understand and evaluate whether the Company's asset impairment assessment procedures and accounting policies are consistent with accounting standards and adopted consistently, including methods used by management to determine the recoverable amount of individual assets.
2. Recalculate relevant amounts to check the correctness of the management's relevant calculations of the recoverable amount of assets with signs of impairment at the balance sheet date.
3. Obtain the evaluation information used by the management to determine the recoverable amount based on the asset usage model and industry characteristics, evaluate and determine the reasonableness of the independent cash flow of the asset group, the useful life of the asset, and the possible future income and expenses.

Other Matters – Audits by other CPAs

The financial statements of the investee companies accounted for using the equity method in the parent company only financial statements of the Company have not been audited by our auditors, but rather by other auditors. Therefore, in our opinion on the aforementioned parent company only financial statements, the amounts presented in the financial statements of those companies are based on the audit reports issued by the other auditors. The investment amounts in the aforementioned companies accounted for using the equity method as of December 31, 2024 and 2023 were NT$872,259 thousand and NT$1,876,364 thousand, respectively, representing 3.51% and 7.79% of the total assets. The comprehensive losses recognized for the aforementioned companies from January 1, 2024 to December 31, 2024 and from January 1, 2023 to December 31, 2023 were NT$66,545 thousand and NT$233,161 thousand, respectively, representing 54.53% and (12.06%) of the total comprehensive income.

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

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for

assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governance bodies of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

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

The purpose of the auditor's examination of the parent company only financial statements is 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 audit report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatements may arise from fraud or error. If the individual amounts or total amounts of misstatements are reasonably expected to influence the economic decisions of the users of the parent company only financial statements, they are considered to be material.

The auditor conducted the audit in accordance with the auditing standards of the Republic of China, using professional judgment and skepticism. The auditor also perform the following tasks:

1. Identify and evaluate the significant risks of material misstatement in the parent company only financial statements arising from fraud or error; design and implement appropriate responses to the assessed risks, and obtain sufficient and appropriate audit evidence to serve as a basis for the audit opinion. Due to the possibility of fraud involving collusion, forgery, intentional omission, false representations, or override of internal controls, the risk of material misstatement arising from fraud is higher than that arising from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Based on the audit evidence obtained, conclusions are drawn regarding the appropriateness of management's use of the going concern accounting basis and the existence of significant uncertainties that may cast doubt on the ability of the Company to continue operating. If the auditor determines that such uncertainties exist, they must alert users of the parent company only financial statements in the audit report to the relevant disclosures or modify the audit opinion if the disclosures are deemed inappropriate. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances

may lead to the Company being unable to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company in order to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion in the parent company only financial statements.

The matters communicated between us and the governance bodies include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we have determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2024. The auditor shall disclose such matters in the audit report, unless prohibited by law or in extremely rare circumstances where the auditor determines that the adverse consequences derived from communicating specific matters in the audit report would be reasonably expected to outweigh the public interest

PWC Taiwan

Yu, Shu-Fen

CPA

Wang, Song-Tse

Financial Supervisory Commission
Approval Certificate No. 1030027246
Approval Certificate No. 1110349013

March 13, 2025

CMC Magnetics Corporation
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousands

	Assets	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 1,415,677	6	$ 1,168,756	5
1110	Financial assets at fair value through profit or loss - current	6 (2)	6,981,986	28	5,704,655	24
1136	Financial assets at amortized cost - current	8	4,600	-	-	-
1150	Notes receivable, net	6 (4)	566	-	136	-
1170	Accounts receivable, net	6 (4)(5)	230,833	1	202,518	1
1180	Accounts receivable - related parties, net	7	743,475	3	714,523	3
1200	Other receivables	6 (5)	151,905	1	38,933	-
1210	Other receivables - related parties	7	6,167	-	5,576	-
130X	Inventories	6 (6)	992,441	4	1,029,996	4
1460	Non-current assets held for sale, net	6 (13) and 8	354,713	1	-	-
1470	Other current assets	6 (10)	59,448	-	67,956	-
11XX	**Total current assets**		10,941,811	44	8,933,049	37
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6 (2) and 8	2,257,180	9	2,473,924	10
1517	Financial assets at fair value through other comprehensive income - non-current	6 (3)	146,457	1	217,430	1
1535	Financial assets at amortized cost - non-current	8	2,400	-	10,111	-
1550	Investments accounted for using the equity method	6 (7) and 7	7,731,523	31	8,031,382	33
1600	Property, plant and equipment	6 (8)(12) and 8	2,381,527	9	3,178,005	13
1755	Right-of-use assets	6 (9)	1,298	-	19,912	-
1760	Investment properties, net	6 (11) and 8	783,253	3	595,352	3
1780	Intangible assets	6 (12)	4,606	-	10,352	-
1840	Deferred income tax assets	6 (30)	144,340	1	147,999	1
1900	Other non-current assets	6 (10)(12)(14)(19) and 7	475,414	2	473,552	2
15XX	**Total non-current assets**		13,927,998	56	15,158,019	63
1XXX	**Total assets**		$ 24,869,809	100	$ 24,091,068	100

(Continued on the next page)

CMC Magnetics Corporation
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousands

	Liabilities and equity	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (15)	$ 910,000	4	$ 450,000	2
2110	Short-term notes payable	6 (16)	100,000	-	-	-
2120	Financial liabilities at fair value through profit or loss- current	6 (17)	313	-	648	-
2130	Contract liabilities – current	6 (24)	51,812	-	56,169	-
2150	Notes payable		1,625	-	28,982	-
2170	Accounts payable		285,174	1	300,673	1
2180	Accounts payable - related parties	7	-	-	96	-
2200	Other payables		434,359	2	339,846	1
2220	Other payables - related parties	7	478,495	2	350,430	2
2230	Current tax liabilities		28,977	-	-	-
2280	Lease liabilities - current		9,339	-	9,232	-
2320	Long-term liabilities due within one year or one operating cycle	6 (18) and 8	1,198,000	5	925,000	4
2399	Other current liabilities - others		1,417	-	3,057	-
21XX	**Total current liabilities**		3,499,511	14	2,464,133	10
	Non-current liabilities					
2540	Long-term borrowings	6 (18) and 8	3,595,000	15	3,020,000	13
2570	Deferred income tax liabilities	6 (30)	41,078	-	25,666	-
2580	Lease liabilities - non-current		46,159	-	54,192	-
2600	Other non-current liabilities	6 (19)	6,724	-	47,174	-
25XX	**Total non-current liabilities**		3,688,961	15	3,147,032	13
2XXX	**Total liabilities**		7,188,472	29	5,611,165	23
	Equity					
	Share capital	6 (20)				
3110	Common stock		10,893,483	44	10,893,483	45
	Capital surplus	6 (21)				
3200	Capital surplus		6,784,731	27	6,720,506	28
	Retained earnings	6 (22)				
3310	Legal reserve		114,221	-	47,735	-
3320	Special reserve		102,468	-	255,790	1
3350	Retained earnings (Accumulated deficits)		(246,493)	(1)	664,857	3
	Other equity					
3400	Other equity	6 (23)	32,927	1	(102,468)	-
3XXX	**Total equity**		17,681,337	71	18,479,903	77
	Significant contingent liabilities and unrecognized contractual commitments	6 (18), 7 and 9				
	Material events after the balance sheet date	6 (22) and 11				
3X2X	**Total liabilities and equity**		$ 24,869,809	100	$ 24,091,068	100

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Comprehensive Income
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands
(excluding earnings (loss) per share of NT$)

	Items	Notes	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	6 (24) and 7	$ 2,739,059	100	$ 3,054,699	100
5000	Operating costs	6 (6)(29) and 7	(2,251,941)	(82)	(2,523,524)	(82)
5900	Gross operating profit		487,118	18	531,175	18
5910	Unrealized sales gains		(139,189)	(5)	(140,847)	(5)
5920	Realized sales gains		140,847	5	114,343	4
5950	Gross operating profit, net		488,776	18	504,671	17
	Operating expenses	6 (29)				
6100	Selling and marketing expenses	7	(133,998)	(5)	(212,360)	(7)
6200	Administrative expenses	7	(143,326)	(5)	(144,288)	(5)
6300	Research and development expenses	7	(345,061)	(13)	(258,248)	(8)
6450	Expected credit loss	12 (2)	(22,181)	(1)	(22,589)	(1)
6000	Total operating expenses		(644,566)	(24)	(637,485)	(21)
6900	Operating losses		(155,790)	(6)	(132,814)	(4)
	Non-operating income and expenses					
7100	Interest revenue	6 (25)	8,829	1	5,850	-
7010	Other income	6 (2)(3)(26) and 7	373,977	14	849,279	28
7020	Other gains and losses	6 (2)(17)(27)	85,588	3	813,258	27
7050	Finance costs	6 (28)	(109,398)	(4)	(87,270)	(3)
7070	Share of profit (loss) on subsidiaries, associates, and joint ventures accounted for using equity method		(458,796)	(17)	318,552	10
7000	Total non-operating income and expenses		(99,800)	(3)	1,899,669	62
7900	**Net income (loss) before tax**		(255,590)	(9)	1,766,855	58
7950	Income tax expense	6 (30)	(34,513)	(1)	(16,617)	(1)
8200	**Net profit (loss)**		($ 290,103)	(10)	$ 1,750,238	57
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (19)	$ 41,530	1	($ 2,903)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6 (3)(23)	(70,973)	(3)	164,187	5
8330	Share of other comprehensive income on subsidiaries, associates, and joint ventures accounted for using the equity method – not reclassified to profit or loss		(11,103)	-	(9,095)	-
8349	Income tax related to items that will not be reclassified	6 (30)	(8,306)	-	580	-
8310	Sum of items that will not be reclassified to profit or loss		(48,852)	(2)	152,769	5
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations	6 (23)	216,702	8	29,960	1
8380	Share of other comprehensive income on subsidiaries, associates, and joint ventures accounted for using the equity method – may be reclassified to profit or loss	6 (23)	219	-	428	-
8360	Sum of items that may be reclassified subsequently to profit or loss		216,921	8	30,388	1
8300	**Other comprehensive income (net)**		$ 168,069	6	$ 183,157	6
8500	**Total comprehensive income for the current period**		($ 122,034)	(4)	$ 1,933,395	63
	Earnings (Losses) per share	6 (30)				
9750	Basic earnings (losses) per share		($ 0.27)		$ 1.61	
9850	Diluted earnings (losses) per share		($ 0.27)		$ 1.61	

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Changes in Equity
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	Common stock	Capital surplus	Retained earnings			Other equity		Total
				Legal reserve	Special reserve	Unappropriated earnings (losses to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	
2023									
Balance as of January 1, 2023		$ 10,893,483	$ 6,714,779	$ 47,735	$ 255,790	($ 1,048,420)	($ 113,253)	($ 209,333)	$ 16,540,781
Net profit		-	-	-	-	1,750,238	-	-	1,750,238
Other comprehensive income (loss) for the current period	6 (23)	-	-	-	-	(1,278)	30,388	154,047	183,157
Total comprehensive income for the current period		-	-	-	-	1,748,960	30,388	154,047	1,933,395
Disposal of equity instruments measured at fair value through other comprehensive income	6 (3)(23)	-	-	-	-	(35,683)	-	35,683	-
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (21)	-	5,723	-	-	-	-	-	5,723
Changes in ownership interests in subsidiaries	6 (21)	-	4	-	-	-	-	-	4
Balance as of December 31, 2023		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903
2024									
Balance as of January 1, 2024		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903
Net loss		-	-	-	-	(290,103)	-	-	(290,103)
Other comprehensive income (loss) for the current period	6 (23)	-	-	-	-	34,176	216,921	(83,028)	168,069
Total comprehensive income for the current period		-	-	-	-	(255,927)	216,921	(83,028)	(122,034)
Appropriation of earnings for 2023:	6 (22)								
Legal reserve		-	-	66,486	-	(66,486)	-	-	-
Special reserve		-	-	-	(153,322)	153,322	-	-	-
Cash dividends		-	-	-	-	(740,757)	-	-	(740,757)
Disposal of equity instruments measured at fair value through other comprehensive income	6 (23)	-	-	-	-	(1,502)	-	1,502	-
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (21)	-	64,225	-	-	-	-	-	64,225
Balance as of December 31, 2024		$ 10,893,483	$ 6,784,731	$ 114,221	$ 102,468	($ 246,493)	$ 134,056	($ 101,129)	$ 17,681,337

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from operating activities			
Net profit (loss) for the current period		($ 255,590)	$ 1,766,855
Adjustments			
Adjustments for			
Depreciation expenses	6 (8)(9)(29)	299,941	313,368
Amortization expenses	6 (29)	15,675	38,797
Depreciation expenses of investment properties (listed in other gains and losses)	6 (11)(27)	30,241	21,692
Expected credit loss	12 (2)	22,181	22,589
Net gains on financial assets and liabilities at fair value through profit and loss	6 (27)	(88,599)	(835,490)
Interest expenses	6 (28)	109,398	87,270
Interest revenue	6 (25)	(8,829)	(5,850)
Dividend income	6 (26)	(304,332)	(779,008)
Share of profit (loss) on subsidiaries, associates, and joint ventures accounted for using equity method		458,796	(318,552)
Gains on disposal of Property, plant and equipment	6 (27)	(532)	(654)
Loss on sublease of right-of-use assets	6 (10)(27)	1,797	-
Non-financial asset impairment losses	6 (8)(12)(27)	23,100	-
Realized gains between associates		(140,847)	(114,343)
Unrealized gains between associates		139,189	140,847
Changes in assets/liabilities related to operating activities			
Net changes in operating assets			
Financial assets mandatorily at fair value through profit or loss		(928,806)	(1,389,462)
Notes receivable (including related and non-related parties)		(434)	95
Accounts receivable (including related and non-related parties)		(63,765)	253,421
Other receivables (including related and non-related parties)		3,412	(8,148)
Inventories		37,555	310,694
Other current assets		2,744	3,989
Net defined benefit assets		5,572	-
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(17,944)	(19,315)
Contract liabilities		(4,357)	(28,256)
Notes and accounts payable (including related and non-related parties)		(42,952)	(4,375)
Other payables (including related and non-related parties)		(27,909)	19,830
Other current liabilities		(1,460)	2,279
Net defined benefit liabilities		-	(9,638)
Cash outflow from operating activities		(736,755)	(531,365)
Interest received		8,561	5,829
Dividends received		390,132	778,768
Interest paid		(108,155)	(87,067)
Income tax paid		(1,082)	(391)
Net cash inflow (outflow) from operating activities		(447,299)	165,774

(Continued on the next page)

CMC Magnetics Corporation
Parent Company Only Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from investing activities			
Decrease in receivable financing lease payments (listed under other current assets)		$ 7,607	$ 5,706
Proceeds from acquisition of financial assets mandatorily at fair value through profit or loss		(30,000)	(51,000)
Proceeds from acquisition of financial assets at amortized cost		(34,418)	(10,111)
Proceeds from disposal of financial assets at amortized cost		37,529	2,400
Proceeds from acquisition of investments accounted for using equity method	6 (32)	(30,752)	-
Proceeds from disposal of investments accounted for using the equity method		65,755	8,047
Proceeds from acquisition of Property, plant and equipment	6 (32)	(107,627)	(77,603)
Proceeds from disposal of Property, plant and equipment		551	8,502
Proceeds from acquisition of investment property		(316)	-
Proceeds from acquisition of intangible assets	6 (32)	(6,361)	(4,852)
Decrease in refundable deposits (listed in other non-current assets)		21	1,500
Decrease (Increase) in other non-current assets		(11,530)	2,334
Net cash outflow from investing activities		(109,541)	(115,077)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (33)	460,000	(100,000)
Increase (Decrease) in short-term notes payable	6 (33)	100,000	(50,000)
Increase in funds payable to related parties		146,839	52,019
Long-term borrowings taking place for current period	6 (33)	3,555,000	3,600,000
Repayment of long-term borrowings for current period	6 (33)	(2,707,000)	(3,565,000)
Repayment of principal of lease liabilities	6 (9)(33)	(10,523)	(10,409)
Increase in deposits received		202	237
Cash dividends distributed	6 (22)	(740,757)	-
Net cash inflow (outflow) from financing activities		803,761	(73,153)
Increase (decrease) in cash and cash equivalents for current period		246,921	(22,456)
Cash and cash equivalents, beginning of period		1,168,756	1,191,212
Cash and cash equivalents, end of period		$ 1,415,677	$ 1,168,756

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

Appendix 4.

Independent Auditors' Report
(114) Financial Review Report No. 24005145

To CMC Magnetics Corporation:

Opinion

We have reviewed the accompanying consolidated balance sheets of CMC Magnetics Corporation, (the Company) and its subsidiaries (collectively, the Group) for the years ended December 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China, based on our audit results and the audit reports of other certified public accountants (CPAs)(refer to the section of “Other Matters”).

Basis for Audit Opinion

The auditor has conducted the audit work in accordance with the Rules for Auditing Certified Financial Statements and the Auditing Standards 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 this report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our auditing results and other independent auditors' reports, we believe that we have obtained sufficient and appropriate audit evidence to serve as the basis for our opinion.

Key Audit Matters

The key audit matters refer to the matters that, in the professional judgment of the auditor, are of most significance in the audit of the consolidated financial statements of the Group of CMC Magnetics Corporation for the year of 2024. Such matters have been dealt with in the course of auditing and compiling the consolidated financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2024 are stated as follows:

Accounting estimation of inventory valuation

Description

Refer to Note 4(14) to the consolidated financial statements for accounting policies regarding inventory valuation; Note 5(2) for the uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note 6(7) for details of inventory accounting titles.
The Group mainly manufactures and sells optical discs. Due to frequent market price fluctuations in such inventories, there is a higher risk of inventory valuation losses. Since the monetary amount of Group's inventory is significant and there are many items that require manual judgment of obsolescence of inventories, we have listed the estimate of the Group's allowance for inventory valuation losses as one of the key audit matters for the current year.

Corresponding audit procedures

Our major audit procedures executed in response to this key audit matter are as follows.

1. Assess the policy adopted for its allowance for valuation loss on its inventories based on the understanding of the Group's operations and the nature of the industry.
2. Test whether the basis for the net realizable value is consistent with the policies set by the Group, and randomly inspect the correctness of the selling prices of individual inventory part numbers and the way the net realized value is calculated.
3. Acquire obsolete inventory details that have been identified and approved by the management, inspect the relevant information and verify it based on the records in the account.

Evaluation of impairment of property, factories and equipment

Description

For the accounting policies for impairment of property, plant and equipment and non-financial assets, please refer to Notes 4 (17) and 4 (22) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions for impairment of property, plant and equipment, please refer to Note 5(2) of the consolidated financial statements; for the description of impairment accounting items of property, plant and equipment and non-financial assets, please refer to Notes 6 (9) and 6 (13) of the consolidated financial statements.
The Group of CMC Magnetics Corporation evaluates the recoverable amount of its real property, plant and equipment based on their utility value and the fair value of existing assets, less disposal costs, which serves as the basis for impairment assessment. Since the value-in-use evaluation process involves the judgment of the management, any changes in economic conditions or changes in the Company's strategy may cause impairment in the future. Therefore, we have listed the impairment assessment of the Group's property, plant and equipment as one of the key audit items for the current year.

Corresponding audit procedures

Our major audit procedures executed in response to this key audit matter are as follows.

1. Understand and evaluate whether the Company's asset impairment assessment procedures and accounting policies are consistent with accounting standards and adopted consistently, including methods used by management to determine the recoverable amount of individual assets.
2. Recalculate relevant amounts to check the correctness of the management's relevant calculations of the recoverable amount of assets with signs of impairment at the balance sheet date.
3. Obtain the evaluation information used by the management to determine the recoverable amount based on the asset usage model and industry characteristics, evaluate and determine the reasonableness of the independent cash flow of the asset group, the useful life of the asset, and the possible future income and expenses.

Other Matters – Audits by other CPAs

The financial statements of some of the subsidiaries that are included in the consolidated financial statements of the Group were not audited by us but by other CPAs. Therefore, the opinions issued by us regarding the amounts listed in such subsidiary financial reports from the consolidated financial statements mentioned above are based on the audit report from other CPAs. The total assets of the aforementioned companies as of December 31, 2024 and 2023 were NT$692,902 thousand and NT$2,209,357 thousand, respectively, accounting for 2.65%

and 8.67% of the total consolidated assets; the operating income for 2024 and 2023 was NT$770,368 thousand and NT$2,096,295 thousand, respectively, accounting for 10.36% and 28.39% of the consolidated operating income. In addition, part of the Group's investments using the equity method in 2024 and 2023 and part of the information on investees disclosed in Note 13 are based on their evaluation and disclosures of the financial statements made by other CPAs appointed by the investees. We did not audit said financial statements. The balance of said investment using the equity method disclosed as of December 31, 2024 and 2023 was NT$177,488 thousand and NT$221,576 thousand, respectively, accounting for 0.68% and 0.87% of the total consolidated assets; the comprehensive income (including the share of profit and loss and other comprehensive income on associates and joint ventures recognized under the equity method) are NT$(40,867) thousand and NT$35,769 thousand, accounting for 28.45% and 1.84% of the total comprehensive income.

Other Matters - Parent Company Only Financial Reports

The Company has also prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, for which we have issued an unqualified opinion, plus the audit report as in the section of other matters.

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

The responsibility of the management is to prepare consolidated financial statements that are reasonably expressed in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations approved and issued by the Financial Supervisory Commission, and to maintain and consolidate financial statements. Necessary internal control related to the preparation of statements is undertaken to ensure that there is no material misrepresentation in the consolidated financial statements due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governance bodies of the Group (including the Audit Committee) are responsible for supervising the financial reporting process.

CPAs' Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial

statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements may be caused by fraud or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

The auditor conducted the audit in accordance with the auditing standards of the Republic of China, using professional judgment and skepticism. We have also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the consolidated financial statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure is found. Our conclusions is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements fairly presented relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governance bodies include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2024. We describe these matters in our audit 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.

PWC Taiwan
Yu, Shu-Fen
CPA
Wang, Song-Tse
Financial Supervisory Commission
Approval Certificate No. 1030027246
Approval Certificate No. 1110349013
March 13, 2025

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Unit: NT$ Thousand

	Assets	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 2,637,373	10	$ 2,943,293	12
1110	Financial assets at fair value through profit or loss - current	6 (2)	8,639,901	33	6,850,832	27
1136	Financial assets at amortized cost - current	6 (4) and 8	276,391	1	274,530	1
1150	Notes receivable, net	6 (5)	3,080	-	6,555	-
1170	Accounts receivable, net	6 (5)(6) and 7	1,300,817	5	1,348,398	5
1200	Other receivables	6 (6)	223,635	1	134,987	-
130X	Inventories	6 (7)	2,821,585	11	2,734,354	11
1460	Non-current assets held for sale, net	6 (14) and 8	354,713	1	-	-
1470	Other current assets	6 (11)	127,783	1	159,270	1
11XX	**Total current assets**		16,385,278	63	14,452,219	57
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6 (2) and 8	3,918,474	15	4,467,270	18
1517	Financial assets at fair value through other comprehensive income - non-current	6 (3)	591,896	2	547,544	2
1535	Financial assets at amortized cost - non-current	6 (4) and 8	14,814	-	28,739	-
1550	Investments accounted for using the equity method	6 (8)	177,488	1	221,576	1
1600	Property, plant and equipment	6 (9) and 8	3,087,546	12	3,917,081	15
1755	Right-of-use assets	6 (10)	161,266	-	207,708	1
1760	Investment properties, net	6 (12) and 8	807,387	3	613,947	2
1780	Intangible assets		24,503	-	46,940	-
1840	Deferred income tax assets	6 (32)	254,340	1	289,085	1
1900	Other non-current assets	6 (11), (13), (15) and (21)	702,312	3	702,321	3
15XX	**Total non-current assets**		9,740,026	37	11,042,211	43
1XXX	**Total assets**		$ 26,125,304	100	$ 25,494,430	100

(Continued on the next page)

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Unit: NT$ Thousand

	Liabilities and equity	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (16) and 8	$ 1,091,000	4	$ 450,000	2
2110	Short-term notes payable	6 (17)	233,632	1	99,687	-
2120	Financial liabilities at fair value through profit or loss- current	6 (18)	313	-	648	-
2130	Contract liabilities – current	6 (26)	63,489	-	78,163	-
2150	Notes payable		2,179	-	30,336	-
2170	Accounts payable		643,042	2	860,811	3
2200	Other payables	6 (19)	683,961	3	631,657	3
2230	Current tax liabilities		40,213	-	350	-
2280	Lease liabilities - current		67,972	-	63,882	-
2320	Long-term liabilities due within one year or one operating cycle	6 (20) and 8	1,198,000	5	925,000	4
2399	Other current liabilities - others		215,419	1	139,806	1
21XX	**Total current liabilities**		4,239,220	16	3,280,340	13
	Non-current liabilities					
2540	Long-term borrowings	6 (20) and 8	3,595,000	14	3,020,000	12
2570	Deferred income tax liabilities	6 (32)	61,795	-	79,136	-
2580	Lease liabilities - non-current		141,023	1	182,741	1
2600	Other non-current liabilities	6 (21)	72,075	-	112,699	-
25XX	**Total non-current liabilities**		3,869,893	15	3,394,576	13
2XXX	**Total liabilities**		8,109,113	31	6,674,916	26
	Equity					
	Equity attributable to the owners of parent company					
	Share capital	6 (22)				
3110	Common stock		10,893,483	42	10,893,483	43
	Capital surplus	6 (23)				
3200	Capital surplus		6,784,731	26	6,720,506	27
	Retained earnings	6 (24)				
3310	Legal reserve		114,221	-	47,735	-
3320	Special reserve		102,468	-	255,790	1
3350	Unappropriated earnings (losses to be compensated)		(246,493)	(1)	664,857	2
	Other equity interest	6 (25)				
3400	Other equity interest		32,927	1	(102,468)	-
31XX	**Total equity attributable to the owners of parent company**		17,681,337	68	18,479,903	73
36XX	**Non-controlling interests**	4 (3)	334,854	1	339,611	1
3XXX	**Total equity**		18,016,191	69	18,819,514	74
	Significant contingent liabilities and unrecognized contractual commitments	6 (20) and 9				
	Material events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 26,125,304	100	$ 25,494,430	100

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands
(excluding earnings (loss) per share of NT$)

	Items	Notes	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	6 (26) and 7	$ 7,435,183	100	$ 7,384,447	100
5000	Operating costs	6 (7)(31)	(5,797,910)	(78)	(5,724,229)	(77)
5900	Gross operating profit		1,637,273	22	1,660,218	23
	Operating expenses	6 (31)				
6100	Selling and marketing expenses		(842,228)	(11)	(937,204)	(13)
6200	Administrative expenses	7	(787,313)	(11)	(740,944)	(10)
6300	Research and development expenses		(357,499)	(5)	(288,422)	(4)
6450	Expected credit loss	12 (2)	(38,165)	-	(39,398)	-
6000	Total operating expenses		(2,025,205)	(27)	(2,005,968)	(27)
6900	Operating losses		(387,932)	(5)	(345,750)	(4)
	Non-operating income and expenses					
7100	Interest revenue	6 (27)	39,133	1	32,194	-
7010	Other income	6 (28)	469,936	6	1,083,783	15
7020	Other gains and losses	6 (2)(13)(18)(29)	(202,396)	(3)	1,095,596	15
7050	Finance costs	6 (30)	(121,136)	(2)	(97,194)	(1)
7060	Share of profit (loss) on associates and joint ventures accounted for using equity method	6 (8)	(41,086)	-	35,341	-
7000	Total non-operating income and expenses		144,451	2	2,149,720	29
7900	**Net income (loss) before tax**		(243,481)	(3)	1,803,970	25
7950	Income tax expense	6 (32)	(69,286)	(1)	(44,733)	(1)
8200	**Net profit (loss)**		($ 312,767)	(4)	$ 1,759,237	24
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (21)	$ 43,693	-	($ 1,093)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6 (3)(25)	(82,936)	(1)	156,304	2
8349	Income tax related to items that will not be reclassified	6 (32)	(8,614)	-	584	-
8310	Sum of items that will not be reclassified to profit or loss		(47,857)	(1)	155,795	2
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations	6 (25)	216,739	3	29,569	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6 (8)(25)	219	-	428	-
8360	Sum of items that may be reclassified subsequently to profit or loss		216,958	3	29,997	-
8300	**Other comprehensive income (net)**		$ 169,101	2	$ 185,792	2
8500	**Total comprehensive income for the year**		($ 143,666)	(2)	$ 1,945,029	26
	Net (loss) income attributable to:					
8610	Owners of parent company		($ 290,103)	(4)	$ 1,750,238	24
8620	Non-controlling interests		(22,664)	-	8,999	-
	Total		($ 312,767)	(4)	$ 1,759,237	24
	Total comprehensive income/(loss) attributable to:					
8710	Owners of parent company		($ 122,034)	(2)	$ 1,933,395	26
8720	Non-controlling interests		(21,632)	-	11,634	-
	Total		($ 143,666)	(2)	$ 1,945,029	26
	Earnings (Losses) per share	6 (33)				
9750	Basic earnings per share		($	0.27)	$	1.61
9850	Diluted earnings per share		($	0.27)	$	1.61

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Statements of Changes in Equity
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	Equity attributable to owners of parent								Non-controlling interests	Total equity
				Retained earnings			Other equity				
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (losses to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total		
January 1 to December 31, 2023											
Balance as of January 1, 2023		$ 10,893,483	$ 6,714,779	$ 47,735	$ 255,790	($ 1,048,420)	($ 113,253)	($ 209,333)	$ 16,540,781	$ 325,661	$ 16,866,442
Net profit		-	-	-	-	1,750,238	-	-	1,750,238	8,999	1,759,237
Other comprehensive income (loss) for the year	6 (3)(25)	-	-	-	-	(1,278)	30,388	154,047	183,157	2,635	185,792
Total comprehensive income for the year		-	-	-	-	1,748,960	30,388	154,047	1,933,395	11,634	1,945,029
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (23)	-	5,723	-	-	-	-	-	5,723	2,324	8,047
Disposal of equity instruments measured at fair value through other comprehensive income	6 (3)(25)	-	-	-	-	(35,683)	-	35,683	-	-	-
Changes in ownership interests in subsidiaries	6 (23)	-	4	-	-	-	-	-	4	(4)	-
Disposal of subsidiaries	6 (25)	-	-	-	-	-	-	-	-	(4)	(4)
Balance as of December 31, 2023		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903	$ 339,611	$ 18,819,514
January 1 to December 31, 2024											
Balance as of January 1, 2024		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903	$ 339,611	$ 18,819,514
Net loss		-	-	-	-	(290,103)	-	-	(290,103)	(22,664)	(312,767)
Other comprehensive income (loss) for the year	6 (3)(25)	-	-	-	-	34,176	216,921	(83,028)	168,069	1,032	169,101
Total comprehensive income for the year		-	-	-	-	(255,927)	216,921	(83,028)	(122,034)	(21,632)	(143,666)
Appropriation of earnings for 2023:	6 (24)										
Legal reserve		-	-	66,486	-	(66,486)	-	-	-	-	-
Special reserve		-	-	-	(153,322)	153,322	-	-	-	-	-
Cash dividends		-	-	-	-	(740,757)	-	-	(740,757)	-	(740,757)
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (23)	-	64,225	-	-	-	-	-	64,225	16,875	81,100
Disposal of equity instruments measured at fair value through other comprehensive income	6 (3)(25)	-	-	-	-	(1,502)	-	1,502	-	-	-
Balance as of December 31, 2024		$ 10,893,483	$ 6,784,731	$ 114,221	$ 102,468	($ 246,493)	$ 134,056	($ 101,129)	$ 17,681,337	$ 334,854	$ 18,016,191

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from operating activities			
Net profit (loss) for this period		($ 243,481)	$ 1,803,970
Adjustments			
Adjustments for			
Depreciation expenses (including property, plant and equipment, right-of-use assets, and investment properties)	6 (9)(10)(31)	419,975	441,553
Depreciation expenses of investment property	6 (12)(29)	30,606	21,598
Amortization expenses	6 (31)	57,601	59,365
Expected credit loss	12 (2)	38,165	39,398
Net losses (gains) on financial assets and liabilities at fair value through profit and loss	6 (29)	84,429	(1,213,931)
Interest expenses	6 (30)	121,136	97,194
Interest revenue	6 (27)	(39,133)	(32,194)
Dividend income	6 (28)	(394,959)	(1,006,234)
Share of loss (profit) of associates accounted for using equity method	6 (8)	41,086	(35,341)
Gains on disposal of property, plant and equipment	6 (29)	(113)	(3,584)
Loss on sublease of right-of-use assets	6 (11)(29)	1,797	-
Non-financial asset impairment losses	6 (13)(29)	32,165	105,920
Gains on lease modification	6 (10)(29)	(442)	(62)
Changes in assets/liabilities related to operating activities			
Net changes in operating assets			
Financial assets mandatorily at fair value through profit or loss		(1,233,350)	(1,543,906)
Notes receivable (including related and non-related parties)		3,489	6,022
Accounts receivable (including related and non-related parties)		3,638	(26,609)
Other receivables		37,937	100,627
Inventories		31,022	642,631
Other current assets		46,097	22,845
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(17,944)	(19,315)
Contract liabilities		(14,674)	(16,577)
Notes and accounts receivable		(245,926)	187,405
Other payables		2,432	31,751
Other current liabilities		43,748	(929)
Net defined benefit liabilities		(272)	(381)
Cash outflow from operating activities		(1,194,971)	(338,784)
Interest received		39,174	31,944
Dividends received		392,347	1,106,445
Interest paid		(119,808)	(96,533)
Income tax paid		15,216	(11,712)
Net cash inflow (outflow) from operating activities		(868,042)	691,360

(Continued on the next page)

CMC Magnetics Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from investing activities			
Price of acquisition of financial assets mandatorily at fair value through profit or loss		($ 74,588)	($ 183,622)
Price of disposal of financial assets mandatorily measured at fair value through profit or loss		-	4,700
Price of acquisition of financial assets at fair value through other comprehensive income		(149,070)	(22,128)
Proceeds from disposal of financial assets at fair value through other comprehensive income		22,025	135,342
Refund from capital liquidation related to financial assets at fair value through other comprehensive income		-	434
Refund from capital reduction related to financial assets at fair value through other comprehensive income		4,587	5,784
Acquisition of financial assets at amortized cost		(89,518)	(190,104)
Disposal of financial assets at amortized cost		101,330	77,950
Acquisition of investment property	6 (12)	(316)	-
Price of acquisition of property, factories and equipment	6 (34)	(121,265)	(42,527)
Proceeds from disposal of property, plant and equipment		2,501	26,222
Price of acquisition of intangible assets		(23,120)	(29,959)
Decrease (Increase) in other non-current assets		1,780	(10,036)
Net cash outflow from investing activities		(325,654)	(227,944)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (35)	641,000	(250,000)
Increase in short-term notes and bills payable	6 (35)	134,000	50,000
Long-term borrowings taking place for current period	6 (35)	3,555,000	3,600,000
Repayment of long-term borrowings for current period	6 (35)	(2,707,000)	(3,565,000)
Decrease in other non-current liabilities		(6,176)	(12,284)
Repayment of principal of lease liabilities	6 (10)(35)	(74,774)	(72,139)
Cash dividends distributed	6 (24)	(740,757)	-
Consideration collected from transactions with non-controlling interests	6 (23)	81,100	8,047
Net cash inflow (outflow) from financing activities		882,393	(241,376)
Effects of exchange rate changes on the balance of cash held in foreign currencies		5,383	(42,410)
Increase (decrease) in cash and cash equivalents for current period		(305,920)	179,630
Cash and cash equivalents, beginning of period		2,943,293	2,763,663
Cash and cash equivalents, end of period		$ 2,637,373	$ 2,943,293

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

Appendix 5.

CMC Magnetics Corporation

Table of Amendments to the Articles of Incorporation

Before amendment	After amendment	Description
Article 27: If the Company has earnings, it shall set aside 1% of the balance as remuneration to the employees and no greater than 1.5% of the balance as remuneration to directors. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. The objects of the employee compensation in the preceding paragraph include employees of domestic and foreign subsidiaries; the aforementioned "subsidiary" refers to the direct or indirect holding of more than half of the company's common stock.	Article 27: If the Company has earnings, it shall set aside not less than 1% of the balance as remuneration for the employees, and of the aforesaid amount of employees' remuneration, it shall set aside not less than 30% as remuneration for the distribution of general employees and no greater than 1.5% as remuneration for the directors. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. The objects of the employee compensation in the preceding paragraph include employees of domestic and foreign subsidiaries; the aforementioned "subsidiary" refers to the direct or indirect holding of more than half of the company's common stock.	Pursuant to the amendment of Article 14, Paragraph 6 of the Securities and Exchange Act:
Article 30: The Articles of Incorporation were formulated on November 4, 1978; the 1st amendment was made on June 18, 1981, ..., the 45th amendment was made on June 17, 2022.	Article 30: The Articles of Incorporation were formulated on November 4, 1978; the 1st amendment was made on June 18, 1981, ..., the 45th amendment was made on June 17, 2022; the 46th amendment was made on June 10, 2025.	The amendment date at this time is added.

Appendix 6.

CMC Magnetics Corporation

Table of Amendments to the Procedures for Acquisition and Disposal of Assets

Before amendment	After amendment	Description
Article 6: Acquisition of non-business use real property and right-of-use assets as well as securities quota I. The assets acquired by the Company under this article and their quotas are determined as follows: (I) The total amount of non-business use real property and right-of-use assets shall be no higher than twenty percent of the net value. (II) The total amount of securities acquired by the Company shall not exceed the net value of the Company in the current period and the limit on the amount of securities acquired by the Company shall be no higher than 30% of the net value of the Company in the current period. The net value in the current period shall be decided in accordance with the latest financial statement audited by a certified public accountant.	Article 6: Acquisition of non-business use real property and right-of-use assets as well as securities quota I. The assets acquired by the Company under this article and their quotas are determined as follows: (I) The total amount of non-business use real property and right-of-use assets shall be no higher than twenty percent of the net value. (II) Total amount of securities acquisitions: 1. The net investment amount in securities accounted for under the equity method shall not exceed the Company's current net worth. 2. The total investment amount in securities not accounted for under the equity method shall not exceed the Company's current net worth. (III) The acquisition of any single security shall not exceed 50% of the Company's current net worth. The net value in the current period shall be decided in accordance with the latest financial statement audited by a certified public accountant.	Amendment based on practical considerations

Article 12: Procedures for obtaining or disposing of derivative commodities I. I. Transaction Principles and Policies (Omitted) (II) Operating (hedging) strategies (Omitted) 2. Hedging strategy of transaction: Operations of the Company are international, so it is necessary to use transactions of derivatives to avoid risks arising from the business operations of the Company. (III) Division of powers and responsibilities (Omitted) 4. Determination of total contract amount and limit on maximum loss (1) Total contract value:	Article 12: Procedures for obtaining or disposing of derivative commodities I. I. Transaction Principles and Policies (Omitted) (II) Operating (hedging) strategies (Omitted) 2. Hedging strategy of transaction: Operations of the Company are international, so it uses transactions of derivatives to avoid risks arising from the business operations of the Company. (III) Division of powers and responsibilities (Omitted) 4. Determination of total contract amount and limit on maximum loss (1) Total contract value:	Text revision
(Omitted) A. For the purpose of trading: The total contract amount of the transaction is evaluated and adjusted annually, provided that it does not exceed the authorized transaction contract amount of US$10 million as the upper limit, except for that approved by the Board of Directors under special circumstances.	(Omitted) A. For the purpose of trading: The total contract amount of the transaction is evaluated and adjusted annually, but it does not exceed the authorized transaction contract amount of US$10 million as the upper limit, except for that approved by the Board of Directors under special circumstances.	Text revision

Appendix 7.

CMC Magnetics Corporation
Procedures for Acquisition or Disposal of Assets

Adopted at the Shareholders' Meeting on June 17, 2010
Adopted at the Shareholders' Meeting on June 15, 2012
Adopted at the Shareholders' Meeting on June 12, 2014
Adopted at the Shareholders' Meeting on June 2, 2015
Adopted at the Shareholders' Meeting on June 16, 2017
Adopted at the Shareholders' Meeting on June 05, 2019
Adopted at the Shareholders' Meeting on June 17, 2022

Article 1: Legal Basis

The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (the Securities Act) and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

Article 2: Purpose

1. Obtain necessary assets at an appropriate price to assure the investment and conduct information disclosure.
2. Define the procedure for acquisition and disposal of assets to avoid the waste and drainage of assets.

Article 3: Scope of Assets

1. Securities: Include stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities, and other investments.
2. Property (including land, building and construction, property held for investment, and inventory of construction) and equipment.
3. Membership Certificate.
4. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets
6. Claims of financial institutions (including accounts receivable, bill discounts, loans, and receivables on demand)
7. Derivatives.
8. Assets acquired or disposed of through merger, demerger, acquisition, or share transfer in accordance with the law.
9. Other important assets.

Article 4: Terms & Definitions

1. The term "Derivative Products" means forward contracts, options, futures, leverage contracts, or swaps, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisting of the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfers of shares in accordance with the law: Refer to assets acquired or disposed of through mergers, demergers, or acquisitions conducted

under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act and other acts, or transfer of shares from another company through the issuance of new shares of its own as the consideration ("Share Transfer") under Article 156-3 of the Company Act.

3. Related parties and subsidiaries: As used in these Procedures mean those parties defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. The term "professional appraisal" as used in these procedures, means a certified appraiser or a company in the business of appraising real property or equipment.
5. The date of occurrence: The date when the transaction contract is signed, the payment date, the date of transaction made by agents, the ownership transfer date, the Board resolution date, or the date when the transaction counterparty and transaction amount are fully determined, whichever is earlier. However, with investments that require the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.
6. Investments in Mainland: Means investments made in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area by the Investment Commission of the Ministry of Economic Affairs.
7. "Within one year" means that the disclosed part will not be included again one year before the occurrence date of the recent transaction as the base.
8. "Latest financial statement" refers to the disclosed financial statement that is checked or reviewed by the accountant before the Company's acquisition or disposal of assets.

Article 5: Professional appraisers and their appraisal officers, certified public accountants, attorneys, and securities underwriters, who provide the Company with appraisal reports or opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have passed since the completion of the sentence, expiration of the term of probation, or grant of a pardon.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the above paragraph shall comply with the shall comply with the self-discipline regulations of the associations to which they belong and the following matters:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

2. When executing a case, they shall appropriately plan and execute adequate operating procedures, in order to produce a conclusion and use the conclusion as the basis for issuing a report or opinion. The relevant working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.
3. They shall conduct an item-by-item evaluation of the appropriateness and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of an appraisal report or opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared such a report or opinion, and that they have evaluated and verified that the information used is appropriate and reasonable and that they have complied with applicable laws and regulations.

Article 6: Acquisition of non-business use real property and right-of-use assets as well as securities quota

1. The assets acquired by the Company under this article and their quotas are determined as follows:
   (1) The total amount of non-business use real property and right-of-use assets shall be no higher than twenty percent of the net value.
   (2) The total amount of securities acquired by the Company shall not exceed the net value of the Company in the current period and the limit on the amount of securities acquired by the Company shall be no higher than 30% of the net value of the Company in the current period. The net value in the current period shall be decided in accordance with the latest financial statement audited by a certified public accountant.
2. The limit of assets under this article acquired by a subsidiary of the Company shall be subject to the limit if a limit is already fixed for the subsidiary or, if there is no such limit, the following provisions shall apply:
   (1) The total amount of non-business use real property and right-of-use assets acquired by a subsidiary shall be no higher than twenty percent of its net value.
   (2) The total amount of securities acquired by the subsidiary shall not exceed the net value of the Company in the current period and the limit on the amount of securities acquired by the Company shall be no higher than 30% of the net value of the subsidiary in the current period. However, if the subsidiary is a professional investment company, its total assets shall not exceed 1.5 times the net value of the subsidiary, and the individual securities it acquires shall be no higher than its net value in the current period. The net value in the current period shall be decided in accordance with the latest financial statement audited by a certified public accountant.

Article 7: Operating procedures for acquisition or disposal of property, equipment, or right-of-use assets thereof

1. Appraisal and Operational Procedures

   The Company obtains or disposes of real estate, equipment, or its right-of-use assets in accordance with the internal control system of fixed assets recycling procedures.
2. Procedures for Deciding Trading Conditions and Authorization Amount

(1) When acquiring or disposing of property or its right-of-use asset, the Company shall refer to the announced present value, evaluation value, actual transaction or leasing prices of the nearby property, and other factors, and resolve transaction terms and transaction prices. Then, the Company shall complete an analysis report, submit it to the General Manager and the Chairman for approval, and implement it only after the Board of Directors makes a resolution. Moreover, it shall be approved level by level according to the authorization management procedure of the Company.

(2) When acquiring or disposing of equipment or its right-of-use asset, the Company shall select inquiry, comparative price, bargaining, or tendering method. Moreover, it shall be approved level by level according to the authorization management procedure of the Company.

3. Implementation Entity

In acquiring or disposing of real estate, equipment, or right-of-use assets thereof, after the transaction is approved in accordance with the approval method as in the preceding paragraph, the transaction shall be carried out by the units that will use and manage the said asset.

4. Evaluation Reports of Real Property, Equipment, or Right-of-use Assets thereof

In the event of the Company's acquisition or disposal of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except for the transactions with domestic government agencies, engaging others to build on their own lands, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, the Company shall obtain an appraisal report from a professional appraiser prior to the Date of Occurrence and shall comply with the following provisions:

(1) In the event that, due to special circumstances, the transaction price should refer to a limited price, a specified price, or a special price, the transaction shall be adopted at the Board of Directors' meeting, and the same procedure shall apply to subsequent changes to the terms and conditions of the transaction.

(2) Where the transaction amount is more than NT$ 1 billion, appraisals from two or more professional appraisers shall be obtained.

(3) Where any of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: Where the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

(4) Where the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
(5) The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed 3 months. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, the original professional appraiser may still issue an opinion.
(6) Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed of through court auction.

Article 8: Procedures for Acquisition or Disposal of Securities:

1. Appraisal and Operational Procedures

   The Company's acquisition or disposal of securities shall be conducted in accordance with the Company's internal control system investment reversed.

2. Procedures for Deciding Trading Conditions and Authorization Amount
   (1) Securities traded in a securities trading market or a securities firm's business premises shall be decided by the responsible unit according to the market conditions and the amount shall be approved level by level in accordance with the management procedure for position authorization of the Company. A monthly report on unrealized profit or loss from securities shall be prepared for the decision-maker's reference.
   (2) When trading securities not traded at a trading market or a securities firm's business premises, the Company shall check the most recent financial statements of the target company verified, assured, or reviewed by the accountant to serve as the reference for the transaction price and consider its net value per share, profitability and future development potential, and the amount shall be approved level by level in accordance with the management procedure for position authorization of the Company. A regular report on unrealized profit or loss from securities shall be prepared to assess its investment income.

3. Implementation Entity

   When the Company acquires or disposes of securities, the handling entity shall be responsible for approval and placement of order after the transaction is submitted for resolution in accordance with the preceding paragraph, and then the Finance Department shall implement the delivery.

4. Obtain Expert Opinion
   (1) If the amount of the Company's acquisition or disposal of securities is 20% of the Company's paid-in capital or NT$300 million or more, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion regarding the reasonableness of the transaction price. However, this requirement does not apply to publicly-quoted prices of securities that have an active market, or where otherwise provided by the regulations.
   (2) Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed of through court auction.

Article 9: Related Party Transactions

1. When a related party of the Company acquires or disposes of an asset and the transaction amount reaches 10% of the total assets of the Company, the Company shall obtain an appraisal report from a professional appraiser or CPA's opinion in accordance with the provision of the preceding paragraph, besides handling relevant resolution procedure according to Articles 7-10 and assessing the reasonableness of the transaction terms.

   The calculation of the transaction amount mentioned in the preceding paragraph shall be conducted in accordance with Article 10-1.

   In acquiring or disposing of assets, the Company shall determine if the counterparty of the transaction is a related party and, in judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Appraisal and Operational Procedures

   When the Company acquires or disposes of any asset other than property or right-of-use asset thereof to or from a related party and the transaction amount reaches 20% of the paid-in capital or 10% of the total assets of the Company or exceeds NT$300 million, the Company shall submit the following documents to the Audit Committee for approval by more than half of all members, submit it to the Board of Directors for approval before signing the transaction contract and paying the price, except for the trading of government bonds, trading of bonds with buyback or redemption options, or subscription or redemption of money market funds issued by domestic securities investment trust firms:

   (1) The purpose, necessity, and expected benefits of the acquisition or disposal of assets;
   (2) The reason for choosing a related party as the counterparty;
   (3) Documents used to assess whether the predefined transaction terms are reasonable in accordance with Subparagraphs (I) and (IV) of Paragraph III of this article, when the Company acquires property or right-of-use asset thereof from a related party;
   (4) The date and price of original acquisition by the related party, counterparty, relation with the Company and the related party, and other affairs;
   (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction and reasonableness of the fund utilization;
   (6) The appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding paragraph;
   (7) Restrictive covenants and other important stipulations associated with the transaction.

   When the Company engages in the following transaction with a subsidiary or a subsidiary where the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors shall authorize the

Chairman to decide the transaction to the extent of certain limit pursuant to Paragraph II of Article 7 and then report it to the most recent meeting of the Board of Directors for retroactive confirmation:

(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

(2) Acquisition or disposal of real property right-of-use assets held for business use.

When submitting a transaction to the Board of Directors for discussion in accordance with Paragraph II, the Company shall fully consider the opinions of the Independent Directors. Where an Independent Director takes a negative opinion or reserves opinion, it shall be recorded in the meeting record of the Board of Directors. When the Company fails to obtain the approval from more than half of all members of the Audit Committee, the Company shall obtain the approval from more than two-thirds of all directors before implementing it and indicate the resolution of the Audit Committee in the meeting record of the Board of Directors.

Where the Company or its subsidiary that is not a domestic publicly listed company engages in a transaction under paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before proceeding to enter into a transaction contract or make a payment. However, the transactions between the Company and its subsidiaries or between its subsidiaries are not subject to this provision The transaction amount in paragraph 1 and the preceding paragraph shall be calculated as per the provisions under Article 14, Paragraph II, and the term “within the preceding year” refers to the year preceding the date of the current transaction. The portions have been passed by the Shareholders’ meeting and the Board of Directors as per the regulations need not be counted toward the transaction amount.

The terms "all Audit Committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

3. The assessment of the reasonableness of transaction costs

(1) When acquiring property or right-of-use asset thereof from a related party, the Company shall employ the following method to assess the reasonableness of the transaction cost:

A. Based on the transaction price offered by the related party plus necessary interest on funding and the cost payable by the buyer according to the law. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in

the year the Company purchases the property; provided, however, that it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

B. If a related party has used the subject asset to secure a loan from a financial institution, the cumulative loan amount actually extended by the financial institution shall be more than 70% of the total appraisal value of the subject asset given by the financial institution, and the loan term shall have exceeded one year. This shall not apply if the financial institution is a related party of one of the trading counterparties.

(2) Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

(3) When acquiring or disposing of property or related parties thereof to a related party, the Company shall appraise the cost of the asset in accordance with the two preceding paragraphs, and request the CPA to review the transaction and express a concrete opinion;

4. When the appraisal results of the property or right-of-use asset thereof acquired by the Company from a related party based on Subparagraphs (I) and (II) of Paragraph III of this article are both lower than the transaction price, the transaction shall be handled in accordance with Subparagraph (V) of Paragraph III of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

(1) Where the related party acquires the undeveloped land or leased land, it shall submit evidence to prove the compliance with one of the following conditions:

A. Where undeveloped lands are evaluated in accordance with the preceding Article and where buildings are evaluated according to the related party's construction costs plus reasonable construction profit, the cumulative value exceeds the actual transaction price. The term "reasonable construction profit" shall be the average gross operating profit margin of the related party's construction division over the most recent three years, or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring lands,

where the land area and the transaction terms are similar after the calculation of reasonable price discrepancies in floor or area in accordance with standard property sales or leasing market practices.

(2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.

Completed transactions in the preceding paragraph, in principle, refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions of similarly sized parcels, in principle, refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property. Within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

5. If the appraisal results of the property or right-of-use asset thereof acquired by the Company from a related party based on Subparagraphs (I), (II), and (IV) of Paragraph III of this Article are both lower than the transaction price, the following matters shall be handled. If the Company has set aside a special reserve in accordance with the following regulations, the special reserve cannot be used until the assets purchased or leased at a high price have been recognized as loss from falling price or disposal or termination of the lease, or proper compensation or reinstatement, or there is other evidence to determine that there is no irrationality and the approval of the competent authority is obtained.

(1) The Company shall set aside the special reserve in accordance with Paragraph I of Article 41 of the Securities Exchange Act in respect of the difference between the transaction price of the real estate or its right-of-use asset and the estimated cost, and shall not distribute or transfer capital to allotment. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 41-1 of the Securities and Exchange Act.

(2) The Audit Committee shall act in accordance with the provisions of Article 218 of the Company Act.

(3) The handling of the first two points shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.

6. If the Company obtains real estate or its right-to-use assets from related parties, any one of the following situations shall be handled in accordance with the relevant assessment and operating procedures in Paragraph II of this Article, and the provisions on the assessment of the reasonableness of transaction costs in Subparagraphs (I), (II) and (III) of Paragraph III of this Article shall not apply:
   (1) A related party acquires real estate or its right-to-use assets due to inheritance or bestowal.
   (2) It has been more than five years since the related party contracted to obtain the real property or its right-to-use assets.
   (3) The real property is acquired through the signing of a joint development contract with the related party, or contracting with a related party in the construction of real estate such as contracted construction with its own land or contracted construction on leased land.
   (4) The right-to-use asset of real estate for operation is obtained between the Company and its subsidiaries, or between subsidiaries that directly or indirectly hold 100% of the issued shares or total capital.
7. If the Company obtains real estate or its right-to-use asset from related parties and if there is other evidence showing that the transaction is not in accordance with regular business practices, it shall also be handled in accordance with Subparagraph (V) of Paragraph III of this Article.

Article 10: Procedures for obtaining or disposing of intangible assets or their right-to-use assets or memberships

1. Appraisal and Operational Procedures
   The Company shall obtain or dispose of intangible assets or their right-of-use assets or memberships in accordance with the internal control system of fixed assets recycling procedures.
2. Procedures for Deciding Trading Conditions and Authorization Amount
   (1) Obtaining or disposing of memberships shall be approved at each management level according to the authorization rule; if the amount is more than NT$5 million, the resolution of transaction conditions and transaction prices shall be made into analysis report with reference to the fair market price, which shall be presented to the chairperson for approval. If the amount is 20% of the paid-in capital or more than NT$300 million, it must be submitted to the Board of Directors for approval before implementation.
   (2) Obtaining or disposing of intangible assets or their right-to-use assets shall be approved at each management level according to the authorization rule; if the amount is more than NT$50 million, the resolution of transaction conditions and transaction prices shall be

made into analysis report with reference to the expert evaluation report or fair market price, which shall be presented to the chairperson for approval. If the amount is 20% of the paid-in capital or more than NT$300 million, it must be submitted to the Board of Directors for approval before implementation.

3. Implementation Entity

When the Company obtains or disposes of intangible assets or their right-of-use assets or memberships, it shall be executed by the use department, the finance department, or the administrative department after it has been examined and approved according to the pre-existing authority.

4. Expert evaluation report on intangible assets, right-of-use assets thereof, or memberships

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of its paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a CPA prior to the date of the occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 10-1 The transaction amount in Article 7, Article 8, Article 9, and Article 10 shall be calculated as per the provisions under Article 14, Paragraph II, and the term "within the preceding year" refers to the year preceding the date of the current transaction. The portions on which appraisal reports issued by professional appraisers or about which CPAs have issued opinions as per the Procedures need not be counted toward the transaction amount.

Article 11: Procedures for obtaining or disposing of creditor's rights of financial institutions

In principle, the Company does not engage in the acquisition or disposal of creditor's rights of financial institutions. In the event that the Company intends to engage in a transaction for acquisition or disposal of financial institution claims, the Company shall formulate its evaluation and operating procedures after reporting to and obtaining approval from the Board of Directors.

Article 12: Procedures for obtaining or disposing of derivative commodities

1. Transaction Principles and Policies

(1) Transaction type

Derivative commodities that could be traded by the Company refer to transaction contracts where the values are derived from assets, interest rate, exchange rate, index, or other benefits and other commodities, such as forward contracts, options, futures, swaps, and compound contracts combining the above commodities.

(2) Operating (hedging) strategies

A. Operating strategy of transaction: In order to strengthen the management of the assets and liabilities of the Company and

improve the efficiency of capital use and hedging, its strategy is mainly based on financial hedging. A transaction other than hedging must be undertaken in accordance with Subparagraph (IV.B) of Paragraph III of this Article.

B. Hedging strategy of transaction: Operations of the Company are international, so it is necessary to use transactions of derivatives to avoid risks arising from the business operations of the Company.

(3) Division of powers and responsibilities

A. Finance Division

Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(A) Trader

a. Execute trading in accordance with the powers set out in the management procedure for job authorization and established strategy. When there is a material change in the financial market and the current strategy is judged by the trader as no longer applicable, an assessment report should be submitted at any time, the strategy should be reformulated and approved by the general manager as the basis for transactions.

b. The evaluation shall be carried out monthly, and the evaluation report shall be presented to the general manager.

(B) Confirming personnel

a. Conduct oral confirmation with the confirmation personnel of the counterparty based on the trading record of the trader, issue the cash requisition note/receipt note based on the confirmation content, send a copy to the trader and then submit it to the delivery personnel for the telling operation in line with the approval power.

b. Conduct written confirmation with the seal for financial transaction confirmation.

(C) Delivery personnel

Check the payment voucher of trading unit with the delivery personnel of trading object based on the cash requisition note/receipt note submitted by the confirmation personnel for approval, arrange the allocation of funds, and make payment (collection) on the delivery date.

B. Audit department

Responsible for understanding the appropriateness of internal control in derivative commodity transactions and checking the compliance of the trading department with the operating procedures, analyzing the transaction cycle, making an audit report, and submitting it to the Audit Committee for inspection before delivery at the end of the month after the completion of the audit project; in addition, if the internal auditors find serious irregularities or that the Company is at risk of heavy losses, they should immediately make a report and submit it for review, and inform the Audit Committee.

C. Performance evaluation
   (A) The basis for performance evaluation depends on the profit/loss resulting from the difference between the book cost of the Company and the derivative trading.
   (B) To fully control and express the evaluation risk of the transaction, the Company evaluates the profit and loss by employing the evaluation method of monthly statement.
   (C) Every month, the financial department shall provide the evaluation of the trading commodities to the senior executives as a reference for decision-making.

D. Determination of total contract amount and limit on maximum loss
   (A) Total contract value:
      a. For non-trading purposes:
         (a) Trading with the purpose of avoiding foreign exchange risks: The total contract amount shall not exceed the total estimated import and export amount of the current year in which the transaction is due.
         (b) Trading with the purpose of avoiding interest rate risk: The total contract amount shall not exceed the total liabilities.
         (c) Trading with the purpose of avoiding commodity price risks required for operation: The total contract amount shall not exceed the total demand amount for the next twelve months.
         (d) Trading with the purpose of avoiding exchange rate, interest rate, commodity price, and other risks caused by the project: The total contract amount shall not exceed the total project budget. If there is any excess, it should be classified as for the purpose of trading.
      b. For the purpose of trading: The total contract amount of the transaction is evaluated and adjusted

annually, provided that it does not exceed the authorized transaction contract amount of US$10 million as the upper limit, except for that approved by the Board of Directors under special circumstances.

(B) Setting of Maximum Loss

a. For non-trading purposes: The upper limit of the loss of an individual contract is 15% of the maximum risk value of the contract; the upper limit of the losses of all contracts is 15% of the total maximum risk value. If the upper limit of individual or all contract losses has been reached, it shall be reported to the general manager or above for a ruling to continue or stop trading.

b. For the purpose of trading: A stop-loss point shall be established to avoid losses exceeding the above limit after the position is created. The stop-loss point for an individual contract shall not exceed 10% of the transaction contract amount. If the stop-loss point is reached, it shall be reported to the general manager or above for a ruling to continue or stop trading. The annual cumulative loss amount is capped at one million U.S. dollars.

2. Risk management measures

(1) Credit risk management: Transaction orders of the Company are all traded with internationally renowned and creditworthy financial institutions.

(2) Market risk management

A. Markets, where quotation information can be fully disclosed, shall be chosen.

B. The control of the confirmed transaction amount shall be handled in accordance with this processing procedure.

(3) Liquidity risk management: When trading commodities are selected, they are mainly based on high liquidity and large transaction volume (that is, they can be covered in the market at any time).

(4) Operational risk management

A. Based on the principle of division of labor and mutual checks and balances.

B. Each operation shall be authorized and supervised by superior superintendents.

(5) Legal risk management

A. Any document signed with a financial institution shall be inspected by relevant business and specialized personnel prior to official signing.

B. Before any transaction is made, the commodities being traded and the regulations of the market must be fully understood.

3. Internal audit system

(1) The internal auditors shall periodically look into the appropriateness of the internal control over derivatives products, conduct a monthly audit of how faithfully derivatives products trading by the trading department adheres to these Procedures, and prepare an audit report. Where a material violation is found, the Audit Committee shall be informed in writing.

(2) The internal auditors shall file the auditing report and the implementing status of annual auditing plans of internal audits to the competent authority before the end of February of the coming year and shall also report the improvement situation for any abnormal affairs according to the provisions of the competent authority before the end of May of the coming year.

4. Periodic evaluation method

(1) The Board of Directors shall authorize senior executives to regularly supervise and evaluate whether the transactions in the derivatives are actually handled in accordance with the Company's trading procedures, and whether the risks assumed are within the scope of the allowable undertaking and the market price assessment report has abnormal circumstances (such as the holding position). When the loss has been exceeded, they shall report to the Board of Directors immediately and take the appropriate measures.

(2) The positions held by derivative commodity trading shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice every two weeks. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

5. Where the Company engages in derivative commodity trading, the Board of Directors shall supervise and manage such trading in accordance with the following principles.

(1) The Board of Directors shall designate senior executives to pay attention to the supervision and control of derivative transaction risks at all times. The management principles are as follows:

A. Periodically evaluate whether the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations and these Procedures for engaging in derivatives trading formulated by the Company.

B. Supervise the transaction and loss/benefit status, take necessary measures in response to irregular situations, and report to the Board of Directors immediately. The Board of Directors shall have independent directors present and express their opinions.

(2) The Board of Directors shall evaluate whether the performance of the derivative transactions is consistent with the Company's current operational strategies and whether the risks the Company bears are under the tolerable level.

(3) When the Company engages in the transaction of derivative commodities, it shall authorize the relevant personnel to handle the procedures in accordance with the procedures for dealing with the derivatives transactions, and shall report to the most recent Board of Directors afterwards.

(4) In trading of derivative commodities, the Company shall draft verification documents, in which the types, amounts, losses/profits, approval date from the Board, and subparagraph (II) of Paragraph IV, Subparagraphs (I) and (II) of Paragraph V in this Article shall be included in details for verification.

Article 13: Procedures for handling merger, demerger, acquisition, or share transfer

1. Appraisal and Operational Procedures

(1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to settle on a timeline, and to form a project group to carry out the transaction. The Company shall, prior to convening the Board of Directors to resolve the relevant matters, engage a certified public accountant, an attorney, or an underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders, and shall submit it to the Board of Directors for deliberation and resolution. The requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or total capital, or in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or total capital.

(2) The Company participating in a merger, demerger, or acquisition shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders' meeting and include it along with the expert opinion referred to in Subparagraph (I) of Paragraph I in this Article when sending shareholders meeting invitation for reference in deciding whether to

approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies, participating in a merger, demerger, or acquisition, fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders meeting, the companies participating in the merger, demerger, or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other matters to be noticed

(1) Dates of Board Meeting: Unless otherwise prescribed by law or the competent authority is notified in advance of extraordinary circumstances and grants consent, the Company shall convene the Board of Directors' meeting and shareholders' meeting on the same day to resolve matters relevant to the merger, demerger or acquisition. Unless otherwise prescribed by law or the competent authority is notified in advance of extraordinary circumstances and grants consent, the Company shall call a Board of Directors' meeting on the same day.

(2) Complete written record: When participating in a merger, demerger, acquisition, or share transfer, the Company that is listed on an exchange or has its shares traded in a business establishment of a securities dealer shall prepare a full written record of the following information and retain it for 5 years for reference:

A. Basic information of the personnel: Including the titles, names, and ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning of any merger, demerger, acquisition, or share transfer or the implementation of the plan prior to disclosure of such information.

B. Dates of material events: Include the dates of executing the letter of intent or memorandum of understanding, engaging a financial or legal advisor, executing the contract, and convening the Board of Director meeting.

C. Material documents and minutes: Include documents for merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.

(3) Each and every person participating in or possessing knowledge of the plan for merger, demerger, acquisition, or share transfer shall

issue a written undertaking of confidentiality and may not disclose the content of the plan prior to the public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or share transfer.

(4) Principle for formulation and change of share exchange ratio or acquisition price: The Company participating in merger, demerger, acquisition, or share transfer shall, prior to the Board of Directors meetings of both parties, engage a certified public accountant, an attorney, or an underwriter to provide an opinion on the reasonableness of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders, and shall submit it to the Board of Directors. In principle, share exchange ratio or acquisition price shall not be changed for free, except for in one of the following circumstances:
   A. Increase of cash capital, and issuance of convertible corporate bonds, stock grants, and issuance of corporate bonds with stock warrants, preferred stock with stock warrants, certificates of stock options, and other equity securities.
   B. An action, such as disposal of major assets, that affects the Company's financial operations.
   C. An event, such as major disasters or major evolution in technology, that affects shareholders' equity or the price of securities.
   D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or share transfer buys back the treasury stocks in accordance with the laws.
   E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or share transfer.
   F. Other conditions stipulated in the contract that may be amended and that have been publicly disclosed.

(5) The contents of the contract: The contract of the merger, demerger, acquisition, or share transfer company shall be subject to the following matters, in addition to the provisions of Article 317-1 of the Company Act and Article 22 of Business Mergers and Acquisitions Act.
   A. Handling of breach of contract.
   B. Principles for handling equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or demerger.
   C. The amount and principles of the purchase of treasury stocks in accordance with the laws after the base date of the

participating companies' calculation of the share exchange ratio.

D. Procedures for handling the increase or decrease in the number of participating entities or companies.

E. The estimated progress of the plan and estimated completion date.

F. The scheduled date for convening the legally mandated shareholders' meeting and the relevant procedures if the plan is not completed within the scheduled time frame.

(6) When there is any change to the number of companies participating in merger, demerger, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends to further carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has resolved a decision authorizing the Board of Directors to alter the limits of authority. Such a participating company may be exempted from convening another shareholders meeting to resolve the matter anew.

(7) Where any of the companies participating in a merger, demerger, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the non-public company. The agreement shall be handled according to Paragraph II of this Article: Subparagraph (I) - date of the Board of Directors' meeting; Subparagraph (III) - pre-emptive confidentiality commitment; and Subparagraph (VI) - changes in number of companies involved in merger, demerger, acquisition, or transfer of shares.

(8) When participating in merger, demerger, acquisition, or share transfer, the company listed on the Stock Exchange or whose shares are traded on business premises of securities shall, within two days commencing from the date of the resolution adopted at the Board of Directors' meeting, report Items 1 and 2 of Subparagraph (II) of Paragraph II of this Article to the Financial Supervision Committee for future reference in the prescribed format and via the information system on the Internet.

(9) In the event that any of the companies participating in the merger, demerger, acquisition, or share transfer is not a company listed on

the Stock Exchange or whose shares are traded on business premises of securities, the company listed on the Stock Exchange or whose shares are traded on business premises of securities shall execute an agreement with such a company and comply with the regulations under Subparagraphs (II) and (VIII) of Paragraph II of this Article.

Article 14: Procedure for public disclosure of information

1. Regulatory announcements and declaration standards

(1) Acquisition or disposal of real estate or its right-to-use assets from or to a related party, or acquisition or disposal of other assets other than real estate or its right-to-use assets from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.

(2) Merger, demerger, acquisition, or share transfer.

(3) Losses from derivative commodity trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures.

(4) For acquisition or disposal of machines and machinery or their right-to-use assets which are for operating use, and the trading counterparty is not a related party, and the transaction amount reaches one of the following amounts:

A. Where the paid-in capital is less than NT$10 billion and the transaction amount reaches NT$500 million or more.

B. Where the paid-in capital reaches NT$10 billion or more and the transaction amount reaches NT$1 billion or more.

(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the trading object is not a related party, and the amount the Company expects to invest in the transaction is more than NT$500 million.

(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of the Company's paid-in capital or NT$300 million or more. Provided, this shall not apply to the following circumstances:

A. Trading of domestic government bonds or foreign government bonds with a credit rating not lower than our country's sovereign rating.
B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises

(7) The aforesaid transaction amount shall be calculated in accordance with the following formula. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of this transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
A. The amount of any individual transaction.
B. The cumulative transaction amount of the acquisitions or disposals of the same type of assets with the same counterparty within the preceding year.
C. The cumulative transaction amount of real estate or its right-of-use asset acquisitions and disposals (cumulative acquisitions and disposals respectively) under the same development plan within the preceding year.
D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals respectively) of the same securities within the preceding year.

(8) For the rule regarding 10% of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be adopted.

In the event that the Company's share has no par value or has a par value other than NT$10, the transaction amount as 20% of the Company's paid-in capital shall be calculated as 10% of the equity owned by the Company's parent company; NT$20 billion of the equity owned by the Company's parent company shall be the threshold instead of NT$10 billion of the paid-in capital as the transaction amount.

2. Time limit for handling announcements and filing

In acquiring or disposing of assets, when items that require public disclosure per Item 1 in this Article are found and the transaction amount has reached the standard that requires public disclosure, the Company shall proceed with public disclosure within 2 days of the time of the event according to the required format.

3. Procedures for announcement and filing

(1) The Company shall announce relevant information on a website

designated by the competent authority.

(2) The Company shall enter the monthly reports on the status of derivative transactions engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public companies in the prescribed format, by the 10th day of each month, onto the information filing website designated by the competent authority.

(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced within 2 days and reported in their entirety.

(4) Unless otherwise provided for by other laws, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by CPA, attorneys, and security underwriters at the Company for at least 5 years.

(5) Where any of the following circumstances occurs with respect to a transaction that the Company has already announced and filed in accordance with the preceding article, a public report of relevant information shall be made on the website designated by the competent authority within two days from the Date of Occurrence:

A. Change, termination, or rescission of a contract signed in regard to the original transaction.
B. The merger, demerger, acquisition, or transfer of shares not completed by the scheduled date set forth in the contract.
C. Change to the originally publicly announced and reported information.

Article 15: The subsidiaries of the Company shall comply with the following provisions:

1. The subsidiary shall also establish procedures for the Acquisition or Disposal of Assets in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and execute such Procedures.
2. Information required to be publicly announced and reported on acquisitions or disposals of assets by the Company's subsidiary that is not itself a public company shall be reported by the Company.
3. The filing standard regarding paid-in capital and total assets for the subsidiary shall be based on the paid-in capital and total assets of the Company.

Article 16: Penalties

In the event that any of the Company's employees dealing with acquisition and disposal of assets violates these Procedures, the employee shall be periodically evaluated in accordance with the personnel management measures and the

employee handbook of the Company and shall be punished based on the seriousness of the violation.

Article 17: Implementation and revision

These Procedures for the Acquisition or Disposal of Assets and any amendment thereto shall be submitted for consent by more than half of the Audit Committee and submitted to the Board of Directors for resolution, then submitted to the Shareholders' Meeting for consent. In the event that matters are submitted to the Board of Directors for discussion according to the Procedures for the Acquisition or Disposal of Assets, the Board of Directors shall take each Independent Director's opinion into full consideration. If an Independent Director objects to or expresses reservation about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

If approval of more than half of all Audit Committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution by the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all members of the Audit Committee" and "all directors" in the Procedures shall be counted as the actual number of persons currently holding those positions.

Article 18: Supplementary Provisions

In the case that this Procedure is incomplete, handling shall be conducted in accordance with related laws.

Appendix 8.

Articles of Association of CMC Magnetics Corporation

Chapter 1. General Provisions

Article 1: The Company is organized in accordance with the provisions of the Company Act, and is named 中環股份有限公司, and the English name is CMC MAGNETICS CORPORATION.

Article 2: The scope of the Company's business is as follows:

1. C805030 Plastic Daily Necessities Manufacturing
2. C805050 Industrial Plastic Products Manufacturing
3. CC01120 Data Storage Media Manufacturing and Duplicating
4. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
5. F118010 Wholesale of Computer Software
6. F113050 Wholesale of Computers and Clerical Machinery Equipment
7. F213030 Retail Sale of Computers and Clerical Machinery Equipment
8. F216010 Retail Sale of Camera Equipment
9. F218010 Retail Sale of Computer Software
10. F601010 Intellectual Property Rights
11. I301010 Software Design Services
12. JE01010 Rental and Leasing
13. J303010 Magazine (Periodical) Publishing
14. J304010 Book Publishing
15. J401011 Motion Picture Production
16. J402011 Motion Picture Distribution
17. J602010 Performing Arts Activities
18. F102030 Wholesale of Tobacco Products and Alcoholic Beverage
19. F203020 Retail Sale of Tobacco and Alcohol
20. F401010 International Trade
21. H701010 Housing and Building Development and Rental
22. H701020 Industrial Factory Development and Rental
23. H701040 Specific Area Development
24. H701060 New Towns, New Community Development
25. H703100 Real Estate Leasing
26. F113020 Wholesale of Household Appliance
27. F213010 Retail Sale of Electrical Appliances
28. F113070 Wholesale of Telecom Instruments
29. F213060 Retail Sale of Telecommunication Apparatus
30. F401171 Alcohol Products Importation

31. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is headquartered in Taipei City and may establish branches at home and abroad when necessary with a resolution adopted by the Board of Directors.

Article 3-1 The Company's total amount of re-investment is not subject to 40% of the paid-in capital. The Board of Directors is authorized to make decisions regarding re-investment.

Article 3-2 The Company provides external guarantees for its business needs, and its procedures are in accordance with the Company's Principle of Endorsement and Guarantees.

Article 4: The Company's method of public disclosure is executed pursuant to the requirements of the securities regulatory authority.

Chapter 2. Shares

Article 5: The total capital amount of the Company is forty-five billion New Taiwan Dollars (NT$45,000,000,000), which is divided into four billion five hundred million (4,500,000,000) shares with a par value of ten New Taiwan Dollars (NT$10) each and will be issued in installments by the Board of Directors.

Article 6: The Company may be exempted from printing stock certificates and shall register with the centralized securities depository enterprise when issuing shares.

Article 7: The change of the shareholder register shall be suspended within 60 days before an annual general meeting, within 30 days before an extraordinary shareholders' meeting, or within 5 days before the record date of payout of dividends, bonuses, or other benefits.

Article 8: The Company's shares shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the Securities and Futures Management Committee of the Ministry of Finance except where otherwise provided by law, regulation, or guideline.

Chapter 3. Shareholders' Meeting

Article 9: There are annual general and extraordinary shareholders' meetings. The Board of Directors shall convene the annual meeting once a year within six months after the end of each fiscal year. The latter may be duly convened according to relevant laws whenever the Company deems necessary.

Article 9-1 The Company may convene a shareholders' meeting by video conference or in other methods as announced by the Ministry of Economic Affairs.

Article 10: A shareholder who is unable to attend the shareholders' meeting may authorize another person to attend as a proxy, a power of attorney issued by the Company

shall be issued, specifying the scope of authorization, and entrusting a proxy to attend the shareholders' meeting shall be subject to the restrictions of Article 177 of the Company Act.

Article 11: Except for the shares with restricted voting rights or without voting rights under the regulation, each share is entitled to one vote, for all shareholders of the Company.

Article 12: Resolutions made at the shareholders' meetings shall be recorded as minutes of the meeting, in which the date, venue, name of the chairperson, method of resolution, and summary and results of meeting proceedings shall be recorded and signed or sealed by the chairperson of the meeting. The minutes shall be distributed to each shareholder within 20 days after the shareholders' meeting. After the Company publicly issues stocks, they shall be conducted by announcement. The minutes in the preceding paragraph shall be kept in the Company for future reference.

Article 13: Except as otherwise provided by applicable law, the shareholders' resolutions shall be adopted upon the approval of a majority of the voting shares present at the meeting, which is attended by holders of a majority of the total issued and outstanding shares of the Company.

Chapter 4. Directors and Audit Committee

Article 14: The Company shall have nine to eleven directors, who shall be elected from legally competent persons at the shareholders' meeting, hold office for three years, and may be re-elected. The total amount of registered shares held by all directors shall not be less than a certain amount of issued shares. Such an amount shall be determined by the competent authority.

Article 14-1 There shall be at least three independent directors among the number of directors to be elected referred to in the preceding paragraph, and there should be at least three independent directors, who shall represent at least one-fifth of the Board. The independent directors shall be elected at the shareholders' meeting from among a list of candidates. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

Article 15: The Board of Directors shall elect a chairman from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the board represents the company externally and is internally the chairperson of the shareholders meeting and the Board of Directors.

Article 16: The Board of Directors is formed by the chairman and its powers and authority

are as follows:

1. Formulation of a business plan.
2. Formulation of earnings distribution or deficit compensation.
3. Formulation of a capital increase or reduction proposal.
4. Formulation of important regulations and contracts.
5. Appointment and dismissal of a general manager.
6. Establishment or dissolution branches.
7. Formulation of budgets and financial statements.
8. Other powers and duties conferred by the Company Act or by the resolution of shareholder meeting.

Article 17: The Company can convene a Board meeting at all times when an emergency occurs. The meeting of the Board of Directors shall be convened by delivery of a notice to each director in writing or by electronic means or fax.

Article 18: Decisions at the Board of Directors meeting shall be resolved by a majority vote in the meeting which is attended by Directors who represent a majority of the total number of Directors. A director may authorize in writing another director to be represented at the Board meeting, provided that a power of attorney shall be issued each time stating the scope of authorization, and the director shall be appointed as a proxy for only one other director.

Article 19: When the Chairman is on leave or unable to exercise the powers as the chair for any reason, its delegate shall be handled in accordance with Article 208 of the Company Act.

Article 20: The remuneration paid to the chairman and directors shall be determined by the Board of Directors based on the degree of their participation in and contributions to the business operations of the Company, as well as industry standards at home and abroad.

Article 21: The Company has established an Audit Committee according to Article 14 of the Securities Exchange Act, which is composed of all Independent Directors.

Article 22: The exercise of the functional authorities and related matters by the Audit Committee and its members shall be handled in accordance with the relevant provision of the Securities and Exchange Act.

Article 23: The Company may purchase liability insurance for the directors during their tenures, which shall cover the directors' liabilities arising from the performance of their duties.

Chapter 5. Manager

Article 24: The Company may appoint a number of managerial officers whose appointment, dismissal, and remuneration shall be governed by Article 29 of the Company Act.

Chapter 6. Accounting

Article 25: The fiscal year of the Company shall begin on January 1 and end on December 31 of each year.

Article 26: At the end of the fiscal year, the accounts of the Company shall be closed. At the end of each fiscal year, the Board of Directors of the Company shall, in accordance with the relevant regulations, prepare and submit the following reports and statements to the regular shareholders' meeting for recognition: (1) Business report; (2) Financial statements; and (3) Proposal for allocation of profits or compensation of losses.

Article 27: If the Company has earnings, it shall set aside 1% of the balance as remuneration to the employees and no greater than 1.5% of the balance as remuneration to directors. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. The objects of the employee compensation in the preceding paragraph include employees of domestic and foreign subsidiaries; the aforementioned "subsidiary" refers to the direct or indirect holding of more than half of the company's common stock.

Article 28: The earnings of the Company in the annual final accounts, if any, shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations) and a special reserve pursuant to the applicable law and regulations. Any retained earnings available for distribution together with accumulated undistributed retained earnings may be proposed by the Board of Directors to appropriate and be resolved at the shareholders meeting. The Company's dividend policy is based on the consideration of the needs of capital expenditures and in line with the Company's long-term financial planning. The total dividend is not less than 10% of the distributable surplus for the current year, provided that no allocation shall be made if the distributable surplus is less than 1% of the paid-in capital. When the dividend is distributed, cash dividend shall be no less than 10% of the total dividend.

Chapter 7. Supplementary Provisions

Article 29: Matters not specified in the Articles of Incorporation shall be governed by the Company Act.

Article 30: The Articles of Incorporation is hereby formulated on November 4, 1978. The first amendment was made on June 18, 1981. The second amendment was made on November 25, 1982. The third amendment was made on April 15, 1984. The fourth amendment was made on January 29, 1985. The fifth amendment was

made on April 4, 1985. The sixth amendment was made on August 28, 1985. The seventh amendment was made on November 21, 1985. The eighth amendment was made on December 26, 1985. The ninth amendment was made on June 26, 1986. The tenth amendment was made on April 12, 1987. The eleventh amendment was made on June 20, 1987. The twelfth amendment was made on October 6, 1987. The thirteenth amendment was made on June 14, 1988. The fourteenth amendment was made on October 27, 1988. The fifteenth amendment was made on April 15, 1989. The sixteenth amendment was made on April 7, 1990. The seventeenth amendment was made on September 1, 1990. The eighteenth amendment was made on May 11, 1991. The nineteenth amendment was made on April 11, 1992. The twentieth amendment was made on September 19, 1992. The twenty-first amendment was made on April 22, 1993. The twenty-second amendment was made on September 18, 1993. The twenty-third amendment was made on April 23, 1994. The twenty-fourth amendment was made on April 29, 1995. The twenty-fifth amendment was made on April 27, 1996. The twenty-sixth amendment was made on May 13, 1997. The twenty-seventh amendment was made on April 18, 1998. The twenty-eighth amendment was made on April 30, 1999. The twenty-ninth amendment was made on April 29, 2000. The thirtieth amendment was made on May 4, 2001. The thirty-first amendment was made on May 4, 2001. The thirty-second amendment was made on May 17, 2002. The thirty-third amendment was made on June 15, 2004. The thirty-fourth amendment was made on June 14, 2005. The thirty-fifth amendment was made on June 15, 2006. The thirty-sixth amendment was made on June 13, 2007. The thirty-seventh amendment was made on June 16, 2009. The thirty-eighth amendment was made on June 17, 2010. The thirty-ninth amendment was made on June 22, 2011. The fortieth amendment was made on June 15, 2012. The forty-first amendment was made on June 12, 2014. The forty-second amendment was made on June 2, 2015. The forty-third amendment was made on June 7, 2016. The forty-fourth amendment was made on June 16, 2020. The forty-fifth amendment was made on June 17, 2022

CMC Magnetics Corporation

Chairman: Wong, Ming-Sen

Appendix 9.

CMC Magnetics Corporation
Rules and Procedures for the Shareholders' Meeting

Adopted at the Shareholders' Meeting on June 16, 2020

Article 1: Unless otherwise required by the law, the shareholders' meeting of the Company shall be conducted in accordance with the Rules.

Article 2: The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholders' sign-in and other important matters.

Shareholders' sign-in as referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register.

The Company shall provide the shareholders present with an agenda handbook, an annual report, an attendance card, a speaker's slip, a voting card, and other meeting materials. In the event that an election of directors is held, a ballot shall also be provided to them.

When the government or a legal person is a shareholder, the shareholder may appoint more than one representative to attend a shareholders' meeting. If a juristic person is entrusted to attend the shareholders' meeting, such juristic person may only appoint one person to be its representative at the meeting.

Article 3: Attendance and voting at shareholders’ meetings shall be calculated based on numbers of shares.

Article 4: The shareholders' meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such a meeting, and shall commence at a time no earlier than 9:00 AM and no later than 3:00 PM.

Article 5: The chairmanship of the shareholders' meeting shall be handled in accordance with Article 182-1 of the Company Act.

The terms of office shall be more than 6 months and the person who shall be a managing director or director familiar with the operation of the company as if the aforementioned chairman be a corporate director. The same requirements shall apply if the chairperson for the meeting is a director's representative of a juristic

person.

Article 6: The Company may appoint its attorneys, CPAs, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Staff at the shareholders' meetings shall wear ID badges or arm badges.

Article 7: The Company shall make uninterrupted audio and video recordings of the entire process of shareholder sign-in, meeting proceedings, and voting and ballot counting.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. In the event of a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.

Article 8: The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two postponements, a tentative resolution may be passed in accordance with Article 175 of the Company Act.

In the event that the total number of shares represented by attending shareholders reaches a majority of the total issued shares before that same shareholder meeting is adjourned, the chairperson may bring the tentative resolution(s) so adopted into the shareholder meeting anew to be duly resolved in accordance with Article 174 of the Company Act.

Article 9: The agenda for the shareholders' meeting shall be set by the Board of Directors if such a meeting is convened by the Board of Directors. Unless a resolution is adopted by the shareholders' meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such a meeting.

The chairperson shall not announce adjournment of the meeting until the agenda in the two preceding paragraphs is completed (including occasional (extemporaneous) motions) unless duly resolved in the meeting.

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such a meeting at the same location or seek an alternative venue.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the

subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

Article 11: The motions on the agenda shall be discussed in the order as set on the agenda. In the event of any violation, the chairperson shall stop it immediately. In addition to the proposals listed in the agenda, other proposals submitted by shareholders or amendments or alternatives to the original proposals shall be seconded by other shareholders, otherwise the proposal will not be established.

Article 12: Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

The chairperson may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 13: When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

Article 14: After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 15: When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 16: Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. Relevant motions (including extemporary motion and the amendment to the contents of the original proposal) shall be passed on a one-agenda-by-one-agenda basis.

Method of attendance by proxy, besides abiding by the conditions stated in the Company Act, shall also follow the 'Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' from the competent authority.

Article 17: Scrutineers and vote counting personnel for the voting on proposals shall be

appointed by the chairperson, provided that all scrutineers be shareholders of the Company. Vote counting for proposals or elections at a shareholders' meeting 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 recorded.

The election of directors and supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

Article 18: When a meeting is in progress, the chairperson may announce a break based on time considerations.

Article 19: 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.

Article 20: When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When one among them is duly resolved, the other issue(s) is (are) deemed to have been vetoed and no voting process is required.

Article 21: The chairperson may direct the proctors (or security personnel) to help maintain order at the meeting place. Such patrol personnel (or security personnel) shall wear arm badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

Article 22: These Rules and any amendments thereto shall become effective upon a resolution by the shareholders' meeting.

Appendix 10.

Shareholdings of CMC Magnetics Corporation

Explanation:

(I) The rules are implemented pursuant to Article 26 of the Securities and Exchange Act, the number of shares of the directors and supervisors of the public company, and rules for verification and implementation.

(II) The Company's paid-in capital is NT$10,893,483,280, with a total of 1,089,348,328 shares issued. The statutory shareholding percentage required for all directors is 3%. Based on this requirement, the total number of shares that all directors of the Company must hold is 32,680,449 shares. However, pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the statutory shareholding should be calculated based on a total of 1,000,000,000 shares. Accordingly, the statutory total number of shares that all directors must hold is 40,000,000 shares.

(III) The Company has elected three Independent Directors, and the share ownership figure calculated at the rates set in the preceding paragraph for all Directors other than Independent Directors shall be decreased to 80%. If a public company has established an Audit Committee in accordance with the law, the regulations that the number of shares held by the supervisor shall not be less than a certain ratio shall not apply. Therefore, the number of shares legally held by all directors of the Company is 32,000,000.

(IV) As of the book closure date for the shareholders meeting, the shareholding by all Directors and each of them recorded in the shareholder register is as follows:

April 12, 2025

Position	Account name	Number of shares held	Percentage of Ownership
Chairman	Wong, Ming-Sen	86,459,355	7.94%
Director	Yang, Ya-Hsiu	9,317,996	0.86%
Director	Tseng, Yi-An	1,064,273	0.10%
Director	Tsai, Tsung-Han	1,439,328	0.13%
Director	Tsai Wen-feng	1,002,076	0.09%
Director	Weng Hsiao-Wei	5,495,238	0.50%
Independent Director	Chen Ching-Chang	0	0.00%
Independent Director	Wu, Cheng-Hsiu	0	0.00%
Independent Director	Kuo Ming-Chun	0	0.00%
Share Ownership of All Directors		104,778,266	9.62%