

Stock Code: 3213



茂訊電腦股份有限公司

MilDef Crete Inc.

**2024 Meeting Handbook
General Shareholder's Meeting**

(Translation)

Time: 9:00 a.m. on Wednesday, June 12, 2024

Location: 7F., No. 250, Sec. 3, Beishen Rd., Shenkeng Dist.,
New Taipei City, Taiwan (R.O.C.)

(Education and Training Center of the Company)

Notice to Readers:

For the convenience of readers, the Meeting Handbook has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Chapter 1. Agenda of the Regular Shareholders' Meeting

Mildef Crete Inc.

Agenda of 2024 Regular Shareholders' Meeting

- I. Time: 9:00 a.m. on Wednesday, June 12, 2024
- II. Location: 7F., No. 250, Sec. 3, Beishen Rd., Shenkeng Dist.,
New Taipei City, Taiwan (R.O.C.)
(Education and Training Center of the Company)
- III. Announcement
- IV. Address by the chairman
- V. Reporting matters
 - (I) 2023 annual operation report
 - (II) Report of the Audit Committee on the examination of the final accounts of 2023
 - (III) Report on remuneration distribution of directors and employees in 2023
- VI. Recognition matters
 - (I) 2023 annual operation report and financial statement
 - (II) 2023 earnings distribution project
- VII. Extempore motions
- VIII. Adjourning meeting

Chapter 2. Reporting Matters

Proposal I

Subject: To the board of the "2023 Annual Operation Report".

Description: Please refer to Annex I on Page 5~8 of this manual.

Proposal II

Subject: To the board of the "Audit Committee Reviewing the Report on the Final Accounts of 2023".

Description: Please refer to Annex II on Page 9 of this manual.

Proposal III

Subject: To the board of the "Report on Remuneration Distribution of Directors and Employees in 2023".

Description:

- I. It shall handle under Article 20 of the articles of association.
- II. In 2023, the Company earned a profit of NT\$646,186,881 (i.e. the pre-tax income before deducting the remuneration for employees and directors) and appropriated 1.96% of the profit (NT\$12,634,379) to pay the directors' remuneration and 9.58% (NT\$61,896,335) to pay the employees' remuneration, all of which were paid in cash.
- III. There is no difference between the above allocation amount and the estimated amount of listed expenses in 2023.

Chapter 3. Recognition Matters

Proposal I (proposed by the board of directors)

Subject: To the board of the "2023 annual operation report and financial statements are hereby for list".

Description:

- I. The balance sheet, comprehensive income statement, statement of changes in equity, and cash flow statement for 2023 have been audited by Ching-Wen Kao and Mei-Yan Chen of KPMG.
- II. Please refer to Annex I on Page 5~8 of this manual for the attached operation report for 2023.
- II. Please refer to Annex III on Page 10~26 of this manual for the attached CPA audit report and independent and consolidated financial statements for 2023.

Resolution:

Proposal II (proposed by the board of directors)

Subject: To the board of the "2023 earnings distribution proposal is hereby submitted for list".

Description:

- I. Please refer to Annex IV on Page 27 of this manual for the statement of earnings distribution in 2023.
- II. The proposed distribution of 2024 profits to shareholders totaled NT\$316,901,954 (cash dividends), with each shareholder entitled to receive a cash dividend of NT\$5.40 per share, rounded down to the nearest whole number. The sum of the fractional amount will be recognized as the

Company's other revenue. Upon approval at the Shareholders' General Meeting, the Chairman will be authorized to determine the ex-dividend date, payment date, and other related matters.

- III. It proposes to request the shareholders' meeting to authorize the chairman to adjust it if the earnings referred to in the preceding paragraph changes due to the change of the company's share capital, which affects the number of outstanding shares and changes the interest distribution rate.

Resolution:

Chapter 4. Extempore Motions

Chapter 5. Adjourning Meeting

Chapter 6. Annexes

Annex I

Mildef Crete Inc. 2023 Annual operation report

Dear all shareholders, investors, and distinguished guests. It's my pleasure to be here with you again to discuss and review the performance of MilDef Crete Inc. in 2023.

The year 2023 was a year full of opportunities for the defense industry. The COVID-19 pandemic has come to an end, and most countries have emerged from the shadows, ushering in a new era after the pandemic. As geopolitical disputes continue worldwide, countries are increasing their defense budgets, leading to a noticeable surge in the defense industry.

However, the market was constantly changing, and in 2023, the defense industry continued to face the following challenges:

- **Increasing Inflationary Pressure:** Inflationary pressures are rising in many countries, partly due to currency printing and supply chain disruptions worldwide, leading to higher selling prices.
- **U.S.-China Trade Relations:** The trade tensions between the U.S. and China persist, leading to a series of trade negotiations and tariff adjustments, which are impacting the global trade landscape.
- **Russian-Western Relations:** The relationship between Russia and Western countries, including Europe and North America, continues to be tense, especially concerning geopolitical disputes in Ukraine and other regions.
- **Conflict in the Middle East:** Geopolitical conflicts and tensions persist in the Middle East, involving many countries and organizations in regions such as Syria, Iraq, and Iran.
- **Energy Price Volatility:** The volatility of the energy market, including changes in oil and natural gas prices, is partly due to geopolitical factors and climate events.
- **Supply Chain Restructuring:** Some countries and companies are beginning to re-assess and adjust their supply chain strategies to reduce dependence on a single region.

The above events have a direct and indirect impact on the company's business and supply chain operations.

From an optimistic perspective, due to the impact of geopolitical policies and wars, the military defense budgets of various countries constantly increase. We have been committed to this industry for many years and are confident of the subsequent growth in demand. Additionally, we believe that we will be able to show our strengths in new products and market deployment and seek new profitable opportunities for our shareholders.

In addition, the System Operation Division has decided to expand its production capacity in 2023 by expanding the SMT production line and increasing the operational space of the factory. This expansion is in preparation for the expected increase in capacity demand over the next 3 to 5 years. We believe that with our quality products and strong market presence, this expansion will lead to a direct increase in orders for the factory.

The Channel Operation Division has experienced a downturn in 2023, due to the facts that the demand brought by the pandemic had been met, the need brought by the work from home and distance learning had been satisfied. The price decline and excessive inventory pressure on laptop products in the distribution channels still need time to digest. Currently, with demand being satisfied and the market slackening, we are looking forward to the new AI-PC driving demand from new consumer groups and further boosting sales of AI laptops to achieve new records.

Although the international situation is full of uncertainties, we did not forget our fundamentals. This year, we have introduced numerous new equipment and innovative process technology to meet the market demand. We always prioritize quality, as we believe that only with high-quality products can we earn the trust of our customers, further gain the trust in the market and seize more cooperation opportunities.

The company is confident in challenging the market, striving for revenue growth in the volatile market, and seeking business opportunities.

The overall financial performance of the company in 2023 is as follows:

I. Operating results:

In 2023, the Company's consolidated revenue was NT\$2.99 billion, an increase of 10.33% compared to NT\$2.71 billion in 2022. The profit after tax attributable to the parent company was NT\$460 million, a 100% increase from NT\$230 million in 2022.

II. Financial revenue and expenditure (consolidated company):

Unit: NT \$1000			
Item	2023	2022	Increase (decrease) ratio (%)
Operation interests	580,770	265,822	118.48
Net non-operating income and expenditure	7,871	39,663	(80.16)
Net profit before tax	588,641	305,485	92.69
After-tax earnings per share	7.85	3.89	101.80

III. Profitability (consolidated company):

Item		2023	2022
Return on assets (%)		13.73	7.52
Return on shareholders' equity (%)		18.71	10.30
Ratio to paid-in capital (%)	Operation interests	98.96	45.30
	Net profit before tax	100.30	52.05
Net profit rate (%)		15.61	8.69
Retroactive adjustment of earnings per share (NT\$ 1000)		7.85	3.89

Research and development

The R&D expenses in 2023 were NT\$86.7 million, representing an increase of 24.41% compared to NT\$69.8 million in 2022. This increase was mainly due to the upgrade of existing model platforms and the development of special models for regional clients. We completed the development of 14 Series and started to prepare products for Android platform. To prepare for the new market, we have invested in R&D and started to develop targeted products for the mining market.

Operation project and future development strategy

The Channel Operation Division is looking forward to the new AI-PC driving demand from new consumer groups and further boosting sales of AI laptops to achieve new records.

The System Operation Division released the launch of 14 series models of this year's new products, injecting new impetus into the market and partners and stimulating customized demand services. The System Operation Department continuously updates the equipment in the plant at the same time, replaces the old equipment, and purchases new equipment to strengthen the production capacity. We have strengthened the production and manufacturing ERP system, improved the quality control, provided optimization and rate of change for customized production, and greatly improved the efficiency of production. We are preparing handheld products for the Android system platform in terms of technical extension, constantly strengthening our integration ability, providing customized solutions for customer application devices on different operating systems, and providing one-stop services for customers.

We continue to invest in new markets. Market research, personnel investment, and product development are all in progress simultaneously. The core value of the System Operation Division is that we can provide customized products under customer needs. Many products in the market cannot meet the application needs of special industries. MilDef Crete Inc. can provide customers with complete product solutions. The global customer system is also the strategic goal of MilDef Crete Inc. It is not only the challenge of constantly expanding new fields, but also the room for growth in the future.

Expected Sales Quantity and its Basis

Digital transformation is everywhere. In addition to the business opportunities brought by industrial digital transformation, drones in the Russia-Ukraine war are also seen as one of the cases of defense digital transformation. Observing the rugged computer industry, defense digital transformation, and geopolitical changes, we see an accelerating drive in demand for defense equipment. This trend is expected to continue to boost growth momentum and sales quantity in the coming years.

Affected by the external tense environment and the overall operation environment

The company's operation is guided by the highest guiding principle of conscience and complies with relevant regulations at home and abroad. The management team also continues to pay close attention to any changes in policies and laws that may affect the company's finance and business as a business reference. It also cooperates with professional institutions to pay close attention to the development of relevant regulations, and immediately adjust the strategy to meet the needs of the operation.

Prospect

We will strive to develop new markets and industries, upholding our core belief in excellent quality and customer service. We will continue to expand our market, pursue sustainable profit models, and reward to our shareholders, customers, and suppliers for their support.

Thank you!

Best wishes

Good health and good luck

Chairman:
Yi-Tung, Shen

General Manager:
Yi-Tung, Shen

Accounting Supervisor:
Ya-Ping, Liu

Mildef Crete Inc.

Audit Committee Review Report

The board of directors prepared the company's 2022 annual operation report, independent and consolidated financial statements, and earnings distribution proposal, among which the independent and consolidated financial statements were audited by CPA Ching-Wen Kao and CPA Mei-Yan Chen of KPMG and issued an audit report. The above-mentioned operation report, independent and consolidated financial statements, and earnings distribution proposal are not inconsistent after examination by this audit committee. To the board of that, a report shall be prepared under Article 14-4 of the securities and exchange law and Article 219 of the Company Law if there is no discrepancy.

Sincerely

2024 ordinary meeting of shareholders of the Mildef Crete Inc.

Auditor Chun- Ming, Wang

Auditor Hsiao- Lung, Feng

Auditor Yung- Cheng, Chen

March 13, 2024

Annex III

Certified Public Accountant's Audit Report

To the Board of Directors of Mildef Crete Inc.,:

Opinion

We have audited the balance sheet of Mildef Crete Inc. as of December 31, 2022 and 2021, as well as the statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2022 and 2021, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned parent company only financial statements have been prepared in all material aspects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present financial position of Mildef Crete Inc. as of December 31, 2023 and 2022, its financial performance and cash flow for the periods from January 1 to December 31, 2023 and 2022.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Mildef Crete Inc. for the year 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (7) to the standalone financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the standalone financial statements; concerning provision for inventory write-down, refer to Note 6 (4) to the standalone financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower.

Mildef Crete Inc. is engaged in manufacturing and selling rugged computers. Generally, the life cycle of rugged computers is long. In consideration of businesses, inventories of certain key components shall be maintained for in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of the important matters for evaluation in our audit of the financial statements of Mildef Crete Inc.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging report; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc.; and evaluating appropriateness of the past provision for obsolete and slow-moving inventories by the management.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Mildef Crete Inc.

Accountants' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misstatements in an audit will be detected. Misstatements might arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. The accountant also performs the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements resulting from fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of Mildef Crete Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the verification evidence obtained, the conclusion is drawn as to whether there is a material uncertainty regarding the appropriateness of management adopting a going concern accounting basis and the event or circumstance that may raise significant doubts on the ability of Mildef Crete Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Mildef Crete Inc. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and content of the parent company only financial reports (including related notes) and whether the parent company only financial reports are fair presentation of related transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of the invested company by using the equity method to express opinions on the parent company only financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion issued in respect of the standalone financial statements.

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

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

From the matters communicated with the governing body, we determine those matters that are significant in the audit of the parent company only financial statements of Mildef Crete Inc. of year 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA

: Ching-Wen Kao

Mei-Yan Chen

Competent Securities Authority's : FSC Review Letter No.1060005191.
Approval Document No. (88) Tai-Cai-Zheng (VI) No. 18311

March 13, 2024

Mildef Crete Inc.
Balance Sheets
December 31, 2023

Unit: NT\$1000

		2023.12.31		2022.12.31				2023.12.31		2022.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 217,417	6	428,173	13	2130	Contract liabilities - current (Notes 6 (15) and 7)	\$ 237,639	7	246,664	8
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	-	-	20,030	1	2150	Notes payable	30,480	-	47,670	-
1150	Notes and accounts receivable, net (Notes 6 (3) and (15))	119,101	4	95,529	3	2170	Accounts payable (Note 7)	120,498	4	152,666	5
1180	Accounts receivable - related parties, net (Notes 6 (3) & (15), 7)	310,481	9	11,683	-	2209	Other payables (Notes 6 (16) and 7)	136,928	4	98,459	3
1212	Other payables-related party (Note 7)	5,015	-	-	-	2230	Current income tax liabilities	99,638	3	36,230	1
130X	Inventories (Note 6 (4))	1,247,797	37	1,065,668	33	2280	Lease liabilities - current (Note 6 (9))	28,762	1	21,316	1
1476	Other financial assets - current (Note 6 (1))	206,100	6	206,100	6	2399	Other current liabilities	387	-	393	-
1479	Other current assets	16,166	-	25,009	1		Total current liabilities	654,332	19	603,398	18
	Total current assets	2,122,077	62	1,852,192	57		Non-current liabilities:				
Non-current assets:						2552	Provisions for warranty liabilities (Note 6 (10))	13,152	-	6,855	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	865,975	25	1,054,500	32	2570	Deferred income tax liabilities (Note 6 (12))	166,833	5	204,124	6
1550	Investments accounted for using the equity method (Note 6 (5))	38,894	1	30,007	1	2580	Lease liabilities - non-current (Note 6 (9))	29,127	1	13,550	1
1600	Property, plant and equipment (Notes 6 (6) and 7)	227,564	7	222,025	7	2640	Net defined benefit liabilities – non-current (Note 6 (11))	30,301	1	28,737	1
1755	Right-of-use assets (Note 6 (7))	57,812	2	34,840	1		Total non-current liabilities	239,413	7	253,266	8
1780	Intangible assets (Note 6 (8))	3,678	-	7,146	-		Total liabilities	893,745	26	856,664	26
1840	Deferred income tax assets (Note 6 (12))	73,317	2	64,025	2		Equity (Note 6 (13)):				
1900	Other non-current assets (Notes 7 and 8)	41,606	1	5,050	-	3100	Share capital	586,855	17	586,855	18
	Total non-current assets	1,308,846	38	1,417,593	43	3200	Capital surplus	74,113	2	72,650	2
						3300	Retained earnings	1,634,564	48	1,372,791	42
						3400	Other equity	241,646	7	380,825	12
							Total equity	2,537,178	74	2,413,121	74
							Total liabilities and equity	\$ 3,430,923	100	3,269,785	100
Total assets		\$ 3,430,923	100	3,269,785	100						

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statements of Comprehensive Income
January 1 to December 31 of 2023 and 2022

		Unit: NT\$1000			
		Fiscal Year 2023		Fiscal Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (15) and 7)	\$ 2,984,261	100	2,706,970	100
5000	Operating cost (Notes 6 (4), (6), (7), (8), (10), (11), (16), 7 and 12)	<u>2,125,367</u>	<u>71</u>	<u>2,182,095</u>	<u>81</u>
	Gross operating profit	858,894	29	524,875	19
5910	Less: Unrealized gain from sales	<u>267</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Realized gross operating profit	<u>858,627</u>	<u>29</u>	<u>524,875</u>	<u>19</u>
	Operating expenses (Notes 6 (6), (7), (8), (9), (11), (16), 7 and 12):				
6100	Selling and marketing expenses	162,821	5	175,311	6
6200	General and administrative expenses	52,238	2	41,035	1
6300	Research and development expenses	<u>85,565</u>	<u>3</u>	<u>69,796</u>	<u>3</u>
	Total operating expenses	<u>300,624</u>	<u>10</u>	<u>286,142</u>	<u>10</u>
	Net operating profit	<u>558,003</u>	<u>19</u>	<u>238,733</u>	<u>9</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6 (17))	9,371	-	8,827	-
7010	Other income (Notes 6 (9) and (17))	7,580	-	18,094	1
7020	Other gains and losses (Notes 6 (17) and (18))	(9,330)	-	13,383	1
7375	Recognition of profits from subsidiary companies using the equity method	6,571	-	13,382	-
7510	Finance costs (Notes 6 (9) and (17))	<u>(539)</u>	<u>-</u>	<u>(479)</u>	<u>-</u>
	Total non-operating income and expenses	<u>13,653</u>	<u>-</u>	<u>53,207</u>	<u>2</u>
	Net profit before tax	571,656	19	291,940	11
7950	Minus: Income tax expense (Note 6 (12))	<u>110,828</u>	<u>4</u>	<u>63,670</u>	<u>3</u>
	Current net profit	<u>460,828</u>	<u>15</u>	<u>228,270</u>	<u>8</u>
8300	Other comprehensive income (Notes 6 (11), (12), (13), and (18)):				
8310	Items not reclassified as income and loss				
8311	Defined benefits plans remeasurement	(4,685)	-	15,452	1
8316	Unrealized gain (loss) on investments in equity instruments as at fair value through other comprehensive income	(153,658)	(5)	330,478	12
8349	Minus: Income tax related to items not reclassified	<u>(31,357)</u>	<u>(1)</u>	<u>70,159</u>	<u>2</u>
	Total amount of items not reclassified to profit or loss	<u>(126,986)</u>	<u>(4)</u>	<u>275,771</u>	<u>11</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	20	-	-	-
8399	Minus: Income tax related to potentially reclassifiable items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total amount of items that may be reclassified subsequently to profit or loss	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>(126,966)</u>	<u>(4)</u>	<u>275,771</u>	<u>11</u>
	Total amount of other current comprehensive gains and losses	<u>\$ 333,862</u>	<u>11</u>	<u>504,041</u>	<u>19</u>
	Earnings per share (NT\$; (Note 6 (14))				
	Basic earnings per share	<u>\$ 7.85</u>		<u>3.89</u>	
	Diluted earnings per share	<u>\$ 7.74</u>		<u>3.83</u>	

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statement of Changes in Equity
January 1 to December 31 of 2023 and 2022

Unit: NT\$1000

	Other Equity Items										
	Retained earnings						Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Defined benefits plans remeasurement	Total	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total					
Balance on January 1, 2022	\$ 586,855	72,650	456,181	44,942	860,535	1,361,658	-	124,064	(19,010)	105,054	2,126,217
Current net profit	-	-	-	-	228,270	228,270	-	-	-	-	228,270
Other comprehensive income	-	-	-	-	-	-	-	263,409	12,362	275,771	275,771
Total amount of other current comprehensive gains and losses	-	-	-	-	228,270	228,270	-	263,409	12,362	275,771	504,041
Appropriation and distribution of earnings:											
Legal reserve	-	-	63,570	-	(63,570)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(44,942)	44,942	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(217,137)	(217,137)	-	-	-	-	(217,137)
Balance on December 31, 2022	586,855	72,650	519,751	-	853,040	1,372,791	-	387,473	(6,648)	380,825	2,413,121
Current net profit	-	-	-	-	460,828	460,828	-	-	-	-	460,828
Other comprehensive income	-	-	-	-	-	-	20	(123,238)	(3,748)	(126,966)	(126,966)
Total amount of other current comprehensive gains and losses	-	-	-	-	460,828	460,828	20	(123,238)	(3,748)	(126,966)	333,862
Appropriation and distribution of earnings:											
Legal reserve	-	-	22,827	-	(22,827)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(211,268)	(211,268)	-	-	-	-	(211,268)
Differences between equity price paid and book value of subsidiaries disposed of	-	1,463	-	-	-	-	-	-	-	-	1,463
Disposal of equity instruments designated at fair value through other comprehensive income(Note 6 (2))	-	-	-	-	12,213	12,213	-	(12,213)	-	(12,213)	-
Balance on December 31, 2023	\$ 586,855	74,113	542,578	-	1,091,986	1,634,564	20	252,022	(10,396)	241,646	2,537,178

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statement of Cash Flow
January 1 to December 31 of 2023 and 2022

Unit: NT\$1000

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Cash flows from operating activities:		
Net income before tax	\$ 571,656	291,940
Adjustments for:		
Profit and loss		
Depreciation expense	43,368	41,507
Amortization expense	4,543	5,139
Net gain on financial assets at fair value through profit or loss	(339)	(225)
Interest expense	539	479
Interest income	(9,371)	(8,827)
Dividend income	(6,796)	(16,338)
Share of gain/loss of associates recognized under equity method	(6,571)	(13,382)
Disposal of property, plant and equipment	63	-
Unrealized gain from sales	267	-
Total profit/(loss)	25,703	8,353
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Increase in notes and accounts receivable	(23,572)	(30,173)
Decrease (increase) in accounts receivable from related parties	(298,798)	(5,307)
Other payable (increase) from related parties	(11)	-
Increase in inventories	(182,129)	(135,418)
Decrease (increase) in other current assets	9,792	(6,749)
Total net changes in assets related to operating activities	(494,718)	(177,647)
Net changes in liabilities related to operating activities		
Increase (decrease) in contract liabilities	(9,025)	(17,247)
Increase (decrease) in notes payable	(17,190)	25,860
Increase (decrease) in accounts payable	(32,168)	39,371
Increase in provisions for warranty liabilities	6,297	2,320
Increase (decrease) in other payables and other current liabilities	38,463	(9,200)
Decrease in net defined benefit liabilities	(3,121)	(8,794)
Total amount of net changes in liabilities related to operating activities	(16,744)	32,310
Total amount of net changes in assets and liabilities related to operating activities	(511,462)	(145,337)
Total adjustments	(485,759)	(136,984)
Net cash generated from/(used in) operations	85,897	154,956
Interest received	9,371	8,827
Income tax paid	(61,803)	(82,085)
Net cash inflow from operating activities	33,465	81,698
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	34,867	-
Purchase of financial assets at fair value through profit or loss	(40,000)	(20,000)
Disposal of financial assets at fair value through profit or loss	60,369	120,260
Investments accounted for using the equity method	(12,548)	-
Acquisition of property, plant and equipment	(20,666)	(15,293)
Decrease (increase) in other non-current assets	(2,389)	1
Acquisition of intangible assets	(1,075)	(4,520)
Decrease in other financial assets	-	39,920
Rise in payments for prepaid equipment	(34,167)	-
Dividends received	6,408	26,002
Net cash inflow from investing activities	(9,201)	146,370
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(28,253)	(27,626)
Payments of cash dividends	(211,268)	(217,137)
Disposal of equity in subsidiaries (without control lost)	5,040	-
Interests paid	(539)	(479)
Net cash outflow from financing activities	(235,020)	(245,242)
Decrease in cash and cash equivalents in this period	(210,756)	(17,174)
Opening balance of cash and cash equivalents in the consolidated statements of cash flows	428,173	445,347
Closing balance of cash and cash equivalents in the consolidated statements of cash flows	\$ 217,417	428,173

(For details, please refer to notes to the standalone financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Declaration

The companies of which the consolidated financial statements for affiliates shall include the Company's for the Year 2023 (from January 1 to December 31) as stipulated by the Standards for Preparing Affiliates' Business Reports, Consolidated Financial Statements and Relationship Reports are the same as those to be included in the consolidated financial statements of the parent company and its subsidiaries as recognized by the Financial Supervisory Commission and specified by the valid International Financial Reporting Standard 10. All related information which shall be disclosed in the affiliates' consolidated financial statements have been disclosed in the foregoing consolidated financial statements of the parent company and its subsidiaries. Hence, the affiliates' consolidated financial statements are no longer prepared.

A statement is hereby specially made.

Name of the Company: Mildef Crete Inc.

Chairman: Shen Yi-Tong

Date: March 13, 2024

Certified Public Accountant's Audit Report

To the Board of Directors of Mildef Crete Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of Mildef Crete Inc. and subsidiaries as of December 31, 2022 and 2023, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements, which comprise a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements have been prepared in all material aspects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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. They fairly present the financial position of Mildef Crete Inc. as of December 31, 2023 and 2022, its financial performance and cash flow for the periods from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Mildef Crete Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Mildef Crete Inc. and its subsidiaries for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (8) to the consolidated financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the consolidated financial statements; concerning provision for Write-downs of inventories and obsolescence losses, refer to Note 6 (4) to the consolidated financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower. Mildef Crete Inc. and its subsidiaries are engaged in manufacturing and selling rugged computers. Generally, life cycle of rugged computers is long. In consideration of businesses, inventories shall be maintained for certain key components in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of important matters for evaluation in our audit of financial statements of Mildef Crete Inc. and its subsidiaries.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and its subsidiaries and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging reports; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc. and its subsidiaries; and evaluating appropriateness of the past loss allowance for obsolete and slow-moving inventories by the management.

Other matters

Mildef Crete Inc. has prepared standalone financial statements for 2023 and 2022, and we have issued an auditors' report with unqualified opinions for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the abilities of Mildef Crete Inc. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Crete System Inc. and its subsidiaries or to cease their operations or has no realistic alternative, but to do so.

Those of Mildef Crete Inc. and its subsidiaries charged with governance, including the audit committee, are responsible for overseeing the financial reporting processes.

Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. The accountant also performs the following tasks:

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

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

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

From the matters communicated with those charged with governance, we determine those key matters in the audit of the consolidated financial statements of Mildef Crete Inc. and its subsidiaries for the year 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA

: Ching-Wen Kao
Mei-Yan Chen

Competent Securities Authority's : FSC Review Letter No.1060005191.
Approval Document No. (88) Securities and Futures Commission
(6) No. 18311
March 13, 2024

Mildef Crete Inc. and Its Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT\$1000

Assets		2023.12.31		2022.12.31		Liabilities and equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 311,156	9	488,751	15	2130	Contract liabilities - current (Notes 6 (15) and 7)	\$ 237,639	7	246,664	7
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	-	-	20,030	1	2150	Notes payable	34,132	1	53,211	2
1150	Notes and accounts receivable, net (Notes 6 (3) and (15))	120,085	3	96,180	3	2170	Accounts payable	119,254	3	149,623	5
1180	Accounts receivable - related parties, net (Notes 6 (3), (15), and 7)	309,437	9	11,683	-	2209	Other Payables (Notes 6 (16) and 7)	150,795	5	108,494	3
1212	Other payables-related party (Note 7)	5,004	-	-	-	2230	Current income tax liabilities	107,867	3	38,596	1
130X	Inventories (Note 6 (4))	1,197,819	34	1,041,074	31	2280	Lease liabilities- current (Note 6 (9))	33,798	1	24,808	1
1476	Other financial assets - current (Note 6 (1))	206,100	6	206,100	6	2399	Other current liabilities	560	-	394	-
1479	Other current assets	17,976	1	25,299	1		Total Current Liabilities	684,045	20	621,790	19
	Total current assets	2,167,577	62	1,889,117	57		Non-current liabilities:				
Non-current assets:						2552	Provisions for warranty liabilities (Note 6 (10))	13,152	-	6,855	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	865,975	26	1,054,500	32	2570	Deferred income tax liabilities (Note 6 (12))	166,833	5	204,124	6
1600	Property, factory and equipment (Note 6 (5))	256,545	7	242,500	7	2580	Lease liabilities-non-current (Note 6 (9))	42,018	1	25,088	1
1755	Right-of-use assets (Note 6 (6))	75,344	2	49,668	1	2640	Net defined benefit liabilities-non-current (Note 6 (11))	30,301	1	28,737	1
1780	Intangible assets (Note 6 (7))	6,458	-	9,417	-		Total non-current liabilities	252,304	7	264,804	8
1840	Deferred income tax assets (Note 6 (12))	74,107	2	64,860	3		Total liabilities	936,349	27	886,594	27
1990	Other non-current assets (Note 8)	48,162	1	5,600	-		Equity attributed to owners of the parent company (Notes 6 (2) and (13)):				
	Total non-current assets	1,326,591	38	1,426,545	43	3110	Ordinary share capital	586,855	17	586,855	18
						3200	Capital surplus	74,113	2	72,650	2
						3300	Retained earnings	1,634,564	47	1,372,791	42
						3400	Other equity	241,646	7	380,825	11
							Equity attributed to owners of the parent company	2,537,178	73	2,413,121	73
						36xx	Non-controlling interests	20,641	-	15,947	-
							Total equity	2,557,819	73	2,429,068	73
							Total liabilities and equity	\$ 3,494,168	100	3,315,662	100
Total assets		\$ 3,494,168	100	3,315,662	100						

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$1000

		Fiscal Year 2023		Fiscal Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (15), 7 and 14)	\$ 2,989,074	100	2,708,366	100
5000	Operating cost (Notes 6(4), (5), (6), (7), (9), (10), (11), (16), 7, and 12)	2,088,559	70	2,150,191	79
	Gross operating profit	900,515	30	558,175	21
	Operating expenses (Notes 6 (5), (6), (7), (9), (11), (16), 7 and 12):				
6100	Selling and marketing expenses	167,932	6	175,312	6
6200	General and administrative expenses	65,105	2	47,245	2
6300	Research and development expenses	86,708	3	69,796	3
	Total operating expenses	319,745	11	292,353	11
	Net operating profit	580,770	19	265,822	10
	Non-operating income and expenses:				
7100	Interest income (Note 6 (17))	9,859	-	8,912	-
7010	Other income (Note 6 (17))	7,966	-	18,151	1
7020	Other gains and losses (Note 6 (17))	(9,059)	-	13,428	-
7510	Finance costs (Note 6 (9) and (17))	(895)	-	(828)	-
	Total non-operating income and expenses	7,871	-	39,663	1
	Net profit before tax	588,641	19	305,485	11
7951	Minus: Income tax expense (Note 6 (12))	122,004	4	70,105	2
	Current net profit	466,637	15	235,380	9
8300	Other Comprehensive Income (Notes 6 (11), (12), and (13)):				
8310	Items not reclassified as income and loss				
8311	Defined benefits plans remeasurement	(4,685)	-	15,452	1
	Unrealized gain (loss) on investments in equity instruments as at fair value through other comprehensive income	(153,658)	(5)	330,478	12
8316		(153,658)	(5)	330,478	12
8349	Minus: Income tax relating to items that may be reclassified subsequently to profit or loss	(31,357)	(1)	70,159	3
	Total amount of items not reclassified to profit or loss	(126,986)	(4)	275,771	10
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	20	-	-	-
8399	Minus: Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total amount of items that may be reclassified subsequently to profit or loss	20	-	-	-
8300	Other comprehensive income	(126,966)	(4)	275,771	10
	Total amount of other current comprehensive gains and losses	\$ 339,671	11	511,151	19
	Net profit/(loss) attributable to				
8610	Owners of the Parent Company	\$ 460,828	15	228,270	9
8620	Non-controlling interests	5,809	-	7,110	-
		\$ 466,637	15	235,380	9
	Total comprehensive income attributable to:				
8710	Owners of the Parent Company	\$ 333,862	11	504,041	19
8720	Non-controlling interests	5,809	-	7,110	-
		\$ 339,671	11	511,151	19
	Earnings per share (NT\$: (Note 6 (14))				
	Basic earnings per share	\$ 7.85		3.89	
	Diluted earnings per share	\$ 7.74		3.83	

(For details, please refer to the notes to the consolidated financial report for details)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated statements of changes in equity
January 1 to December 31, 2023 and 2022

Unit: NT\$1000

	Retained earnings						Other Equity Items						
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain(loss)on financial assets at fair value through other comprehensive income	Defined benefits plans remeasurement	Total	Total equity attributable to owners of the parent company	Non- controlling interests	Total equity
Balance on January 1, 2022	\$ 586,855	72,650	456,181	44,942	860,535	1,361,658	-	124,064	(19,010)	105,054	2,126,217	13,973	2,140,190
Current net profit	-	-	-	-	228,270	228,270	-	-	-	-	228,270	7,110	235,380
Other comprehensive income	-	-	-	-	-	-	-	263,409	12,362	275,771	275,771	-	275,771
Total amount of other current comprehensive gains and losses	-	-	-	-	228,270	228,270	-	263,409	12,362	275,771	504,041	7,110	511,151
Appropriation and distribution of earnings:													
Appropriation of legal reserve	-	-	63,570	-	(63,570)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(44,942)	44,942	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(217,137)	(217,137)	-	-	-	-	(217,137)	-	(217,137)
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,136)	(5,136)
Balance on December 31, 2022	586,855	72,650	519,751	-	853,040	1,372,791	-	387,473	(6,648)	380,825	2,413,121	15,947	2,429,068
Current net profit	-	-	-	-	460,828	460,828	-	-	-	-	460,828	5,809	466,637
Other comprehensive income	-	-	-	-	-	-	20	(123,238)	(3,748)	(126,966)	(126,966)	-	(126,966)
Total amount of other current comprehensive gains and losses	-	-	-	-	460,828	460,828	20	(123,238)	(3,748)	(126,966)	333,862	5,809	339,671
Appropriation and distribution of earnings:													
Appropriation of legal reserve	-	-	22,827	-	(22,827)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(211,268)	(211,268)	-	-	-	-	(211,268)	-	(211,268)
Differences between equity price paid and book value of subsidiaries acquired	-	1,463	-	-	-	-	-	-	-	-	1,463	(1,463)	-
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,692)	(4,692)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	5,040	5,040
Disposal of equity instruments designated at fair value through other comprehensive income(Note 6 (2))	-	-	-	-	12,213	12,213	-	(12,213)	-	(12,213)	-	-	-
Balance on December 31, 2023	<u>\$ 586,855</u>	<u>74,113</u>	<u>542,578</u>	<u>-</u>	<u>1,091,986</u>	<u>1,634,564</u>	<u>20</u>	<u>252,022</u>	<u>(10,396)</u>	<u>241,646</u>	<u>2,537,178</u>	<u>20,641</u>	<u>2,557,819</u>

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated statements of cash flows
January 1 to December 31, 2023 and 2022

Unit: NT\$1000

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Cash flows from operating activities:		
Net income before tax	\$ 588,641	305,485
Adjustments for:		
Profit and loss		
Depreciation expense	53,534	49,025
Amortization expense	5,553	5,139
Net gain on financial assets at fair value through profit or loss	(339)	(225)
Interest expense	895	828
Interest income	(9,859)	(8,912)
Dividend income	(6,796)	(16,338)
Gain on disposal of property, plant and equipment	108	(44)
Total profit/(loss)	43,096	29,473
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(23,905)	(30,824)
Accounts receivable from related parties	(297,754)	(5,307)
Inventories	(156,745)	(139,914)
Other current assets	8,272	(5,339)
Total net changes in assets related to operating activities	(470,132)	(181,384)
Net changes in liabilities related to operating activities		
Contract liabilities	(9,025)	(17,247)
Notes payable	(19,079)	28,623
Accounts payable	(30,369)	43,468
Provisions for warranty liabilities	6,297	2,320
Other Accounts Payable and Other Current Liabilities	42,467	(7,667)
Net defined benefit liabilities	(3,121)	(8,794)
Total amount of net changes in liabilities related to operating activities	(12,830)	40,703
Total amount of net changes in assets and liabilities related to operating activities	(482,962)	(140,681)
Total adjustments	(439,866)	(111,208)
Net cash generated from/(used in) operations	148,775	194,277
Interest received	9,859	8,912
Income tax paid	(67,071)	(90,368)
Net cash inflow from operating activities	91,563	112,821
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	34,867	-
Purchase of financial assets at fair value through profit or loss	(40,000)	(20,000)
Disposal of financial assets at fair value through profit or loss	60,369	120,260
Acquisition of property, plant and equipment	(34,300)	(18,144)
Disposal of property, plant and equipment	100	152
Increase in other non-current assets	(2,900)	-
Acquisition of intangible assets	(2,594)	(6,791)
Decrease in other financial assets -current	-	39,920
Increase in Prepayments for Renovation and Equipment	(39,662)	-
Dividends received	-	16,338
Net Cash (Outflow) Inflow from Investing Activities	(24,120)	131,735
Cash flows from financing activities:		
Repayments of long-term loans	-	(1,751)
Payment of the principal portion of lease liabilities	(33,243)	(31,039)
Payments of cash dividends	(211,268)	(217,137)
Dividends paid to non-controlling interests	(4,692)	(5,136)
Disposal of equity in subsidiaries (without control lost)	5,040	-
Interests paid	(895)	(828)
Net cash outflow from financing activities	(245,058)	(255,891)
Effect of exchange rate changes on cash and cash equivalents	20	-
Decrease in cash and cash equivalents in this period	(177,595)	(11,335)
Opening balance of cash and cash equivalents in the consolidated statements of cash flows	488,751	500,086
Closing balance of cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 311,156</u>	<u>488,751</u>

(Please refer to notes to the consolidated financial statements for details)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Annex IV

Mildef Crete Inc. Statement of Earnings Distribution <u>2023</u> Unit: New Taiwan dollars	
Item	Amount
Undistributed earnings at the beginning of the period	618,946,031
Add:	
Profit after tax in 2023	460,828,083
Disposal of equity investments measured at fair value through other comprehensive income - non-current	12,212,439
Less: 10% legal reserve	(47,304,052)
Distributable earnings for the current year	1,044,682,501
Distributed items:	
Shareholder dividends-Cash (@ 5.40)	(316,901,954)
Undistributed earnings at the end of period	727,780,547

Chairman:
Shen Yi-Tong

Manager:
Shen Yi-Tong

Accounting Manager:
Liu Ya-Ping

Chapter 7. Appendix

Appendix I

Mildef Crete Inc.

Rules of Procedure of Shareholders' Meeting

- Article 1: These rules are formulated under Article 5 of the code of practice for the governance of listed and OTC companies to establish a good governance system of the company's shareholders' meeting, improve the supervision function and strengthen the management function.
- Article 2: The rules of procedure of the shareholders' meeting of this company shall be under these rules unless otherwise provided by law or the articles of association.
- Article 3: Unless otherwise provided by law, the shareholders' meeting shall be convened by the Board of Directors.

Any change in the method of holding the shareholders' meeting shall be resolved by the Board of Directors and shall be made before the mailing of the notice of the shareholders' meeting.

Thirty days before the Company convenes a regular shareholders' meeting or 15 days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the Market Observation Post System. Twenty-one days before the Company is to convene a regular shareholders' meeting, or 15 days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the Market Observation Post System. However, in the case of the Company's paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held.

The Company shall, 15 days before the scheduled date of the shareholders' meeting, prepare the shareholders' meeting handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent.

The handbook and supplemental materials under the preceding paragraph shall be provided for review by the shareholders by the following means on the date the shareholder's meeting is convened:

1. If the Company convenes a physical shareholder's meeting, it shall distribute them on-site at the shareholder's meeting.
2. If the Company convenes a hybrid shareholder's meeting, it shall distribute them on-site at the shareholder's meeting and upload the electronic files to the video conferencing platform.
3. If the Company convenes a virtual-only shareholder's meeting, it shall upload the electronic files to the video conferencing platform.

The notice and announcement shall specify the reasons for the convening.

It shall list and explain the reasons for convening the meeting for the election or removal of directors, alteration of the articles of association, capital reduction, application for suspension of the public offering, director's permission to compete, conversion of earnings to capital increase, conversion of the reserve to capital increase, dissolution, merger, division of the company, or matters in the subparagraphs of paragraph I of article CLXXXV of the company law, and shall not propose by temporary motion; The main contents may place on the website designated by the securities authority or the company, and the website shall specify in the notice.

The reason for convening the shareholders' meeting has stated the full re-election of directors and the date of taking office. The date of taking office shall not change by temporary motion or other means at the same meeting after the re-election of the shareholders' meeting completes.

Shareholders holding more than 1% of the total number of issued shares may submit a written proposal to the company at the regular meeting of shareholders. However, it is limited to one proposal. It will not include in the proposal if there is more than one proposal. However, the board of directors may still include it in the proposal if the shareholder's proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibility. Furthermore, the board of directors may not list it as a proposal if the proposal proposed by the shareholders falls under any of the circumstances in paragraph IV of article CLXXII-I of the company law.

The company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance places, and acceptance period before the date of suspension of share transfer before the convening of the ordinary meeting of shareholders; The period of acceptance shall not be less than ten days.

A proposal proposed by a shareholder shall be limited to 300 words. The proposal shall not be included in the proposal if it exceeds 300 words; The proposing shareholders shall attend the regular meeting of shareholders in person or entrust others to participate in the discussion of the proposal.

The company shall notify the proposing shareholders of the handling results before the date of the meeting notice of convening the shareholders' meeting and list the proposals under this article in the notice of meeting. As for the proposal of shareholders not included in the proposal, the board of directors shall explain the reasons for not being included in the proposal at the shareholders' meeting.

Article 4: A shareholder may, at each shareholders' meeting, issue a power of attorney specifying the scope of authorization and entrust an agent to attend the shareholders' meeting.

The first one shall prevail for a shareholder who issues a power of attorney and is limited to one person shall deliver it to the company five days before the shareholders' meeting in case of repetition of the power of attorney. However, this restriction shall not apply if the entrustment revokes.

After the power of attorney is delivered to the company, it shall give written notice to the company of revocation of the proxy two days before the shareholders' meeting if a shareholder wishes to attend the shareholders' meeting in person; The voting rights of the proxy present shall prevail In case of cancellation within the time limit.

After the service of the power of attorney of a proxy to the company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power by way of video conferencing, a proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5: The place of the shareholders' meeting shall be the place where the company is located or where it is convenient for shareholders to attend and suitable for the convening of the shareholders' meeting. The starting time of the meeting shall not be earlier than 9 a.m. or later than 3 p.m. the place and time of the meeting shall give full consideration to the opinions of independent directors.

If the Company hold a shareholders' meeting by video conferencing, it shall not be subject to the restriction on the venue of the meeting referred to in the preceding paragraph.

Article 6: The Company shall set out in the meeting announcement the time and place of registration and other matters that shall be noted for the shareholders, solicitors, and proxy agents (hereinafter collectively referred to as shareholders).

The registration time for the shareholders referred to in the preceding paragraph shall be at least 30 minutes before the commencement of the meeting. The registration office shall be clearly marked and a sufficient number of qualified personnel shall be assigned to handle the registration; The registration for the video conferencing of the shareholders' meeting shall be handled on the video conferencing platform of the shareholders' meeting three minutes prior to the commencement of the meeting. The shareholders who have completed the registration shall be deemed to have attended the meetings in person. Shareholders shall attend the shareholders' meeting by presenting their attendance cards, sign-in cards, or other certificates of attendance. The Company shall not arbitrarily require additional

documents to be provided in support of the attendance of shareholders; The solicitors of power of attorneys shall bring identity documents for verification.

The Company shall provide a signature book for shareholders to sign in, or shareholders shall submit their sign-in cards to sign in. The Company shall distribute meeting handbooks, annual reports, attendance cards, speaker slips, votes and other meeting materials to the shareholders present at the shareholders' meeting; in the case of election of directors, ballots shall be attached.

If the government or legal person is a shareholder, the representative attending the shareholders' meeting shall not be limited to one person. If a legal person is entrusted to attend a shareholders' meeting, only one representative shall be appointed to attend the meeting.

If the shareholders' meeting is held by video conferencing, shareholders who wish to attend the meeting by video conferencing shall register with the Company two days prior to the meeting.

If a shareholders' meeting is held by video conferencing, the Company shall upload the meeting handbook, annual report and other relevant information to the video conferencing platform at least 30 minutes prior to the commencement of the meeting and disclose them until the end of the meeting.

Article 6-1: If the Company convenes the shareholders' meeting by video conferencing, the following matters shall be stated in the notice of convening the shareholders' meeting:

- I. Methods for shareholders to participate in video conferencing and exercise their rights.
- II. The handling methods for the obstacles caused by natural disasters, accidents or other force majeure events to the video conferencing platform or to the participation by means of video conferencing shall at least include the following matters:
 - (I) To what time the meeting is postponed or from what time the meeting will resume if the above disruption continues and cannot be eliminated, and the date to which the meeting is postponed or on which the meeting will resume.
 - (II) Shareholders who have not registered to take part by video conferencing in the originally scheduled shareholders' meeting shall not take part by video conferencing in the postponed or reconvened meeting.

(III) When the Company convenes a hybrid shareholders' meeting, if the video conferencing cannot be continued, then if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting by video conferencing, meets the legal quorum for holding a shareholders' meeting, the shareholders meeting shall continue in session. The number of shares represented by the shareholders, proxy solicitors, or proxy agents who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.

(IV) Measures to be taken if the results of all proposals have been announced but extemporary motions have not yet been proceeded with.

III. If the Company convenes the video conferencing, it shall specify appropriate alternative measures available to shareholders who have difficulty taking part in the video conferencing.

Article 7: The chairman shall act as the chairman if a shareholders' meeting convenes by the board of directors. It shall appoint a director to act as his proxy when the chairman asks for leave or is unable to exercise his functions and powers for some reason.

If the chairman fails to appoint an agent, one of the directors shall act as his proxy.

The chairman referred to in the preceding paragraph shall be a director who has been in office for more than six months and has an understanding of the company's financial and operating conditions.

The same applies if the chairman is the representative of a corporate director.

The chairman of the board of directors shall preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors shall attend in person, and at least one representative of the members of various functional committees shall attend, and the attendance shall record in the meeting minutes of the shareholders' meeting.

The chairman shall be the convener if a shareholders' meeting is convened by a convener other than the board of directors. If there are more than two conveners, one of them shall elect from the other.

The company may appoint its appointed lawyers, accountants, or related personnel to attend the shareholders' meeting as nonvoting delegates.

Article 8: The company shall continuously record and videotape the whole process of shareholders' registration, meeting, and vote to count from the time of accepting shareholders' registration.

The audio-visual materials referred to in the preceding paragraph shall keep for at least one year. However, if a shareholder brings an action under Article CLXXXIX of the company law, it shall keep until the end of the action.

If the Company convenes a shareholders' meeting with video conferencing, it shall keep and preserve records of information on matters including shareholder registration, registration for participation in video conferencing, sign-in, raising of questions, voting, and the results of the votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the video conferencing from beginning to end.

The information and audio and video recording under the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the entity engaged to handle video conferencing matters.

If the shareholders' meeting is held by video conferencing, the Company shall make audio and video recordings of the background operation interface of the video conferencing platform.

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

The chairman shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned; In the event of a video conferencing, the Company shall also declare the meeting adjourned on the video conferencing platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month; In the event of a video conferencing, shareholders intending to attend the meeting by video conferencing shall re-register to the Company in accordance with Article 6.

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

Article 10: Its agenda shall determine by the board of directors if a shareholders' meeting is convened by the board of directors. Relevant motions (including interim motions and amendments to the original motion) shall decide by vote on a case-by-case basis. The meeting shall hold under the scheduled agenda and shall not change without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph shall apply *mutatis mutandis* to a shareholders' meeting convened by a person with convening power other than the board of directors.

The chairman shall not announce the adjournment of the meeting without a resolution before the conclusion of the proceedings (including provisional motions).

Other members of the board of directors shall promptly assist the shareholders attending the meeting to formulate procedures by law if the chairman announces the adjournment of the meeting in violation of the rules of procedure, and elect one person as the chairman with the consent of more than half of the voting rights of the shareholders attending the meeting to continue the meeting.

The chairman shall give a full opportunity to explain and discuss the motion and the amendment or interim motion proposed by the shareholders. When they consider that it has reached the level of voting, they may announce the suspension of discussion, put it to vote, and arrange an adequate voting time.

Article 11: A speech note must be filled out before attending a shareholder's speech, indicating the keynote of the speech, the shareholder's account number (or attendance card number), and account name, and the chairman shall determine the order of his speech.

They shall deem not to speak if the shareholders present only put forward a statement but did not speak. The content of the speech shall prevail if the content of the speech is inconsistent with the record of the speech note.

Without the consent of the chairman, each shareholder of the same proposal shall not speak more than twice, each time not more than five minutes. However, the chairman may stop him from speaking if a shareholder's speech violates the provisions or exceeds the scope of the topic.

When attending a shareholder's speech, other shareholders shall not interfere with their speech unless approved by the chairman and the speaking shareholder. The chairman shall stop it in case of violation.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one person may speak on the same motion.

the chairman may reply in person or designate relevant personnel after the shareholders' present speak.

Where a video conferencing is convened, shareholders attending the video conferencing may raise questions in writing on the video conferencing platform, from the chairman declaring the meeting open until the chairman declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public on the video conferencing platform.

Article 12: The voting at the shareholders' meeting shall calculate based on shares.

In the resolution of the shareholders' meeting, the number of shares of non-voting shareholders shall not include in the total number of released shares.

It shall not participate in the voting, and shall not exercise its voting rights on behalf of other shareholders when a shareholder has his interests in the matters of the meeting, which may be harmful to the interests of the company.

The number of shares that cannot exercise voting rights in the preceding paragraph shall not include in the voting rights of shareholders present.

The voting rights of his proxy shall not exceed 3% of the total voting rights of the issued shares, and the excess voting rights shall not count when one person is entrusted by two or more shareholders at the same time except for a trust enterprise or a stock affairs agency approved by the competent securities authority.

Article 13: Each shareholder has one voting right; However, this restriction shall not apply to those who are restricted or have no voting rights listed in paragraph II of Article CLXXIX of the company law.

When convening a shareholders' meeting, the company shall adopt electronic means and may exercise its voting rights in writing; When it exercises its voting rights in writing or electronically, the method of exercise shall specify in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall deem to have attended the shareholders' meeting in person or by video conferencing. However, as the interim motion and the amendment to the original motion of the shareholders' meeting shall deem as a waiver, the company should avoid proposing the interim motion and the amendment to the original motion.

The expression of intention shall be delivered to the company two days before the shareholders' meeting if the voting right is an exercise in writing or electronically in the preceding paragraph. The first one shall prevail if there is a repetition of the expression of intention. However, this restriction shall not apply to the expression of intention before the declaration is revoked.

If a shareholder wishes to attend the shareholders' meeting in person after exercising his voting rights in writing or electronically, It shall revoke the expression of intention to exercise his voting rights in the preceding paragraph in the same manner as exercising his

voting rights two days before the shareholders' meeting; The voting rights exercised in writing or electronically shall prevail in case of overdue cancellation. The voting right entrusted to the proxy shall prevail if the voting right is exercised in writing or electronically and the proxy is entrusted to attend the shareholders' meeting by power of attorney.

The voting of a proposal shall approve by a majority of the voting rights of the shareholders present unless otherwise provided in the company law and the articles of association. The chairman or his designated person shall announce the total voting rights of shareholders present when voting, and the shareholders shall vote, and input the results of shareholders' consent, objection, and abstention into the public information observation station on the day after the shareholders' meeting.

The proposal shall deem to have passed if the chairman consults all shareholders present and there is no objection, and its effect shall be the same as that of voting.

A vote shall be taken under the provisions of the preceding paragraph if there is any objection.

When there is a revision or replacement to the same motion, the chairman shall determine the order of voting with the original motion. The other motions shall deem to have been rejected and there is no need to vote again if one of the motions has passed.

The supervisors and vote counters for the voting of proposals shall designate by the chairman, but the supervisors shall be shareholders.

The vote counting operation of the voting or election proposal of the shareholders' meeting shall conduct in a public place at the shareholders' meeting place, and the voting results, including the statistical weight, shall announce on the spot after the vote-counting completes, and a record shall make.

If the Company convenes a shareholders' meeting by video conferencing, the shareholders taking part by video conferencing shall cast votes on proposals and elections through the video conferencing platform, and shall complete the casting of their votes before the chair announces the close of voting, or shall be deemed to have abstained from voting.

If the shareholders' meeting is held by video conferencing, votes shall be counted at once after the chair announces the close of voting, and the results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting by video conferencing in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting by video conferencing.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting by video conferencing, except for extraordinary motions, they will not exercise voting rights

on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14: It shall conduct under the relevant election standards set by the company when the shareholders' meeting elects directors, and the election results shall announce on the spot, including the list of elected directors and their election rights.

The electoral votes for the election matters referred to in the preceding paragraph shall seal and sign by the scrutineer and kept properly for at least one year. However, if a shareholder brings an action under Article CLXXXIX of the company law, it shall keep until the end of the action.

Article 15: The resolutions of the shareholders' meeting shall record in the meeting minutes, which shall sign or seal by the chairman, and distributed to all shareholders within twenty days after the meeting.

The company may distribute the meeting minutes referred to in the preceding paragraph through a public announcement at the public information observatory.

The meeting minutes shall record under the year, month, day, place, name of the chairman, method of resolution, essentials of the proceedings, and voting results (including statistical weights). It shall disclose the voting rights of each candidate when electing directors. It shall keep permanently during the existence of the company.

If a shareholders' meeting is convened by video conferencing, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, the method of holding the meeting, the chairman's and secretary's names, and actions to be taken in the event of disruption to the video conferencing platform or participation in the video conferencing due to natural disasters, accidents or other force majeure events, and the approaches to solving issues shall also be included in the minutes.

In addition to complying with the provisions of the preceding paragraph, the Company shall record in the minutes of the shareholders' meeting held by video conferencing the alternative measures to be provided to shareholders who have difficulty in participating in the video conferencing.

Article 16: The number of shares requisitioned by the requisitioner, the number of shares represented by the entrusted agent and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, shall be disclosed in the shareholders' meeting hall by a statistical table prepared in the prescribed format on the day of the shareholders' meeting; In the event of a shareholders' meeting by video conferencing, the Company shall upload the above meeting materials to the video conferencing platform at least 30 minutes before the meeting, and keep these materials disclosed until the end of the meeting.

If a shareholders' meeting is convened by video conferencing, when the meeting is called to order, the Company shall disclose the total number of shares held by the shareholders present on the video conferencing platform. The same shall apply whenever the total number of

shares represented at the meeting and a new tally of votes is released during the meeting.

The company shall transmit the content to the public information observatory within the specified time if there is any material information on the matters decided by the shareholders' meeting that is required by regulations and required by the Taiwan Stock Exchange Corporation (the over the counter securities exchange of the ROC).

Article 17: The business personnel handling the shareholders' meeting shall wear identification cards or armbands.

The chairman may direct pickets or security personnel to assist in maintaining order at the venue. The picket or security personnel shall wear the armband or identification card with the word "picket" when they are present to help maintain order.

The chairman may stop the shareholders from speaking with equipment not provided by the company if the venue is equipped with public address equipment.

The chairman may command the picket or security personnel to ask him to leave the meeting place if a shareholder violates the rules of procedure, disobeys the chairman's correction, and hinders the progress of the meeting.

Article 18: The chairman may announce a break at his discretion when the meeting is in progress. The chairman may rule to suspend the meeting and announce the time of resumption as appropriate in case of force majeure.

Before the conclusion of the proceedings (including provisional motions) of the agenda set by the shareholders' meeting, the shareholders' meeting may decide to find another venue to continue the meeting if the venue of the meeting cannot be used at that time.

The shareholders' meeting may decide to postpone or renew the meeting within five days under Article CLXXXII of the company law.

Article 19: If the shareholders' meeting is held by video conferencing, after the voting session, the Company shall disclose real-time results of votes and election on the video conferencing platform in accordance with the regulations, and this disclosure shall continue at least 15 minutes after the chairman announces the end of the meeting.

Article 20: If the Company holds a shareholders' meeting by video conferencing, the chairman and the recorder shall be in the same location, and the chairman shall declare the address of their location when the meeting is called to order.

Article 21: If the shareholders' meeting is held by video conferencing, the Company shall provide shareholders with a simple connection test before the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

If the shareholders' meeting is held by video conferencing, when the meeting is called to order, the chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video conferencing platform or participation in the video conferencing is

obstructed due to natural disasters, accidents or other force majeure events before the chairman announces the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to take part by video conferencing in the originally scheduled shareholders' meeting shall not take part by video conferencing in the postponed or reconvened meeting.

For a meeting to be postponed or resumed under the second paragraph, shareholders, who have registered to take part by video conferencing in the originally scheduled shareholders' meeting and completed sign-in, but do not participate in the postponed or reconvened meeting, the number of shares represented by them and voting rights and election rights exercised by them shall be counted toward the total number of shares, number of voting rights and number of election rights of shareholders represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no redundant discussion or resolution is required for proposals, or for lists of elected directors and supervisors, for which the votes have already been cast and counted and the results have been announced.

When inability to continue a video conferencing as set out in the second paragraph occurs at a hybrid shareholders' meeting convened by the Company, if the total number of shares represented at the shareholders' meeting after deduction of the number of shares represented through attendance by video conferencing still reaches the legal quorum for convening of the shareholders' meeting, the shareholders' meeting shall continue in session, without need to postpone or reconvene the meeting as set out in the second paragraph.

When it occurs that a shareholders' meeting shall continue in session as set out in the preceding paragraph, the number of shares represented by the shareholders who were attending the shareholders' meeting by video conferencing shall be counted toward the total number of shares represented by the shareholders attending the meeting, but they shall be deemed to have waived their voting rights on all proposals at that shareholders' meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

With respect to the time periods set out in the following provisions, the Company shall perform the matters provided for therein based on the date of the shareholders' meeting as postponed or reconvened under the second paragraph herein: the latter part of Article 12, and Article 13 paragraph 3, of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies; Article 44-5 paragraph 2, Article 44-15, and Article 44-17 paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 22: If the Company convenes the video conferencing, it shall provide appropriate alternative measures available to shareholders who have difficulty taking part in the video conferencing.

Article 23: These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.

Article 24: These rules formulate on April 28, 1998.

Revision I was made on June 19, 2014.

Revision II was made on June 9, 2015.

Revision III was made on June 18, 2020.

Revision IV was made on June 14, 2023.

Appendix II

Articles of Incorporation of Mildef Crete Inc.

Chapter I. General Provisions

Article 1: The company is organized under the company law and is named 茂訊電腦股份有限公司. The English name is Mildef Crete Inc.

Article 2: The operation of the company is as follows:

1. CC01110 computer and its peripheral equipment manufacturing.
2. CC01120 data storage media manufacturing and reproduction.
3. CC01080 electronic component manufacturing.
4. F113050 computer and transactional machinery and equipment wholesale.
5. F213030 retail of computers and transactional machinery and equipment.
6. E605010 computer equipment installation.
7. F118010 information software wholesale.
8. F218010 information software retail.
9. I301010 information software service.
10. J399010 software publishing.
11. F119010 electronic material wholesale.
12. F219010 electronic material retail.
13. E701010 communication engineering.
14. I501010 product design.
15. F401010 international trade.

It may operate businesses not prohibited or restricted by regulations in addition to the licensed business for the ZZ99999.

Article 2-1: Investment in other related enterprises is not subject to the restriction of Article XIII of the company law that it shall not exceed 40% of the paid-in share capital of the company.

Article 2-2: The company may provide external guarantees for operation.

- Article 3: The company has a head office in New Taipei City, and may set up branches at home and abroad by resolution of the board of directors when necessary.
- Article 4: The announcement method of the company shall handle under Article XXVIII of the company law.

Chapter II. Shares

- Article 5: The total capital rating of the company is NT \$700 million, which is divided into 70 million shares with an amount of NT \$10 per share. The board of directors is authorized to release the unissued shares in installments under the operation of the company.

The NT \$48 million shall reserve within the capital amount referred to in paragraph I for the release of employee stock option certificates, corporate bonds with stock options, and special shares with stock options. A total of 4.8 million shares of NT \$10 per share may release in installments under the meeting of directors.

- Article 6: Delete.
- Article 7: The shares of this company are registered, signed, or sealed by the directors representing the company, and issued after being certified under the law.
- Article 7-1: The shares issued by the company may be exempt from printing, but shall be registered with the centralized securities depository enterprise.
- Article 7-2: When the shareholders of this company handle stock affairs such as stock transfer, pledge of rights, loss reporting, inheritance, gift, change of seal or address, and exercise all rights unless otherwise provided by laws and regulations and securities rules, they shall handle under the standards for the handling of stock affairs of public companies.
- Article 8: The registration of stock transfer shall suspend within sixty days before the ordinary meeting of shareholders, thirty days before the extraordinary meeting of shareholders, or five days before the benchmark date on which the company decides to distribute dividends and other benefits.

Chapter III. shareholders' meeting

- Article 9: The shareholders' meeting can divide into the regular meeting and interim meeting. The regular meeting shall hold once a year, which shall hold by law within six months after the end of each fiscal year, and the interim meeting shall be convened by law when necessary.

Article 9-1: The shareholders' meeting shall convene by the board of directors, and the chairman shall be the chairman. The chairman shall appoint a director to act as the proxy in the absence of the chairman. If not, the director shall elect a person to act as the proxy; It shall convene by a convener other than the board of directors, and the chairman shall be the convener. One of them shall be elected from each other if there are more than two conveners.

Article 9-2: The Company's shareholders' meeting may be held by video conferencing or other means announced by the central competent authority. Relevant regulations such as the conditions, operating procedures, and other matters to be complied with for the adoption of video conferencing, if otherwise stipulated by the competent authority, shall prevail.

Article 10: It shall release power of attorney issued by the company if a shareholder is unable to attend the shareholders' meeting for any reason, specify the scope of authorization, sign, and seal, and entrust a proxy to attend the meeting. It shall handle under the provisions of the "rules on the use of power of attorney by public companies to attend shareholders' meetings" in addition to the provisions of article CLXXVII of the company law.

Article 11: The shareholders of the company have one voting right per share unless restricted or listed in Item II of Article CLXXIX of the company law.

Article 12: The resolutions of the shareholders' meeting shall be attended by the shareholders representing more than half of the total issued shares in person or by proxy with the consent of more than half of the voting rights of the shareholders present unless otherwise provided by relevant laws and regulations. However, the voting rights shall be attended by two-thirds of the total number of issued shares in person or by proxy in any of the following circumstances, with the consent of more than half of the voting rights of the shareholders present.

1. Purchase or merge other home and abroad enterprises.
2. Dissolution or liquidation, division.

Article 12-1: The resolutions of the shareholders' meeting shall be recorded in the meeting minutes, which shall be signed or sealed by the chairman, and distributed to all shareholders within twenty days after the meeting.

The meeting minutes referred to in the preceding paragraph may be prepared and distributed electronically.

The meeting minutes refers to in paragraph I may be distributed by public announcement.

Chapter IV. Directors

Article 13: The company has seven to nine directors with a term of office of three years. The system of candidate nomination is adopted. The shareholders' meeting shall elect them from the list of candidates, and they can be re-elected. Among the directors of the company, there shall be no less than three independent directors and no less than one-fifth of the seats of directors. The company has established an audit committee composed of all independent directors under Article XIV-IV of the securities and Exchange Act. They are responsible for the implementation of the functions and powers of supervisors prescribed by the company act, the Securities and Exchange Act, and other regulations.

Article 13-1: When the term of office of a director expires and there is no time for re-election, his executive duties shall be extended until the re-election of a director takes office.

Article 13-2: A director may be dismissed at any time by the shareholders' meeting under the resolution of article CXCIX of the company law.

Article 13-3: When the vacancy of directors reaches one-third, the board of directors shall convene an interim shareholders' meeting within sixty days of the by-election, and its term of office shall be limited to the period of making up the original term.

Article 13-4: The company may purchase liability insurance for all directors to reduce the risk of directors being sued by shareholders or other related parties due to the performance of their duties by law.

Article 14: It shall organize the board of directors by the directors, and it shall elect one chairman by the presence of more than two-thirds of the directors and the consent of more than half of the directors present. The chairman shall represent the company and preside over the overall business.

The chairman of the board of directors may, unless otherwise provided by laws and regulations, increase or decrease the necessary institutions and organizations of the company to prevent the company from encountering emergency adverse events or dealing with major accidents, or meeting the needs of the company's operation, and decide on relevant business policies and deal with current business.

The chairman of the board of directors shall convene and serve as the chairman of the board of directors under Article CCIV of the company law in addition to the convening of the first meeting of the board of directors under Article CCIII of the company law. However, it may call at any time in case of an emergency.

The convener referred to in the preceding paragraph may be notified in writing, by e-mail, or by fax.

It may entrust other directors as his agent if a director is unable to attend the board of directors for some reason, but each person shall be limited to one representative.

However, independent directors shall attend in person on matters that should be attended to in person under the regulations, and shall not appoint non-independent directors to act as agents. It shall record in the meeting minutes of the board of independent directors who have objections or reservations. If independent directors cannot attend in person for some reason, if they have objections or reservations about the proposal, they shall issue written opinions in advance and record them in the meeting minutes of the board, except for justified reasons.

Article 15. The agency shall handle under Article CCVIII of the company law if the chairman asks for leave or is unable to exercise his functions and powers for some reason.

Article 16: Delete.

Chapter V: Managers

Article 17: The company may have a general manager, whose appointment, dismissal, and remuneration shall be handled under Article XXIX of the company law.

Chapter VI. Accounting

Article 18: The company's fiscal year is from January 1 to December 31. The board of directors shall prepare the following statements and books and submit them to the regular meeting of shareholders for a list at the end of each fiscal year.

(I) Business report.

(II) Financial statements.

(III) Proposal for earnings distribution or loss compensation.

After the statements and books referred to in paragraph 1 are listed by the shareholders' ordinary meeting, the board of directors shall distribute the financial statements and the resolution on the earnings distribution or loss compensation to all shareholders.

The financial statements referred to in the preceding paragraph and the distribution of earnings distribution or loss-making up resolutions may be made by public announcement.

Article 19: Delete.

Article 20: It shall allocate 5% to 10% for the remuneration of employees and no more than 3% for the remuneration of directors if the company makes profits in the year.

However, it shall reserve the amount to be made up in advance if the company has accumulated losses in previous years, and the rest shall be appropriated under the proportion in the preceding paragraph.

The objects of employee remuneration in the first paragraph to be distributed to stocks or cash include employees of subordinate companies who meet certain conditions.

Article 20-1: It shall pay the tax first to make up for the previous losses if there is any earnings in the company's annual general final accounts, and it shall withdraw 10% of the statutory earnings reserve next time. However, it may not withdraw when the statutory earnings reserve has reached the paid-in capital of the company. Furthermore, the board of directors shall formulate a earnings distribution proposal and submit it to the shareholders' meeting for distribution after the special earnings reserve is withdrawn or converted under the needs and laws and regulations, and the undistributed earnings accumulates together.

Article 20-2: The dividend distribution policy of the company is based on the company's capital budget, medium and long-term operation plan, and financial situation, and is distributed after the resolution of the shareholders' meeting under the following principles:

I. Except under the provisions of paragraphs II below, the company shall not distribute dividends when there is no earnings. However, the excess part may be distributed as a bonus when the statutory earnings reserve has exceeded 50% of the total capital. One earnings:

1. To meet the needs of the company to expand its operation scale in the future
2. Maintain the balance of earnings per share and profit level of the company
3. Consider the company's cash flow and operating earnings

Cash Dividends account for 20% ~ 100% of the total dividends, and Stock Dividends account for 0% ~ 80% of the total dividends.

The distribution of earnings referred to in the preceding paragraph shall be decided by the board of directors and distributed by resolution of the shareholders' meeting.

II. The company has no earnings to distribute in the current year, or although there is a earnings, the earnings is much lower than the earnings distributed by the company in the previous year, or the company may distribute all or part of the earnings under the law or the regulations of the competent authority under the consideration of the company's finance, business, and operation.

Chapter VII. Supplementary Provisions

Article 21: All matters not stipulated in these articles of association shall handle under the provisions of the company law. The relevant organizational procedures and other detailed rules of the company shall formulate by the board of directors.

Article 22: The articles of association conclude on March 8, 1990.

Revision I was made on May 5, 1990.

Revision II was made on October 1, 1990.

Revision III was made on March 15, 1991.

Revision IV was made on December 5, 1991.

Revision V was made on November 1, 1993.

Revision VI was made on January 23, 1997.

Revision VII was made on June 26, 1997.

Revision VIII was made on April 28, 1998.

Revision IX was made on April 28, 1998.

Revision X was made on July 14, 2000.

Revision XI was made on June 21, 2002.

Revision XII was made on June 26, 2003.

Revision XIII was made on June 28, 2004.

Revision XIV was made on June 28, 2004.

Revision XV was made on June 22, 2006.

Revision XVI was made on June 21, 2007.

Revision XVII was made on June 19, 2008.

Revision XVIII was made on June 16, 2009.

Revision XIX was made on June 23, 2010.

Revision XX was made on June 22, 2011.

Revision XXI was made on June 6, 2012.

Revision XXII was made on June 8, 2016.

Revision XXIII was made on June 18, 2020.

Revision XXIV was made on July 15, 2021.

Revision XXV was made on June 14, 2023.

Mildef Crete Inc.

Chairman: Yi- Tong Shen

Appendix III

Mildef Crete Inc. **Shareholding of Directors**

- I. As of April 14, 2024, the minimum number of shares to be held by all directors and the number of shares recorded in the shareholder register

Title	Number of shares to be held	Number of shares registered in the register of shareholders
Director	4,694,843 shares	6,237,775 shares

- II. List of Shares Held by Directors

Title	Name	Number of Shares Registered in the Register of Shareholders
Chairman	Yi-Tung, Shen	3,126,244 shares
Director	Nankang Rubber Tire Representative: Chun-Ying Lin	2,150,829 shares
Director	Ming-Hsiao, Lu	945,563 shares
Director	Wen-Chun, Tsai	15,139 shares
Independent director	Chun-Ming, Wang	
Independent director	Hsiao- Lung, Feng	65,132 shares
Independent director	Yung-Cheng, Chen	

Note 1: Date of suspension of transfer: April 14 to June 12, 2024.

Note 2: The shareholding of independent directors elected by a public company doesn't include in the total number of legal shares.