



# Quaser Machine Tools, Inc.

# 2025 Annual General Shareholders' Meeting

# Meeting Handbook

Shareholder's Meeting will be held by means of: Physical Shareholders' Meeting May 29, 2025

#### Quaser Machine Tools, Inc.

#### 2025 Annual General Shareholders' Meeting Meeting Handbook

#### Table of Contents

I.	Meeting Procedure	1
II.	Meeting Agenda	2
1.	Reported Matters	3
2.	Proposed Resolutions	4
3.	Matters for Discussion	4
4.	Extraordinary Motions	4
5.	Adjournment	4
III.	Attachments	5
Attac	hment 1 2024 Business Report	6
Attac	hment 2 2024 Audit Committee's Review Report	9
Attac	hment 3 Comparison Table for the Company's "Rules of Procedure for Board Meeting	gs"
befor	e and after Amendment	. 10
Attac	hment 4 Comparison Table for the Company's "Corporate Governance Best Practice	
Princ	iples" before and after Amendment	. 14
Attac	hment 5 CPA Review Report and Financial Statements	. 15
Attac	hment 6 2024 Earnings Distribution Table	. 31
Attac	hment 7 Comparison Table for the Company's "Articles of Incorporation" before and	
after .	Amendment	. 32
IV.	Appendices	. 34
Appe	ndix 1 Rules of Procedure for Shareholders Meetings	. 34
Appe	ndix 2 Articles of Incorporation	. 42
Appe	ndix 3 Shareholding by All Shareholders	. 46

#### I. Meeting Procedure

- 1. Reporting the Shares Represented by All Attending Shareholders
- 2. Call Meeting to Order
- 3. Chairman's Address
- 4. Reported Matters
- 5. Proposed Resolutions
- 6. Matters for Discussion
- 7. Extraordinary Motions
- 8. Adjournment

#### II. Meeting Agenda

- Shareholder's Meeting will be held by means of: Physical Shareholders' Meeting
- 2. Date & Time: May 29, 2025 (Thursday) at 10 AM.
- 3. Venue: No. 3, Gong 6th Rd., Youshih Industrial Park, Dajia Dist., Taichung City (Audio-Visual Room at 4F of the Company)
- 4. Meeting Procedure:
  - (1) Reporting the Shares Represented by All Attending Shareholders
  - (2) Call Meeting to Order
  - (3) Chairman's Address
  - (4) Reported Matters
    - 1. 2024 Business Report.
    - 2. 2024 Audit Committee's Review Report.
    - 3. Distribution of Employees and Directors' Remunerations for the Year 2024.
    - 4. Distribution of Cash Dividends from Retained Earnings for the Year 2024.
    - 5. To Amend the Articles of "Rules of Procedure for Board Meetings".
    - 6. To Amend the Articles of "Corporate Governance Best Practice Principles".
  - (5) Proposed Resolutions
    - 1. 2024 Business Report and Financial Statements.
    - 2. Earnings Distribution for the Year 2024.
  - (6) Matters for Discussion
    - 1. To Amend the Articles of Incorporation.
  - (7) Extraordinary Motions
  - (8) Adjournment

#### 1. Reported Matters

Proposal 1: 2024 Business Report. (Proposed by the Board)

Description: 2024 Business Report is attached hereto as Attachment 1, Pages

6 to 8 of this Handbook.

Proposal 2: 2024 Audit Committee's Review Report. (Proposed by the

Board)

Description: 2024 Audit Committee's Review Report is attached hereto as

Attachment 2, Page 9 of this Handbook.

Proposal 3: Distribution of 2024 Employees and Directors'

Remunerations. (Proposed by the Board)

Description: On March 11, 2025, the Board of Directors approved the

distribution of employees and directors' remuneration in cash in the amount of NT\$15,880,000 and NT\$5,950,000, respectively.

Proposal 4: Distribution of Cash Dividends from Retained Earnings for

the Year 2024. (Proposed by the Board)

Description: 1. In accordance with Article 30 of the Articles of Incorporation,

the Board of Directors is authorized to resolve that all or part of the dividends shall be distributed in cash and report to the shareholders' meeting. The cash dividend amount for 2024

approved by the Board of Directors was as follows:

Board resolution date	Cash dividend	Total cash dividend		
	per share (NTD)	amount (NTD)		
March 11, 2025	3	164,850,000		

2. This proposal has been approved by the Board of Directors, and the Chairman is authorized to set a new dividend base date and other matters. If the number of outstanding shares is affected by changes in the company's share capital in the future, resulting in changes in the shareholder dividend rate and the need for revision, the Chairman is authorized to handle it under authorization.

Proposal 5: Amendment to the Articles of "Rules of Procedure for Board

Meetings". (Proposed by the Board)

Description: In accordance with the laws and regulations and as the practices

of the Company may require, the Company has amended its

"Rules of Procedure for Board Meetings". The comparison table for the Principles before and after amendment is attached hereto

as Attachment 3, Pages 10 to 13 of this Handbook.

Proposal 6: Amendment to the Articles of "Corporate Governance Best

Practice Principles". (Proposed by the Board)

Description: In accordance with the laws and regulations and as the practices

of the Company may require, the Company has amended its "Corporate Governance Best Practice Principles". The

comparison table for the Principles before and after amendment is attached hereto as Attachment 4, Pages 14 of this Handbook.

#### 2. Proposed Resolutions

Proposal 1: 2024 Business Report and Financial Statements. (Proposed

by the Board)

Description: 1. 2024 financial statements have been audited and attested by

CPAs Chun-Yuan Wu and Tzu-Hsin Chang of KPMG

Taiwan.

2. 2024 Business Report and CPA Audit Report and Financial Statements are attached hereto as Attachment 1, Pages 6 to 8,

and Attachment 5, Pages 15 to 30.

Resolution:

Proposal 2: Earnings Distribution for the Year 2024. (Proposed by the

Board)

Description: Earnings distribution for the year 2024 has been resolved in its

Board of Directors' meeting on March 11, 2025, and further reviewed by the Audit Committee. The earnings distribution table is attached hereto as Attachment 6, Page 31 of this

Handbook.

Resolution:

#### 3. Matters for Discussion

Proposal 1: To Amend the Articles of Incorporation. (Proposed by the

Board)

Description: Pursuant to Article 14, Paragraph 6 of the Securities and

Exchange Act and Financial Supervisory Commission Letter No. Financial-Supervisory-Securities-Corporate-1130385442, an amendment to the Articles of Incorporation is proposed. The comparison table for the Articles before and after amendment is

attached hereto as Attachment 7, Pages 32 to 33 of this

Handbook.

Resolution:

- 4. Extraordinary Motions
- 5. Adjournment

#### III. Attachments



In 2024, the global economy was affected by geopolitical tensions between the Middle East and Russia and Ukraine, rising inflation, rising logistics costs, and the continuous decline in the Japanese yen exchange rate. In recent years, the manufacturing capacity of China's machine tool industry has been improved, and the low-price product strategy has been adopted. The high and low-end markets in Japan and mainland China are squeezed. Taiwan's machine tool competitive advantage of high-cost performance in the past is gradually lost. In 2024, Taiwan's annual machine tool export value will decrease by 14.8% compared with the previous year.

However, the Company has already optimized its global layout and diversified its operating risks in advance, and its operating scope has been extended to the aerospace, hydrogen fuel cell, semiconductor and medical equipment industries. The Company is also seeking strategic partners to actively develop its business territory and focus on high-tech and continuously high-growth markets. In addition to hardware equipment development, we continue to develop software configuration to complete Mr.Q, an embedded intelligent system with sound and touch controls, to help shorten customer downtime and develop a machine carbon emission calculation system to meet the challenges of smart machinery and sustainable development. This has enabled the Company to continue to grow steadily despite the decline in the machine tool industry in recent years. In addition, the Company has continued to implement the concept of sustainable development, improve the working environment and talent retention policy, and ensure the stability of human resources, so that the Company can still maintain its competitiveness in the face of external economic fluctuations.

In a dynamic environment with many unfavorable factors, with the efforts of all employees, the Company committed to improving efficiency, saving costs, and strengthening the Company's competitiveness to respond to market changes. In 2024, the revenue and profit growth achieved good results in adversity, and the performance was better than the industry average. Here, on behalf of the Board of Directors of Quaser Machine Tools, Inc., I would like to thank all shareholders for their support. The Company's 2024 business overview and 2025 business plans are briefed as follows.

#### 1. Business Report of 2024

#### (1) Operating Performance

Unit: NT\$/ Thousand

			с. түтфі тпоцвана
Items	2024	2023	Growth Rate (%)
Consolidated Operating Revenue	3,240,019	2,770,750	17
Consolidated Gross Profit	1,032,264	776,670	33
Consolidated Operating Income	339,854	209,088	63
Consolidated Profit after Income Tax	212,592	110,993	92
Basic Earnings per Share	3.87	2.02	92

#### Descriptions:

In 2024, the net consolidated operating revenue was NT\$3.24 billion, increased by 17% compared to NT\$2.77 billion in 2023. The gross profit margin increased to 32% in 2024. In addition to benefiting from the rising foreign exchange rates, the Company's gross profit margin reached a historical high since the Company's OTC listing through increased added value, optimization of sales mix and cost control. The Company continues to control costs and maintain an appropriate operating expense ratio. The consolidated operating profit in 2024 was NT\$340 million, with an operating profit margin of 11%. The consolidated net profit after tax was NT\$210 million, with a net profit margin of 7%, an increase of 92% from 2023.

(2) Comparison of 2024 and 2023 Profitability:

Items	2024	2023
Ratio of Operating Income to Paidin Capital (%)	61.85	38.05
Ratio of Pre-Tax Income to Paid-in Capital (%)	57.74	33.59
Profit Ratio (%)	6.56	4.01
Earnings per Share (NT\$)	3.87	2.02

#### (3) R&D Status:

In 2024, the Company's R&D expenditure accounted for 4% of its operating revenue. The Company continues to develop forward-looking technologies and customized models to enhance product value and deepen the market awareness of new brand concepts and applies the ESG carbon reduction concept to newly developed machine products. The newly developed laser equipment machine completed in 2024 has a machine width ranging from 600 mm to 1 meter, which reduces the size of the machine and reduces the carbon emissions generated by the process and transportation. It can be used in the medical, semiconductor, aerospace and hydrogen fuel energy industries.

#### 2. Operation Plans for 2025

Quaser serves as a foundry for globally renowned brands and actively evolves the own brand of Quaser/Winbro with its development strategy which attach equal attention to OEM/ODM and own brand, developing an innovative environment and exploring the opportunities for gaining new growth momentum.

#### (1) Production and Marketing Strategies

- 1. Independent R&D and production: Focus on the research, design and manufacturing of linear motors and built-in spindles, providing customers with stable and high-quality upgrade solutions.
- 2. Investment in smart technology: Continue to increase the research and development of smart machinery to solve the problem of labor shortage in the industry and improve production efficiency.
- 3. Adapt to local conditions: Flexibly develop diversified product portfolios and sales strategies based on different market demands strategies to meet the specific needs of customers in each region.
- 4. Establishment of regional technology centers: Establish regional technology application centers to provide more efficient and closer circular after-sales services for local markets and industry types.
- 5. Strengthen sales and customer connections: Optimize sales channels, directly target end customers, strengthen customer relationship management, and thereby increase product unit sales value.

#### (2) Resource Integration

- 1. Internal resource integration: In the fields of Sales, R&D, Manufacturing and Management, we will fully integrate the advantages of each company within the group to give full play to the comprehensive benefits and enhance competitiveness.
- 2. External strategic cooperation: Facing the rapid changes in the global machine tool industry environment, it is no longer possible to fight alone. The company will actively promote upstream and downstream integration, work with strategic partners, jointly expand the business territory, and achieve sustainable growth momentum.
- (3) Future Development Strategies of the Company

The Company continues to invest in the development of smart machinery and accelerate its global layout to seize business opportunities in supply chain restructuring. From product development, mass production to after-sales service, we implement the concept of carbon reduction in every link and strive to promote green manufacturing and improve energy efficiency.

As hydrogen energy is regarded as the core direction of future energy transformation, fuel cell vehicles, hydrogen power stations and the growing demand for energy storage systems will drive the demand for high-performance machine tools. Combining cutting-edge technology development with industry chain cooperation will become one of the company's important strategies for future development, helping companies seize more opportunities in emerging markets.

3. Impact of External Competitive Environment, Regulatory Environment, and Overall Operating Environment

Mainland China has terminated the tariff preferences on machine tools in ECFA in 2024, resulting in a significant increase in the cost of Taiwan's exports to mainland China. At the same time, China has been expanding its international market share with a low-price product strategy, making it extremely challenging for Taiwanese companies to compete with low-price equipment. In addition, the sharp depreciation of the Japanese yen and the Korean won in recent years has further weakened the competitiveness of Taiwan's high-end machine tool products in the international market. Against the backdrop of global economic uncertainty, heightened geopolitical tensions, and economic slowdowns in the Eurozone and Germany, Taiwan's machine tool industry is facing increasingly severe challenges. However, in recent years, the company has actively developed smart machinery and expanded the hydrogen fuel cell industry, strengthened the layout of production bases, and made advance deployments to respond to various market changes, further enhance its resilience and competitiveness, and ensure the company's sustainable operation and stable growth.

Chairman: Raui-Mu

Shieh

General Manager: Ti

Hsin Hsieh

Accounting Manager: Yu-

Hsin Lin

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

The Company's business report, financial statements and proposal for earnings distribution in 2024 prepared by the Board of Directors have been audited and attested by CPAs Chun-Yuan Wu and Tzu-Hsin Chang of KPMG Taiwan, with an audit report issued. The aforesaid business report along with financial statements and proposal for earnings distribution has been reviewed and determined to be correct and accurate by the Audit Committee, with this Audit Committee Review Report proposed for review pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. For your review.

To

Quaser Machine Tools, Inc. 2025 Annual General Shareholders' Meeting

Quaser Machine Tools, Inc.

Convener of Audit Committee: Xin-Liang Chen



March 11, 2025

#### Quaser Machine Tools, Inc.

### Comparison Table for the Company's "Rules of Procedure for Board Meetings" before and

#### after Amendment

Amendment Order	Article before Amendment	Article after Amendment	Effective Date	Remarks
1.	directors) (Paragraphs 1 to 3 omitted) The first two times of agency are limited to being entrusted by one	Article 5 (Preparation of signature book and attendance by proxy of directors) (Paragraphs 1 to 3 omitted) The agent referred to in the second paragraph is limited to being entrusted by one person.	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities- Corporate 1130348897 dated August 15, 2024.
2.	Article 7 (Chairman of the Board and agent) The Board of Directors of the Company shall be convened and chaired by the Chairman. However, the first board of directors meeting of each term shall be convened by the director with the most votes representing the majority of electoral rights at the shareholders' meeting, and the chairman of the meeting shall be the convener. When there are more than two persons with the right to convene,	Article 7 (Chairman of the Board and agent) The Board of Directors of the Company is convened by the Chairman and chaired by the Chairman. However, the first board of directors meeting of each term shall be convened by the director with the most votes representing the majority of electoral rights at the shareholders' meeting, and the chairman of the meeting shall be the person with the right to convene. If there are more than two persons with the right to convene, they shall elect one person from among themselves to serve as the chairman.  If a board of directors meeting is convened by a majority of the directors pursuant to Article 203, Paragraph 4, or Article 203-1, Paragraph 3 of the Company Act, the directors shall elect one person to serve as chairman. (The following is omitted)		Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
3.	directors) (Paragraphs 1 and 3 omitted) The Chairman of the Board of Directors shall declare a meeting open when the meeting time has arrived, and more than half of the directors are present. If half of all directors are absent from the meeting at the appointed time, the Chairman may announce a postponement of the meeting, which may be postponed up to a maximum of two times. If the meeting is still insufficient after two postponements, the chairman shall reconvene the meeting in accordance with the procedures prescribed in Article 3, Paragraph 2. (Paragraph 5 omitted)	Article 8 (Reference materials, attendees and meetings of the board of directors) (Paragraphs 1 and 3 omitted) The Chairman of the Board of Directors shall declare a meeting open when the meeting time has arrived, and more than half of the directors are present. If half of all directors are absent from a meeting at the appointed time, the Chairman may announce a postponement of the meeting for that day, which may be postponed up to a maximum of two times. If the number of vacancies is still insufficient after two postponements, the Chairman may reconvene the meeting in accordance with the procedures prescribed in Article 3, Paragraph 2. (Paragraph 5 omitted)	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
4.	of the board meeting) After the issuance of the supplementary public offering by the Company, the entire meeting process of the board of	Article 9 (Recording or video recording of the board meeting) The entire meeting process of the board of directors of the Company shall be recorded in audio or video format and preserved for at least five years. The	2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities- Corporate 1130348897 dated August 15, 2024.

Amendment Order	Article before Amendment	Article after Amendment	Effective Date	Remarks
	five years. Such preservation may be done in electronic form. (The following is omitted)	preservation may be done in electronic form. (The following is omitted)		
5.	During a board meeting, if the number of directors present does not reach a majority of the directors present, the chairman shall, upon proposal by the	Article 11 (Proposal Discussion) (Paragraphs 1 and 2 omitted) During a board meeting, if the number of directors present does not reach a majority of the directors present, the chairman shall, upon proposal by the directors present, declare a suspension of the meeting and the provisions of Article 8, paragraph 4 shall apply mutatis mutandis.  If, during a board meeting, the chairman is unable to preside over the meeting for some reason or fails to adjourn the meeting in accordance with the provisions of Paragraph 2, the selection of his proxy shall be subject to the provisions of Paragraph 3 of Article 7.	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
6.	The following matters should be brought to the attention of the Board of Directors:  1. The Company's business plan.  2. Annual financial report and semiannual financial report. However, the semi-annual financial report is required by law. This restriction does not apply to those that do not require audit and certification by a certified public accountant.  (Items 3 to 8 omitted)  (Paragraphs 2 and 3 omitted)  At least one independent director shall attend the board meetings in person.  For the first item that should be submitted for resolution by the board of directors, all independent directors should be present at the board meeting. If an independent director is unable to attend in person, other independent director has any objection or reservation, it should be recorded in the minutes of the board meeting. If an independent director is unable to attend the board meeting in person to express his or her objection or reservations, he	Article 12 (Matters that should be discussed by the board of directors) The following matters should be brought to the attention of the Board of Directors:  1. The Company's business plan. 2. Annual financial report and second quarter financial report that must be audited and certified by a certified public accountant. (Items 3 to 8 omitted) (Paragraphs 2 and 3 omitted) At least one independent director should be present in person at the board meeting. For the first item that should be submitted for resolution by the board of directors, all independent director is unable to attend in person, other independent director is unable to attend on his or her behalf. If the independent directors have any objection or reservation, it should be recorded in the minutes of the board meeting. If an independent director is unable to attend the board meeting in person to express his or her objection		Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
7.	the board meeting.  Article 13 (vote<1>) (Paragraphs 1 to 4 omitted) If any of the following circumstances occur in a board of directors meeting, in addition to being recorded in the minutes, the meeting shall also be announced and reported on the information reporting website designated by the Financial Supervisory Commission within two	Article 13 (vote<1>) (Paragraphs 1 to 4 omitted) (Paragraphs 5 to 8 deleted and moved to Article 16)	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.

Amendment Order	Article before Amendment	Article after Amendment	Effective Date	Remarks
	days from the date of the board of directors meeting:  1. The independent director has objections or reservations and there is a record or written statement.  2. Matters not approved by the Company's Audit Committee but approved by more than two-thirds of all directors.  The board of directors' attendance book is part of the minutes and should be properly preserved during the company's existence. The minutes must be signed or stamped by the chairman and recorder of the meeting and distributed to each director and supervisor within twenty days after the meeting. It should also be included in the company's important files and properly preserved during the company's existence. The preparation and distribution of the minutes referred to in the first paragraph may be done			
8.	If a director has a conflict of interest with himself or another legal person he represents in relation to a meeting item that may be detrimental to the interests of the company, he may state his opinions and answer inquiries, but he may not participate in discussions or votes, and he shall recuse himself from discussions and votes, and he may not exercise voting rights on behalf of other directors.  (Paragraph 3 omitted)	Article 15 (Directors' conflict of interest system)  If a director has an interest in the meeting matters, either for himself or for the legal person he represents, he shall explain the important details of his interest at the current board meeting. If there is a possibility that his interest may be detrimental to the interests of the company, he shall not participate in the discussion or vote, and shall abstain from the discussion and vote, and shall not exercise the voting rights on behalf of other directors. If a director's spouse, blood relative within the second degree of kinship, or a company with which the director has a controlling relationship has an interest in the matters discussed at the meeting, the director shall be deemed to have a personal interest in the matter. (Paragraph 3 omitted)	2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
9.	Article 16 (Minutes of meeting and matters to be signed) The proceedings of the board of directors of this company shall be recorded in minutes, which shall record the following matters in detail: (Paragraphs 1 to 6 omitted) 7. Matters for discussion: the resolution method and results of each proposal, summaries of speeches by directors, experts and other personnel, names of directors with interests involved in accordance with the first paragraph of the preceding article, description of important matters of interests, reasons for their abstention or non-abstention, circumstances of abstention and objections or reservations, with records or written statements, and written	Article 16 (Minutes of meeting and matters to be signed) The proceedings of the board of directors of this company shall be recorded in minutes, which shall record the following matters in detail: (Paragraphs 1 to 6 omitted) 7. Matters for discussion: the resolution method and results of each proposal, summaries of speeches by directors, experts and other personnel, names of directors with interests involved in accordance with the first paragraph of the preceding article, description of important matters of interest, reasons for their abstention or non-abstention, circumstances of abstention, objections	2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.

Amendment Order	Article before Amendment	Article after Amendment	Effective Date	Remarks
	directors in accordance with the second paragraph of Article 12. (Paragraphs 8 to 9 omitted)	accordance with the fourth paragraph of Article 12.  (Paragraphs 8 to 9 omitted)  If any of the following circumstances occur in a board of directors meeting, in addition to being recorded in the minutes, the meeting shall also be reported to the Market Observation  Post System website designated by the Financial Supervisory Commission within two days of the meeting:  1. The independent director has objections or reservations and there is a record or written statement.  2. Matters that have not been approved by the Company's Audit Committee but have been approved by more than two-thirds of all directors.  The board of directors' attendance book is part of the minutes and should be properly preserved during the company's existence.  The minutes must be signed or stamped by the chairman and recorder of the meeting and distributed to each director and supervisor within twenty days after the meeting. It should also be included in the company's important files and properly preserved during the company's existence.  The preparation and distribution of the minutes referred to in the first paragraph may be done electronically.		
10.	submitted to the Board of Directors for discussion as provided in Article 12, Paragraph 1, during the recess of the Board of Directors, the Board of Directors shall authorize the exercise of the Board of Directors' powers in	Article 17 (Principles of authorization by the board of directors) In addition to the matters that should be submitted to the Board of Directors for discussion as provided in Article 12, Paragraph 1, the Board of Directors shall authorize the exercise of the Board of Directors' powers in accordance with laws or regulations or the Articles of Association of the Company. The authorization level, content or matters shall be clearly specified, and the handling principles are as follows:  (The following is omitted)	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.
11.	Article 19 These rules of procedure shall come into force on the date of promulgation. These rules were drawn up on June 27, 2014. 1st Amendment was made on June 14,	Article 19 These rules of procedure shall come into force on the date of promulgation. These rules were drawn up on June 27, 2014. 1st Amendment was made on June 14, 2016. 2nd Amendment was made on September 11, 2017. 3rd Amendment was made on November 6, 2024.	November 6, 2024	Revised in accordance with the letter of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Corporate 1130348897 dated August 15, 2024.

## Quaser Machine Tools, Inc. Comparison Table for the Company's "Corporate Governance Best Practice Principles" before and after Amendment

Amendment Order	Article before Amendment	Article after Amendment	Effective Date	Remarks		
1.	Chapter II Protecting Shareholders' Rights and Interests Section 1 Encouraging Shareholders to Participate in Corporate Governance Article 10 Article 4 The regulations in the preceding paragraph should include stock trading control measures for the company's insiders from the date they become aware of the company's financial reports or related performance content, including that directors shall not trade their own stocks during the closed period of thirty days prior to the announcement of the annual financial report and fifteen days prior to the announcement of each quarterly financial report.	Chapter II Protecting Shareholders' Rights and Interests Section 1 Encouraging Shareholders to Participate in Corporate Governance Article 10 Article 4 The regulations in the preceding paragraph include the behaviors regulated by the Company's "Procedures for Preventing Insider Trading" and the stock trading control measures for insiders from the date they learn of the Company's financial reports or related performance content, including not trading its stocks during the closed period of thirty days prior to the announcement of the annual financial report and fifteen days prior to the announcement of each quarterly financial report.	May 7, 2024	Modify the text description		
2.	Article 51 None	Article 51 Add edited records	May 7, 2024			
	Chapter III Strengthening the Functions of the Board of Directors Section 3 Functional Committees Article 28-2: The Company shall establish a Nomination Committee The Company should set up a nomination committee and formulate organizational charter. The majority of the members should be independent directors, and an independent director should serve as the chairman.	delete	August 7, 2024			
4.	Article 51 None	Article 51 Add edited records	August 7, 2024			

#### **Independent Auditors' Report**

To the Board of Directors of Quaser Machine Tools, Inc.:

#### **Opinion**

We have audited the consolidated financial statements of Quaser Machine Tools, Inc. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 of 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 the current period. 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 have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Refer to Note 4(o) for accounting policies and Note 6(r) for explanation of revenue.

#### Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. In addition, the Group operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Group's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts including sales terms is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any

significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

#### 2. Valuation of inventory

Refer to Note 4(h) for accounting policies; Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty; and Note 6(c) for explanation of inventory valuation.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the influence of factors such as changes in the international economic climate, the original product outdated may no longer meet the market demand, resulting in the risk that the cost of inventory may exceed its net realizable value. Therefore, inventory valuation is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures regarding the aforementioned key audit matters included the following: evaluate the inventory and test the appropriateness of management's inventory valuation policy; analyze the aging change of inventory for each period; perform sampling procedures to check the accuracy of inventory aging list; and verify the reasonableness of provision for losses on obsolete and slow-moving inventories.

#### Other Matter

Quaser Machine Tools, Inc. has prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Tzu-Hsin Chang.

**KPMG** 

Taipei, Taiwan (Republic of China) March 11, 2025

#### **Notes to Readers**

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

#### QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

#### **Consolidated Balance Sheets**

#### December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

	Decemb	r 31, 2024	December 31, 2023			December	31, 2024	December 3	1, 2023
Assets	Amount	%	Amount	%	Liabilities and Equity	Amount	<u>%</u>	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (Note 6(a))	\$ 810,33	19	838,416	22	Short-term borrowings (Note 6(i) and 8)	\$ 729,000	17	552,000	14
Notes receivable, net (Note 6(b))	12,05	-	30,571	1	Current contract liabilities (Note 6(r))	159,728	4	178,607	5
Trade receivable, net (Note 6(b))	822,02	20	660,222	17	Notes payable	-	-	171	-
Trade receivable due from related parties (Note 7)	111,30	3	-	-	Accounts payable	230,548	5	185,900	5
Other receivables	18,98	-	16,930	-	Accounts payable due from related parties (Note 7)	38	-	-	-
Other receivables due from related parties (Note 7)	103,02	3	-	-	Other payables (Note 6(k))	190,974	5	282,873	7
Current tax assets	14,14	-	13,509	-	Current tax liabilities	48,850	1	60,747	2
Inventories (Note 6(c))	1,139,69	. 27	1,058,751	28	Current provisions (Note 6(m))	19,401	-	21,101	1
Other current assets (Note 6(h))	45,56	1	56,310	2	Current lease liabilities (Note 6(j))	39,271	1	35,948	1
	3,077,12	73	2,674,709	70	Long-term borrowing, current portion (Note 6(1) and 8)	423,524	10	2,806	-
					Other current liabilities	1,134		831	
						1,842,468	43	1,320,984	35
Non-current assets:					Non-Current liabilities:				
Investments accounted for using equity method (Note 6(d))	30,86	1	34,542	1	Long-term borrowings (Note 6(l) and 8)	566,677	14	950,488	25
Property, plant and equipment (Note 6(e) and 8)	442,54	10	427,899	11	Non-current provisions (Note 6(m))	4,679	-	4,668	-
Right-of-use assets (Note 6(f))	114,69	3	126,048	3	Deferred tax liabilities (Note 6(o))	58,475	1	34,829	1
Intangible assets (Note 6(g))	150,21	3	164,671	4	Non-current lease liabilities (Note 6(j))	82,662	2	99,992	2
Goodwill (Note 6(g))	318,60	7	298,732	8	Credit balance of investments accounted for using equity	2,814	-	-	-
					method (Note 6(d))				
Deferred tax assets (Note 6(o))	70,84	2	79,192	2		715,307	17	1,089,977	28
Net defined benefit assets (Note 6(n))	27,57	1	21,461	1	Total liabilities	2,557,775	60	2,410,961	63
Other non-current assets (Note 6(h))	6,77	<u> </u>	4,007						
	1,162,12	27	1,156,552	30	Equity attributable to owners of parent: (Note 6(p))				
					Common stock	549,500	13	549,500	14
					Capital surplus	820,363	20	820,363	22
					Unappropriated retained earnings	222,491	5	35,351	1
					Other equity	89,122	2	15,086	
					Total equity	1,681,476	40	1,420,300	37
Total assets	\$ 4,239,25	100	3,831,261	100	Total liabilities and equity	\$ 4,239,251	100	3,831,261	100

#### QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

#### Consolidated Statements of Comprehensive Income For the Years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar, except earnings per share)

		2024 2023		2023	3	
	_	Amount	%	Amount	%	
Operating revenues (Note 6(r) and 7)	\$	3,240,019	100	2,770,750	100	
Operating costs (Note 6(c), (n) and 12)		2,204,896	68	1,994,080	72	
Gross profit	-	1,035,123	32	776,670	28	
Unrealized profit from sales		(2,859)	-	-	-	
Gross profit, net	-	1,032,264	32	776,670	28	
Operating expenses (Note 6(n), (s) and 12):	-					
Selling expenses		155,839	5	148,170	5	
Administrative expenses		391,069	12	331,273	12	
Research and development expenses		133,193	4	77,771	3	
Expected credit loss (Note 6(b) and 7)		12,309	-	10,368	-	
	-	692,410	21	567,582	20	
Operating income	-	339,854	11	209,088	8	
Non-operating income and expenses (Note 6(t)):	-					
Interest income		9,270	-	11,384	-	
Other income		937	-	2,676	-	
Other gains and losses, net		22,650	1	(1,221)	_	
Finance costs (Note 6(j))		(35,876)	(1)	(37,262)	(1)	
Share of loss of associates accounted for using equity method (Note 6(d))		(19,574)	(1)	(75)	-	
	-	(22,593)	(1)	(24,498)	(1)	
Profit before income tax	-	317,261	10	184,590	7	
Less: Income tax expenses (Note 6(o))		104,669	3	73,597	3	
Profit for the period	-	212,592	7	110,993	4	
Other comprehensive income:  Items that may not be reclassified subsequently to profit or loss:	-					
Gains (losses) on remeasurements of defined benefit plans (Note $6(n)$ )		4,864	-	1,513	-	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(o))	_	(973)		(303)	-	
	_	3,891		1,210		
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign financial statements		92,545	3	31,556	1	
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(o))	_	(18,509)	(1)	(6,311)	-	
	_	74,036	2	25,245	1	
Other comprehensive income (after tax)	_	77,927	2	26,455	1	
Total comprehensive income	\$	290,519	9	137,448	5	
Earnings per share (NT Dollars) (Note 6(q))	<b>.</b>			• 0•		
Basic earnings per share	\$	3.87		2.02		
Diluted earnings per share	<b>\$</b>	3.86		2.02		

#### QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

#### Consolidated Statements of Changes in Equity For the Years ended December 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollar)

#### Equity attributable to owners of parent

	•				R	Retained earnings		Other equity	_
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2023	\$	549,500	880,109		2,724	(139,322)	(136,598)	(10,159)	1,282,852
Profit for the period		-	-	-	-	110,993	110,993	-	110,993
Other comprehensive income for the period		-	-	-	-	1,210	1,210	25,245	26,455
Total comprehensive income for the period	•	-	-	-	-	112,203	112,203	25,245	137,448
Appropriation and distribution of retained earnings:	•								
Capital surplus used to offset accumulated deficits		-	(59,746)	-	-	59,746	59,746	-	-
Balance at December 31, 2023	\$	549,500	820,363		2,724	32,627	35,351	15,086	1,420,300
Balance at January 1, 2024	\$	549,500	820,363	-	2,724	32,627	35,351	15,086	1,420,300
Profit for the period	•	-	-			212,592	212,592	-	212,592
Other comprehensive income for the period		-	-	-	-	3,891	3,891	74,036	77,927
Total comprehensive income for the period	•	-	-			216,483	216,483	74,036	290,519
Appropriation and distribution of retained earnings:									
Legal reserve		-	-	3,263	-	(3,263)	-	-	-
Cash dividends on ordinary shares						(29,343)	(29,343)		(29,343)
Balance at December 31, 2024	\$	549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476

#### QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

# Consolidated Statements of Cash Flows For the Years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

	 2024	2023
ash flows from (used in) operating activities:		
Profit before tax	\$ 317,261	184,590
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	134,078	133,268
Amortization expense	29,099	28,89
Expected credit loss	12,309	10,36
Interest expense	35,876	37,26
Interest income	(9,270)	(11,384
Share of loss of associates accounted for using equity method	19,574	7
Loss (gain) on disposal of property, plant and equipment	220	1,84
Unrealized profit from sales	2,859	
Unrealized foreign exchange loss (gain)	 (21,502)	34,64
Total adjustments to reconcile profit	 203,243	234,97
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	18,518	(7,311
Increase in trade receivable (including from related parties)	(218,675)	(210,868
Decrease (increase) in other receivables	(1,188)	3,02
Decrease (increase) in inventories	(40,549)	88,73
Decrease in other current assets	12,207	19,59
Increase in net defined benefit assets	(1,250)	(1,291
Total changes in operating assets	 (230,937)	(108,117
Changes in operating liabilities:	 	
Increase (decrease) in contract liabilities	(24,309)	(169,651
Increase (decrease) in notes payable	(182)	
Increase (decrease) in accounts payable (including from related parties)	18,866	(9,838
Increase (decrease) in other payables	(102,857)	39,75
Increase (decrease) in provisions	(2,495)	7,82
Increase (decrease) in other current liabilities	303	(133
Total changes in operating liabilities	 (110,674)	(132,034
Total changes in operating assets and liabilities	 (341,611)	(240,151
Total adjustments	 (138,368)	(5,176

#### QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

#### **Consolidated Statements of Cash Flows**

# For the Years ended December 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollar)

	 2024	2023
Cash inflow generated from operations	178,893	179,414
Interest received	6,955	11,384
Interest paid	(37,616)	(35,360)
Income taxes paid	 (107,834)	(39,786)
Net cash flows from (used in) operating activities	 40,398	115,652
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(14,944)	(34,889)
Acquisition of property, plant and equipment	(115,932)	(34,767)
Proceeds from disposal of property, plant and equipment	14,705	901
Increase in refundable deposits	(2,699)	(1,452)
Increase in other receivable from related parties	(102,121)	-
Acquisition of intangible assets	(4,775)	(5,137)
Decrease in other non-current assets	 27	31
Net cash flows from (used in) investing activities	 (225,739)	(75,313)
Cash flows from (used in) financing activities:		
Increase in short-term loans	430,000	416,461
Decrease in short-term loans	(253,000)	(1,026,861)
Proceeds from long-term borrowings	90,000	929,294
Repayments of long-term borrowings	(53,093)	(414,113)
Payments of lease liabilities	(42,116)	(34,242)
Cash dividends paid	 (29,343)	
Net cash flows from (used in) financing activities	 142,448	(129,461)
Effect of exchange rate changes on cash and cash equivalents	 14,807	27,389
Net decrease in cash and cash equivalents	(28,086)	(61,733)
Cash and cash equivalents at beginning of period	 838,416	900,149
Cash and cash equivalents at end of period	\$ 810,330	838,416

#### **Independent Auditors' Report**

To the Board of Directors of Quaser Machine Tools, Inc.:

#### **Opinion**

We have audited the financial statements of Quaser Machine Tools, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 of 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 the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Refer to Note 4(o) for accounting policies and Note 6(r) for explanation of revenue.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. In addition, the Company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts including sales terms is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

#### 2. Valuation of inventory

Refer to Note 4(g) for accounting policies; Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty; and Note 6(c) for explanation of inventory valuation.

#### Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the influence of factors such as changes in the international economic climate, the original product outdated may no longer meet the market demand, resulting in the risk that the cost of inventory may exceed its net realizable value. Therefore, inventory valuation is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures regarding the aforementioned key audit matters included the following: evaluate the inventory and test the appropriateness of management's inventory valuation policy; analyze the aging change of inventory for each period; perform sampling procedures to check the accuracy of inventory aging list; and verify the reasonableness of provision for losses on obsolete and slow-moving inventories.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

- parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Tzu-Hsin Chang.

**KPMG** 

Taipei, Taiwan (Republic of China) March 11, 2025

#### **Notes to Readers**

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

#### **Balance Sheets**

#### December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

		mber 31 2024	,	December 2023	r 31,			December 2024	31,	December 2023	r 31,
Assets	Amoun	nt	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:	-					Current liabilities:					
Cash and cash equivalents (Note 6(a))	\$ 339,00	69	9	369,855	11	Short-term borrowings (Note 6(i) and 8)	\$	729,000	20	552,000	17
Notes receivable, net (Note 6(b))	12,03	53	-	30,571	1	Current contract liabilities (Note 6(r))		17,791	-	106,558	3
Trade receivable, net (Note 6(b))	308,64	45	9	258,366	8	Notes payable		-	-	171	-
Trade receivable due from related parties (Note 7)	307,63	33	9	112,170	3	Accounts payable		142,015	4	132,671	4
Other receivables	5,34	43	-	2,803	-	Accounts payable due from related parties (Note 7)		27,370	1	52,805	2
Other receivables due from related parties (Note 7)	121,8	76	3	66,481	2	Other payables (Note 6(k))		62,992	2	43,913	1
Current tax assets		12	-	80	-	Other payables due from related parties (Note 7)		8,964	-	5,562	-
Inventories (Note 6(c))	562,38	85	15	543,230	16	Current tax liabilities		30,842	1	24,270	1
Other current assets (Note 6(h))	18,0	78	-	20,678	1	Current provisions (Note 6(m))		9,151	-	8,143	-
	1,675,09	94	45	1,404,234	42	Current lease liabilities (Note 6(j))		8,022	-	3,740	-
						Long-term borrowing, current portion (Note 6(1) and		423,524	11	2,806	-
						8)		1 101		021	
N						Other current liabilities		1,134	-	831	
Non-current assets:								1,460,805	39	933,470	28
Investments accounted for using equity method (Note 6(d))	1,790,58	80	48	1,629,490	49	Non-Current liabilities:					
Property, plant and equipment (Note 6(e) and 8)	157,50	01	4	167,122	5	Long-term borrowings (Note 6(1) and 8)		566,677	15	950,488	29
Right-of-use assets (Note 6(f))	19,12	22	-	8,275	-	Non-current provisions (Note 6(m))		4,679	-	4,668	-
Intangible assets (Note 6(g))	5,88	84	-	5,581	-	Deferred tax liabilities (Note 6(o))		26,484	1	4,727	-
Deferred tax assets (Note 6(o))	70,84	41	2	79,192	3	Non-current lease liabilities (Note 6(j))		8,981	-	4,322	-
Refundable deposits	5,3	19	-	2,620	-	Credit balance of investments accounted for using equity method (Note 6(d))		2,814	-	-	-
Net defined benefit assets (Note 6(n))	27,5	75	1	21,461	1	1 1	•	609,635	16	964,205	29
	2,076,82		55	1,913,741	58	Total liabilities	,	2,070,440	55	1,897,675	57
						<b>Equity:</b> (Note 6(p))					
						Common stock		549,500	15	549,500	17
						Capital surplus		820,363	22	820,363	25
						Unappropriated retained earnings		222,491	6	35,351	1
						Other equity		89,122	2	15,086	-
						Total equity	•	1,681,476	45	1,420,300	43
Total assets	\$ 3,751,91	16	100	3,317,975	100	Total liabilities and equity	\$	3,751,916	100	3,317,975	100

#### **Statements of Comprehensive Income**

#### For the Years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar, except earnings per share)

		2024		2023		
	-	Amount	%	Amount	%	
Operating revenues (Note 6(r) and 7)	\$	1,653,360	100	1,310,822	100	
Operating costs (Note 6(c), (n), 7 and 12)		1,215,452	74	1,040,764	79	
Gross profit	-	437,908	26	270,058	21	
Realized (unrealized) profit or loss from sales		(24,838)	(1)	1,929	-	
Gross profit, net	_	413,070	25	271,987	21	
Operating expenses (Note 6(n), (s) and 12):	_	<u> </u>		· · · · · · · · · · · · · · · · · · ·		
Selling expenses		64,910	4	66,608	5	
Administrative expenses		111,332	7	91,256	7	
Research and development expenses		27,119	1	25,190	2	
Expected credit loss (Note 6(b) and 7)		19,174	1	957	-	
	-	222,535	13	184,011	14	
Operating income	_	190,535	12	87,976	7	
Non-operating income and expenses (Note 6(t) and 7):	-	<u>,</u>				
Interest income		5,752	_	5,009	_	
Other income		23,528	1	6,972	1	
Other gains and losses, net		31,130	2	16,137	1	
Finance costs (Note 6(j))		(31,761)	(2)	(32,416)	(3)	
Share of profit of subsidiaries and associates accounted for using equity method		46,555	3	53,884	4	
asing equity incured	-	75,204	4	49,586	3	
Profit before income tax	-	265,739	16	137,562	10	
Less: Income tax expenses (Note 6(o))		53,147	3	26,569	2	
Profit for the period	-	212,592	13	110,993	8	
Other comprehensive income:	-					
Items that may not be reclassified subsequently to profit or loss:						
Gains (losses) on remeasurements of defined benefit plans (Note $6(n)$ )		4,864	-	1,513	-	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note $6(0)$ )		(973)	-	(303)	-	
	_	3,891		1,210		
Items that may be reclassified subsequently to profit or loss:	_					
Exchange differences on translation of foreign financial statements		92,545	5	31,556	2	
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(o))		(18,509)	(1)	(6,311)	-	
<i>、"</i>	-	74,036	4	25,245	2	
Other comprehensive income (after tax)	-	77,927	4	26,455	2	
Total comprehensive income	\$	290,519	17	137,448	10	
Earnings per share (NT Dollars) (Note 6(q))	=	<u> </u>				
Basic earnings per share	\$	3.87		2.02		
Diluted earnings per share	\$	3.86		2.02		
	<b>-</b>	3.00		2.02		

Statements of Changes in Equity
For the Years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

					R	Retained earnings		Other equity	
	_	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2023	\$	549,500	880,109		2,724	(139,322)	(136,598)	(10,159)	1,282,852
Profit for the period		-	-	-	-	110,993	110,993	-	110,993
Other comprehensive income for the period		-	-	-	-	1,210	1,210	25,245	26,455
Total comprehensive income for the period	-	-	-	-	-	112,203	112,203	25,245	137,448
Appropriation and distribution of retained earnings:	-								
Capital surplus used to offset accumulated deficits		-	(59,746)	-	-	59,746	59,746	-	-
Balance at December 31, 2023	\$	549,500	820,363		2,724	32,627	35,351	15,086	1,420,300
Balance at January 1, 2024	\$	549,500	820,363	-	2,724	32,627	35,351	15,086	1,420,300
Profit for the period	-	-	-	_	_	212,592	212,592	-	212,592
Other comprehensive income for the period		-	-	-	-	3,891	3,891	74,036	77,927
Total comprehensive income for the period	-	-	-	-	-	216,483	216,483	74,036	290,519
Appropriation and distribution of retained earnings:	-								
Legal reserve		-	-	3,263	-	(3,263)	-	-	-
Cash dividends on ordinary shares		-	-	-	-	(29,343)	(29,343)	-	(29,343)
Balance at December 31, 2024	\$	549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476

#### **Statements of Cash Flows**

# For the Years ended December 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollar)

	 2024	2023
ash flows from (used in) operating activities:		
Profit before tax	\$ 265,739	137,562
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	17,759	14,644
Amortization expense	2,770	2,346
Expected credit loss	19,174	957
Interest expense	31,761	32,410
Interest income	(5,752)	(5,009
Share of profit of subsidiaries and associates accounted for using equity method	(46,555)	(53,884
Gain on disposal of property, plant and equipment	(326)	(34
Unrealized (realized) profit from sales	24,838	(1,929
Unrealized foreign exchange loss (gain)	 (14,991)	31,47
Total adjustments to reconcile profit	 28,678	20,98
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	18,518	(9,947
Decrease (increase) in trade receivable (including from related parties)	(252,994)	19,95
Decrease in other receivables (including from related parties)	29,974	8,91
Decrease (increase) in inventories	(10,181)	91,38
Decrease in other current assets	2,600	24,349
Increase in net defined benefit assets	(1,250)	(1,291
Total changes in operating assets	 (213,333)	133,36
Changes in operating liabilities:		
Decrease in contract liabilities	(88,767)	(250
Increase (decrease) in notes payable	(182)	9
Decrease in accounts payable (including from related parties)	(15,914)	(36,655
Increase in other payables (including from related parties)	23,919	4,799
Increase (decrease) in provisions	1,019	(133
Increase (decrease) in other current liabilities	303	(133
Total changes in operating liabilities	 (79,622)	(32,363
Total changes in operating assets and liabilities	 (292,955)	101,004
Total adjustments	(264,277)	121,984

#### **Statements of Cash Flows**

# For the Years ended December 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollar)

		2024	2023
Cash inflow generated from operations		1,462	259,546
Interest received		3,437	5,009
Interest paid		(33,502)	(30,514)
Income taxes paid	_	(35,881)	(502)
Net cash flows from (used in) operating activities		(64,484)	233,539
Cash flows from (used in) investing activities:			_
Acquisition of investments accounted for using equity method		(85,258)	(155,496)
Proceeds from capital reduction of investments accounted for using equity method		41,063	-
Acquisition of property, plant and equipment		(11,385)	(23,721)
Proceeds from disposal of property, plant and equipment		519	34
Increase in refundable deposits		(2,699)	(70)
Increase in other receivable from related parties		(86,482)	-
Acquisition of intangible assets		(3,073)	(1,530)
Net cash flows from (used in) investing activities		(147,315)	(180,783)
Cash flows from (used in) financing activities:	_	_	_
Increase in short-term loans		430,000	416,461
Decrease in short-term loans		(253,000)	(1,026,861)
Proceeds from long-term borrowings		90,000	929,294
Repayments of long-term borrowings		(53,093)	(414,113)
Payments of lease liabilities		(7,645)	(2,830)
Cash dividends paid		(29,343)	-
Net cash flows from (used in) financing activities	_	176,919	(98,049)
Effect of exchange rate changes on cash and cash equivalents	_	4,094	(7,382)
Net decrease in cash and cash equivalents	_	(30,786)	(52,675)
Cash and cash equivalents at beginning of period		369,855	422,530
Cash and cash equivalents at end of period	\$	339,069	369,855

# Quaser Machine Tools, Inc. 2024 Earnings Distribution Table

Unit: NT\$

Items	Amount
Undistributed earnings at the beginning of the year	20,914
Remeasurement of defined benefit plans recognized in retained earnings	3,891,496
Undistributed earnings after adjustment	3,912,410
Net profit for the current period	212,591,857
10% legal reserve	(21,648,335)
Distributable earnings for the year	194,855,932
Distribution Items:	
Cash Dividend (NT\$3 per Share)	(164,850,000)
Undistributed earnings at the end of the year	30,005,932

Chairman: Raui-M



General Manager: T

Hsin Hsieh



Accounting Manager:

Hsin Lin



#### Comparison Table for the Company's "Articles of Incorporation" before and after Amendment

Before Amendment	After Amendment	Remarks
Article 33	Article 33	Amended in accordance with
The Company should contribute more than 5.52% of the profit	The Company should contribute more than 5.52% of the profit	Exchange Act and Financial
as employees' compensation and less than 2.07% as directors'	as employees' compensation (including no less than 50% of	Supervisory Commission Letter
remuneration when there is profit for the year. However, if the	the employee's remuneration as salary adjustment or	No. Financial-Supervisory-
Company has accumulated deficits, the profit should be	remuneration distribution for grassroots employees) and less	Securities-Corporate-
reserved to offset the deficit.	than 2.07% as directors' remuneration when there is profit for	1130385442.
The recipients of employee compensation in the form of	the year. However, if the Company has accumulated deficits,	
stocks or cash as referred to in the preceding paragraph shall	the profit should be reserved to offset the deficit.	
be those who are still employed on the date of distribution,	The recipients of employee compensation in the form of	
including employees of affiliated companies who meet certain	stocks or cash as referred to in the preceding paragraph shall	
conditions.	be those who are still employed on the date of <u>payment</u> ,	
	including employees of affiliated companies who meet certain	
	conditions.	
Article 35	Article 35	Added amendment date.
These Articles of Incorporations were agreed to and signed on	These Articles of Incorporations were agreed to and signed on	
May 7, 1991.	May 7, 1991.	
1 <sup>st</sup> Amendment was made on October 18, 1991;	1 <sup>st</sup> Amendment was made on October 18, 1991;	
2 <sup>nd</sup> Amendment was made on February 6, 1992;	2 <sup>nd</sup> Amendment was made on February 6, 1992;	
3 <sup>rd</sup> Amendment was made on October 18, 1993;	3 <sup>rd</sup> Amendment was made on October 18, 1993;	
4th Amendment was made on November 15, 1995;	4 <sup>th</sup> Amendment was made on November 15, 1995;	
5 <sup>th</sup> Amendment was made on September 20, 1996;	5 <sup>th</sup> Amendment was made on September 20, 1996;	
6 <sup>th</sup> Amendment was made on November 5, 1998;	6 <sup>th</sup> Amendment was made on November 5, 1998;	
7 <sup>th</sup> Amendment was made on June 29, 1999;	7 <sup>th</sup> Amendment was made on June 29, 1999;	
8 <sup>th</sup> Amendment was made on March 5, 2001;	8 <sup>th</sup> Amendment was made on March 5, 2001;	
9 <sup>th</sup> Amendment was made on July 18, 2001;	9 <sup>th</sup> Amendment was made on July 18, 2001;	
10 <sup>th</sup> Amendment was made on September 24, 2002;	10 <sup>th</sup> Amendment was made on September 24, 2002;	
11th Amendment was made on June 19, 2003;	11th Amendment was made on June 19, 2003;	
12 <sup>th</sup> Amendment was made on June 26, 2006;	12 <sup>th</sup> Amendment was made on June 26, 2006;	

Before Amendment	After Amendment	Remarks
13 <sup>th</sup> Amendment was made on June 27, 2007;	13 <sup>th</sup> Amendment was made on June 27, 2007;	
14 <sup>th</sup> Amendment was made on January 7, 2008;	14 <sup>th</sup> Amendment was made on January 7, 2008;	
15 <sup>th</sup> Amendment was made on June 28, 2013;	15 <sup>th</sup> Amendment was made on June 28, 2013;	
16 <sup>th</sup> Amendment was made on June 27, 2014;	16 <sup>th</sup> Amendment was made on June 27, 2014;	
17 <sup>th</sup> Amendment was made on June 9, 2015;	17 <sup>th</sup> Amendment was made on June 9, 2015;	
18th Amendment was made on January 22, 2016;	18th Amendment was made on January 22, 2016;	
19th Amendment was made on August 2, 2016;	19th Amendment was made on August 2, 2016;	
20 <sup>th</sup> Amendment was made on May 16, 2018;	20 <sup>th</sup> Amendment was made on May 16, 2018;	
21st Amendment was made on August 16, 2019;	21st Amendment was made on August 16, 2019;	
22 <sup>nd</sup> Amendment was made on June 19, 2020;	22 <sup>nd</sup> Amendment was made on June 19, 2020;	
23 <sup>rd</sup> Amendment was made on June 16, 2022;	23 <sup>rd</sup> Amendment was made on June 16, 2022;	
24 <sup>th</sup> Amendment was made on May 31, 2024.	24 <sup>th</sup> Amendment was made on May 31, 2024;	
	25 <sup>th</sup> Amendment was made on May 29, 2025.	

#### IV. Appendices

#### Appendix 1 Rules of Procedure for Shareholders Meetings

- Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2: The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3: Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors if to convene a shareholders' meeting with video conferencing. Furthermore, convening of a virtual-only shareholders' meeting shall require a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholders revices agent designated thereby, and the said materials shall be distributed on site at the shareholders' meeting.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

- 1. For physical shareholders meetings, to be distributed on-site at the meeting.
- 2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- 3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by extraordinary motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election

in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6: The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents

beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

- Article 6-1: To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:
  - 1. How shareholders attend the virtual meeting and exercise their rights.
  - 2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
    - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
    - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
    - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
  - 3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.
- Article 7: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

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

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

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

Article 8: 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 virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online 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 8-1: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in 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 party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair 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 at the virtual meeting platform.

Article 11: Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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

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

Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

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

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

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

means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

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

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

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and 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 online 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 online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, 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 13: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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

Article 14: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, 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, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 15: On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting 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.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 16: Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

- Article 18: In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- Article 19: When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.
- Article 20: In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced 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 participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

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

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of 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.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and 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, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

- Article 21: To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except for the circumstances stipulated in Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall provide shareholders with at least the necessary equipment for communication and assistance, and specify the period during which shareholders may apply to the Company and other relevant matters to be noted.
- Article 22: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

These Rules were agreed to and signed on August 5, 2014.

1st amendment was made on June 9, 2015;

2nd amendment was made on August 2, 2016;

3rd amendment was made on May 31, 2024.

### Appendix 2

#### <Before Amendment>

### Quaser Machine Tools, Inc. Articles of Incorporation

Chapter 1 General Provisions

The Company is incorporated in accordance with the Company Act and registered under the Article 1

business name of "QUASER MACHINE TOOLS, INC." (百德機械股份有限公司)

The Company's scope of services is set out hereunder:

1. CB01010 Mechanical Equipment Manufacturing

2. CB01990 Other Machinery Manufacturing

3. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing

4. CC01110 Computer and Peripheral Equipment Manufacturing

5. CD01060 Aircraft and Parts Manufacturing

6. I501010 Product Designing

7. F113010 Wholesale of Machinery

8. F213080 Retail Sale of Other Machinery and Equipment

9. F401010 International Trade

The Company shall have its head office in Taichung City, the Republic of China, and may, pursuant

to a resolution adopted at the meeting of the board, set up branch offices within or outside the

territory of the Republic of China when deemed necessary.

Article 4 The Company may made public announcements in accordance with Article 28 of the Company

Act.

The Company may perform guarantee externally with a peer in the industry or an associate as the Article 5

business may require, which shall be conducted in accordance with competent security authorities.

The Company may, as the business may require and after resolution of the board of directors, make re-investments to the external or serve as a shareholder of limited liability in other companies. The total amount of the Company's investments to the external is not restricted by Article 13 of the Company Act, under which such investment shall not exceed forty percent of the amount of the Company's own paid-up capital; in addition, the Company may make endorsements/guarantees externally after agreed by the board of directors as the business may require or for investments.

Chapter 2 Shares

Article 7 The total amount of the Company's capital is NT\$800,000,000, which is divided into 80,000,000 shares, with a value per share of NT\$10 and may be issued by installments, with the unissued

shares to be issued by installments by the board of directors under authorization.

Employees of the Company entitled to receive share subscription warrant in accordance, receive restricted stock for employees, or subscribe new shares issued through cash capital increase may include the employees of parent s or subsidiaries of the company meeting certain specific requirements. The conditions, distribution method and subscription method may be determined

by the board of directors under authorization.

In the event that the Company may buy back its shares by law, the board of directors under authorization shall conduct such buyback in accordance with laws and regulations.

To transfer shares to employees at less than the average actual share repurchase price, or issue share subscription warrant at a subscription price less than the market price (net value per share), the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total

issued shares.

The Company's shares are all registered and shall be signed or stamped by directors representing the Company. The shares are then issued after being certified by the bank as certifier of the

issuance. The Company may be exempted from printing its share certificate, yet shall register the issued shares with a centralized securities depositary enterprise and follow the regulations of that

enterprise.

Where a shareholder of the Company performs share transfer, setting pledge, reporting loss, inheritance, gifting, reporting loss or change of seal, change of address and other stock affairs shall

be conducted in accordance with regulations of competent authorities.

Except as otherwise provided in laws and regulations or securities regulation, stock affairs of the

Company stocks by shareholders of the Company shall be conducted in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

The Company shall not cancel its public offering without a resolution adopted at a meeting of shareholders.

> The provision at the preceding paragraph may not be modified throughout the Company's OTCtrading period or listing period.

> > 42

Article 2

Article 3

Article 6

Article 8

Article 9

Article 10

Article 10-1

Article 11

Transfer of shares will not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

#### Chapter 3 Shareholders' Meeting

Article 12

Shareholders' meeting shall be of the following two kinds:

- 1. Regular meeting of shareholders: to be held by the board of directors at least once every year within six months after close of each fiscal year; and
- 2. Special meeting of shareholders: to be held when necessary.

Shareholders' meetings of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 13

When a shareholder is unable to attend the shareholders' meeting for whatever reason, that shareholder may appoint a proxy to attend by offering company issued solicitation document carrying his/her signature or seal. Concerning the proxy attendance as mandated by a shareholder, other than the provisions under Article 177 of the Company Act, the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by competent authority shall govern.

Article 14

The chairman of a shareholders' meeting shall be conducted in accordance with Article 182-1 of the Company Act.

Article 15

Except in the circumstances concerning no voting rights provided for in Article 179 of the Company Act, a shareholder of the Company shall have one voting power in respect of each share in his/her/its possession.

Article 16

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. In accordance with the regulations of the competent authority, a shareholder of the Company may exercise his/her voting power as a shareholder in writing or by way of electronic transmission. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, and it is advisable that relevant affairs be conducted in accordance with the law.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

Article 17

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting; the said minutes of the meeting along with the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission after the shares of the Company are issued to the public.

#### Chapter 4 Directors

Article 18

The Company shall have 9 to 11 directors to be elected at the shareholders meeting from among the individuals of legal capacity, with the term of three years. All directors shall be eligible for reelection.

In accordance with Article 192-1 of the Company Act, a candidates nomination system is adopted by the Company for election of the directors of the Company; the Company adopts a cumulative voting system for election of the directors, in which the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

The Company shall take out directors liability insurance after a resolution has been made by its board of directors.

Concerning the total shareholding ratio of all directors of the Company, relevant regulations by competent securities authority shall govern.

Article 18-1

The Company may appoint independent directors, which shall account for at least three persons in amongst all directors, and the shareholders shall elect independent directors from among the those listed in the slate of independent director candidates. Independent and non-independent directors of the Company shall be elected at the same time, but in separately calculated numbers. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent securities authority.

Article 18-2

The Company has established its audit committee in accordance with Article 14 of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors, and the committee or its members shall perform duties of a supervisor in accordance

with the provisions under the Company Act, the Securities and Exchange Act and other laws and regulations.

When the number of vacancies in the board of directors of the Company equals to one-third of the total number of directors, the board of directors shall call, within 30 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. However, in the case of a company whose shares are issued to the public, the special meeting of shareholders for electing succeeding directors shall be convened by the board of directors within 60 days.

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Where the Company organizes its board of directors, it shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. All affairs shall be conducted in accordance with the laws and regulations, the Articles of Incorporation of the Company, and resolutions adopted in a shareholders' or directors' meeting. Management guideline and other important matters of the Company shall be determined by the resolutions adopted in its board of directors' meetings. Concerning the meeting of the board of directors, all meetings shall be convened and chaired by the chairman of the Company except for the first meeting of each term of the board of directors that shall be convened in accordance with Article 203 of the Company Act. In case the chairman of the board of directors can not exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. If a director is unable to attend the board meeting, he/she should issue a letter of proxy to another director by specifying the scope of authorization so that the authorized director can attend and exercise the voting right on behalf of the absent director within the scope of authorization; however, a director may accept a proxy from one person only.

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

Resolutions adopted at a meeting of the board of directors shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all directors of the Company within twenty days after the close of the meeting. The minutes of shareholders' meeting shall record the summary of the essential points of the proceedings and the results of the meeting. The said minutes of the meeting along with the attendance list bearing the signatures of directors present at the meeting and the powers of attorney of the proxies shall be kept by the Company. The minutes shall be kept persistently throughout the life of the Company. The preparation and distribution of the minutes in the preceding paragraph may be effected by means of electronic transmission.

Chapter 5 Managerial Officers and Staff

The Company may have one general manager and one or more managerial officers. Appointment, discharge and the remuneration of the managerial officers shall be in compliance with Article 29 of the Company Act.

Deleted Deleted

Chapter 6 Accounting

After the close of each fiscal year, the following reports and statements shall be prepared by the board of directors, and shall be submitted to the regular meeting of shareholders for acceptance:

- 1. Report on Operations.
- 2. Financial Statements.
- 3. Proposals Concerning Appropriation of Net Profits of Making Up.

If there is a profit after tax in after closing of accounts, the Company shall first complete taxation in accordance with the law, and then make up the losses for the preceding years, set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Aside from the aforesaid legal reserve, the Company may, under its regulations, set aside another sum as special reserve or make reversals thereof; if there are still earnings after the aforesaid distribution, a proposal for distribution of such earnings combined with cumulative undistributed earnings may be proposed by the Board of Directors. Where such

Article 20

Article 19

Article 21

Article 22

Article 22-1

Article 23

Article 24

Article 25

Article 26

Article 27

Article 28

Article 29

Article 30

distribution is to be made in the form of new share issuance, a proposal shall be submitted to the shareholders' meeting for resolution and distribution.

The Board of Directors under authorization of the Company in accordance with the law shall have the legal reserves and capital reserves as prescribed in Article 241, Paragraph 1 of the Company Act paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The shareholders eligible for the distributed shareholders' dividend shall be limited to those listed on the shareholders' roster as of the record date for the dividend.

Article 30-1

Article 30-2

Article 30-3

The Company shall make distribution of dividend with a total amount no lower than ten percent of the earnings distributable for the year based on the overall circumstances and growth characteristics of the industry, in consideration of the Company's profiting status and future operation needs, with the sustainable operations of the Company as objective and shareholders' equity and the Company's long-term financial planning taken into account.

Where the Company distributes dividend, such distribution may be made in cash or new shares based on the earnings status and overall industry circumstances, provided that the distribution in cash dividend is not lower than sixty percent of the total dividend distributed for the year.

Compensation of the chairman and all directors shall be agreed to by the board of directors under authorization based on their degree of involvement in the operations of the Company and values contributed, with reference to general level as offered by other companies in the same industry.

If there is profit at the end of each fiscal year, a ratio no less than 5.52% of the profit as Employees' Remuneration shall be distributed, and a ratio no more than 2.07% as Directors' Remuneration shall be distributed. However, the Company's accumulated losses shall have been covered first. Individuals entitled to receive shares or cash under the Employees' Remunerations provided for in the preceding paragraph shall be based on the employment status upon the distribution date; the said individuals may include the employees of subsidiaries of the Company meeting certain specific requirements.

Chapter 7 Additions

Article 31 Deleted
Article 32 Deleted

Article 33 Organizational charters and administrative regulations of the Company shall be adopted otherwise by the board of directors.

Article 34 In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 35 These Articles of Incorporations were agreed to and signed on May 7, 1991.

1st Amendment was made on October 18, 1991;

2<sup>nd</sup> Amendment was made on February 6, 1992;

3rd Amendment was made on October 18, 1993;

4<sup>th</sup> Amendment was made on November 15, 1995;

5th Amendment was made on September 20, 1996;

6th Amendment was made on November 5, 1998;

7<sup>th</sup> Amendment was made on June 29, 1999;

8th Amendment was made on March 5, 2001;

9th Amendment was made on July 18, 2001;

10<sup>th</sup> Amendment was made on September 24, 2002;

11th Amendment was made on June 19, 2003;

12th Amendment was made on June 26, 2006;

13th Amendment was made on June 27, 2007;

14th Amendment was made on January 7, 2008;

15th Amendment was made on June 28, 2013;

16th Amendment was made on June 27, 2014;

17<sup>th</sup> Amendment was made on June 9, 2015;

18th Amendment was made on January 22, 2016;

19th Amendment was made on August 2, 2016;

20th Amendment was made on May 16, 2018;

21st Amendment was made on August 16, 2019;

22<sup>nd</sup> Amendment was made on June 19, 2020;

23rd Amendment was made on June 16, 2022;

24th Amendment was made on May 31, 2024.

有械百限股源。司份機

Quaser Machine Tools, Inc. Chairman: Raui-Mu Shieh

## Appendix 3

# Quaser Machine Tools, Inc.

# Shareholding by All Shareholders

Book Closure Date: March 31, 2025

Role	Name	Number of Shares	Shareholding Percentage
Chairman	Raui-Mu Shieh	5,432,810	9.89%
Director	Xu-De Investment Co., Ltd.	5,107,118	9.29%
Director	National Development Fund, Executive Yuan	1,625,000	2.96%
Director	Yeh-Chiang Technology Corp.	12,433,500	22.63%
Director	Jun-Ya Chen	0	0.00%
Independent Director	Xin-Liang Chen	0	0.00%
Independent Director	Chang-Zhih Lin	0	0.00%
Independent Director	Run-Qing Chen	0	0.00%
Independent Director	Feng-Zhi Lin	0	0.00%
Total Shareholding by All Directors		24,598,428	44.77%

Note: In accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

- (1) The Company's paid-in capital as of March 31, 2025 was NT\$549,500,000 (54,950,000 shares).
- (2) No minimal number of shares for a supervisor has been applied as the Company has established its audit committee.