

**HERAN**

Stock code: 5283

**HERAN Co., Ltd.**

**2025 Regular Shareholders'  
Meeting  
Meeting Handbook**

**Method of meeting: Physical shareholders' meeting**

**Date of shareholders' meeting: June 3, 2025**

**Place of shareholders' meeting: 1st floor, No. 289 Wenhe Road,  
Guishan District, Taoyuan City**

# Table of Contents

I. Meeting Procedure .....	2
II. Meeting Agenda.....	3
1. Matters to Report .....	4
2. Matters to Acknowledge.....	5
3. Matters to Discuss.....	7
4. Extempore motions .....	10
5. Meeting Adjourned .....	10
III. Attachments.....	11
Attachment 1: Business Report .....	12
Attachment 2: Audit Committee's Review Report .....	17
Attachment 3. Independent Auditors Report; Individual Financial Statements for 2024; Consolidated Financial Statements.....	18
Attachment 4. Comparison table of amendments to Articles of Incorporation .....	42
IV. Appendixes .....	46
Appendix 1: Rules of Procedure for Shareholders Meetings .....	47
Appendix 2: Articles of Incorporation (Before revision) .....	62
Appendix 3: Shareholdings of the Company's directors as a whole .....	70

# I. Meeting Procedure

HERAN Co., Ltd.

## Meeting Procedure of 2025 Regular Shareholders

### Meeting

- I. Call meeting to order
- II. Chair takes seat
- III. Chair's speech
- IV. Matters to Report
- V. Matters to Acknowledge
- VI. Matters to Discuss
- VII. Extempore Motions
- VIII. Meeting Adjourned

## II. Meeting Agenda

### HERAN Co., Ltd. Agenda of 2025 Regular Shareholders Meeting

- I. Time: 9:00 a.m., Tuesday, June 3, 2025  
Place: 1st floor, No. 289 Wenhe Road, Guishan District, Taoyuan City
- II. Call meeting to order
- III. Chair's speech
- IV. Matters to report
  - (I) 2024 Business Report.
  - (II) Audit Committee's Review Report
  - (III) Report on distribution of remunerations to employees and directors for 2024.
- V. Matters to acknowledge
  - (I) Acknowledgment of the 2024 Business Report and Financial Statements.
  - (II) Earnings Distribution Proposal for 2024.
- VI. Matters to discuss
  - (I) Proposal on amendment to the Company's "Articles of Incorporation".
  - (II) Capitalization of common stock through earnings for 2024.
- VII. Extempore Motions
- VIII. Meeting Adjourned

# 1. Matters to Report

## Proposal 1:

Case: 2024 Business Report for review.

Description: The Company's 2024 Business Report.

[Please refer to Page 12~16 (Attachment 1) of this handbook]

## Proposal 2

Case: Audit Committee's Review Report

Description: Audit Committee's Review Report. [Please refer to Page 17 (Attachment 2) of this handbook]

## Proposal 3

Case: Report on distribution of remunerations to employees and directors for 2024.

Description: 1. Passed at the Board of Directors meeting dated March 10, 2025 the said remunerations to employees and directors have all been recognized as expenses for 2024, as required by Article 29 of the Company's Articles of Incorporation. The amount stated on the accounting book is consistent with the amount intended to be distributed by the Board of Directors. Below is the description of distribution:

Unit: New Taiwan Dollars

Distribution item	Distribution percentage	Amount	Distribution method
Employees' remuneration	5.0%	29,269,844	All distributed in cash
Directors' remuneration	2.2%	12,878,732	

## 2. Matters to Acknowledge

Proposal 1:

Proposed by the Board of Directors

Case: Please accept the 2024 Business Report and Financial Statements.

Description: I. The Company's 2024 financial statements have been audited by CPA Li Li-

Huang and Hsieh Chien-Hsin, Deloitte & Touche.

II. 2024 Independent Auditors' Report and Financial Statements (individual and consolidated financial statements).

[Please refer to Page 18~41 (Attachment 3) of this handbook]

III. Hereby submitted for your acknowledgment.

Resolution:

Proposal 2:

Proposed by the Board of Directors

Case: Adoption of the 2024 earnings distribution proposal for acknowledgment.

Description: I. In accordance with Article 28 of the Company's Articles of

Incorporation and Article 228 of the Company Act, the 2024 Earnings Distribution Table has been prepared, passed by resolution of the Board of Directors, and reviewed by the Audit Committee.

II. The 2024 earnings distribution table is as follows:

HERAN Co., Ltd.  
Earnings Distribution Table  
2024

Unit: New Taiwan Dollars

Item	Amount
Undistributed earnings at the beginning of the period	1,656,769,402
Add: Current net profit after tax	468,117,293
Less: Provision of legal reserve	(46,811,729)
Less: Provision of special reserve	(98,350)
Distributable earnings	2,077,976,616
Item of distribution	
Shareholders bonus (based on 73,000,425 shares) --Stock dividend transferred to capital increase (NT\$2 per share)	(146,000,850)
End of period retained undistributed earnings	1,931,975,766

Chairman: Tsai, Po-i    President: Lin, Chin-hung    Accounting Supervisor: Lei, Chia-chun

III. Hereby submitted for your acknowledgment.

Resolution:

### 3. Matters to Discuss

Proposal 1:

Proposed by the Board of Directors

Case: Proposal on amendment to the Company's "Articles of Incorporation", hereby submitted for discussion.

Description: I. In line with the Financial Supervisory Commission's Letter Jing-Guan-Zeng-Fa-Zi No. 1130385442 dated November 8, 2024, it is proposed to revise some clauses of the Articles of Incorporation and amend some clauses and the corresponding table. [Please refer to Page 42~45 (Attachment 4) of this handbook]

II. Hereby submitted for your discussion.

Resolution:



Proposal 2:

Proposed by the Board of Directors

Case: Capitalization of common stock through earnings for 2024 for discussion.

Description: I. To reserve necessary operating capital, it is proposed to appropriate shareholders' dividends of NT\$146,000,850 from the distributable earnings of 2024 for capital increase, issuing 14,600,085 common shares with a par value of NT\$10 per share. Based on the shareholders and their shareholdings recorded in the shareholders' register on the ex-rights record date, 200 shares will be distributed per 1,000 shares without compensation.

- II. For fractional shares less than one share, shareholders may register with the Company's stock agent to combine them into whole shares within five days from the book closure date. Fractional shares that are not combined or remain less than one share after combination will be paid in cash based on par value, calculated to the nearest dollar (amounts less than one dollar will be disregarded). The Regular Shareholders' Meeting is requested to authorize the Chairman to find specific persons to purchase these fractional shares at par value.
- III. The rights and obligations of the newly issued shares are the same as those of the existing common shares.
- IV. If there is any change in the Company's capital that affects the number of outstanding shares and causes a change in the stock distribution ratio, the Regular Shareholders' Meeting is requested to authorize the Board of Directors to adjust the distribution ratio.
- V. The record date for the capital increase will be determined by a separate Board of Directors meeting after approval by the Regular Shareholders' Meeting and regulatory authorities. In regard to all details related to this matter, if changes are required due to legal regulations or instructions from the regulatory authorities, authorization is granted to the Board of Directors to handle such matters with full authority.
- VI. Hereby submitted for your discussion.

Resolution:

4. Extempore motions

5. Meeting Adjourned

### III. Attachments

Attachments
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## Attachment 1: Business Report

### HERAN Co., Ltd. 2024 Business Report

Dear shareholders:

Firstly I'd like to thank you for your taking time to participate in this Regular Shareholders' Meeting, and also for your support for the Company in the past year. I also want to thank all employees and the management team for their endeavor. Below is the report on the 2024 business results and 2025 outlook:

#### I. 2024 Business Report

##### (I) 2024 Business Plan Implementation Achievements

In 2024, the Company's consolidated operating revenue reached NT\$6,417,178 thousand, up 3.63% from NT\$6,192,134 thousand in 2023; the post-tax profit stood at NT\$467,497 thousand, down NT\$100,558 thousand from NT\$568,055 thousand in 2023. The increase in revenue was due to the growth in air conditioning and home appliance sales in 2024. The decrease in profit was due to rising raw material prices, a stronger US dollar leading to increased costs, and the clearance of long-stagnant inventory, resulting in a decline in gross profit.

(II) Budget execution status: The Company did not make a financial forecast for 2024.

##### (III) Income and expenses and profitability analysis

Unit: NT\$ thousand

Unit: NT\$ thousands

Item		2024	2023	
Income and expenses	Operating revenue	6,417,178	6,192,134	
	Gross profit	2,037,075	2,075,774	
	Pre-tax profit (loss), net	562,363	703,812	
Profitability	Return on assets (%)		7.40	9.35
	Return on equity (%)		10.92	13.53
	As a percentage of paid-in capital (%)	Operating profit	60.42	83.35
		Pretax profit	77.04	96.41
	Net profit (loss) to sales		7.29	9.17
	Earnings (loss) per share (NT\$)		6.40	7.78

##### (IV) Research and Development Status

In terms of LCD displays:

With the evolution of smart display technology, LCD displays have upgraded from traditional single-display devices to intelligent control centers with multi-terminal interconnectivity. Cross-device streaming and multi-screen linkage technologies have progressively matured, accommodating both personal immersive entertainment ("Me Time") and family sharing experiences ("We Time"), strengthening smart home ecosystems. Through AIoT technology, these systems enhance appliance interconnectivity and, combined with door lock integration mechanisms, enable smart TVs to function as home security

management hubs supporting facial recognition or mobile device unlocking. The integration of AR (Augmented Reality) interactive experiences, through visual enhancement technology, allows users to intuitively operate appliance settings, further improving the convenience of home digital applications.

Meanwhile, the Company continues to advance its Google TV series products. In addition to enhancing display performance, AI picture quality calibration, and low power consumption design technologies, the Company will also introduce more intelligent voice interaction features, image enhancement processing, and personalized recommendation algorithms to create a smarter and more convenient home entertainment experience for consumers.

In terms of air conditioners:

1. Production of High-Efficiency Eco-Friendly Refrigerant for Split-Type Air Conditioners: 2.3kW~16.0kW residential air conditioners with improved lightweight installation design: Reduced copper piping specifications for indoor and outdoor units to facilitate installation in narrow environments and improve installation convenience, increasing installation willingness for our products.
2. Production of 14~16kW three-phase power lightweight compact outdoor units, compatible with wall-mounted, four-way cassette, concealed duct, and floor-standing indoor units, highly suitable for installation in shops, exhibition venues, or factory premises, targeting the light commercial installation market.
3. Development of a 14.0~16.0 kW light commercial single-pressure one-to-two ~ one-to-four (7.2kW 2 ~ 4.1kW4) compact side-blow outdoor unit, suitable for installations with longer piping and limited installation space in residential and commercial projects, installed and used as a commercialized residential air conditioning unit.
4. Research and development of temperature and humidity dual-control function for residential air conditioners. In addition to using cooling and heating functions, consumers can also use a dedicated "dehumidification button" to set humidity levels. Users can select environmental temperature and humidity control to achieve a cooler and more comfortable sensory temperature.
5. In response to the governments continuous energy -saving transition and deep energy conservation program: Progressively developing energy-saving air conditioning monitoring and communication requirements, developing one-to-one to one-to-many series specifications that feature energy-saving monitoring and communication functions to facilitate market energy efficiency and meet national energy conservation and carbon reduction requirements.

In terms of home appliances:

In the home appliance sector, Heran freezers have established a market advantage. In 2024, the company will comprehensively upgrade to inverter freezing technology, reducing energy consumption and enhancing cooling efficiency to maintain market leadership. For the washing machine category, the Company further optimized its intelligent sensing washing technology, introducing AI load detection and adaptive washing modes to ensure optimal washing results for different fabric materials.

Small appliance products emphasize a multi-brand operation strategy, satisfying market demands across different channels through brand combinations including HERAN, Yamada, and Scion. Particularly in the post-pandemic era, health appliance demand has increased, with the Company expanding its lineup to include antibacterial UV dishwashers, negative hydrogen ion four-stage filtration instant hot water dispensers, and introducing intelligent air quality monitoring to enhance home health protection effectiveness. Furthermore, the Company is actively developing intelligent cleaning robots, combining AI automatic obstacle avoidance with multi-mode cleaning technology to further expand into the high-end market.

In response to the market demand, the Company will focus on smart home integration in the future, enabling household appliances to seamlessly connect with environmental sensors, access control systems, and energy management platforms. This will enhance the interconnected experience of smart appliances and provide appliance solutions that comply with smart building standards.

## II. 2024 Business Plan summary

### (I) Business strategy and important production and sale policy

1. Improve product quality and service efficiency to increase customer satisfaction.
2. Reduce product inventory and increase product turnover rate.
3. Accurately grasp the pulse of the market, continue to innovate and pursue product differentiation for continuous and stable growth of business performance.
4. The Company will establish a complete distribution channel and delivery and installation system.
5. Hope to take advantage of Taiwans experience and see the world.

### (II) Estimated sales; estimation basis

HERAN has been deeply involved in the Taiwan market for many years and has won the favor of consumers. After the companys stock was listed on the stock exchange, the companys brand awareness also increased significantly. Over the years, the sales volume and market share of air conditioners have been continuously increasing. The Company has long been a leading player in the LCD display market, continuously maintaining a significant market share. In addition to sustaining the market share and growth rates of these products, the company has also successfully launched a series of household appliance products, which have achieved commendable sales results. Sales performance has consistently grown annually. Benefiting from the pandemic, the upright-style freezers from Heran have gained a solid reputation. Furthermore, the multi-brand strategy for small appliances has made substantial contributions through various channels, including major retailers and social media influencers. It is expected that the shipment volume and revenue of the Companys products will continue to grow in 2025.

## III. Future company development strategy; impact from external competition, legal environment, and overall business environment

### (I) Future development strategy

1. Enhancing product performance and user experience:

In the smart display field, the Company will deepen AI image quality algorithm technology, strengthen image enhancement, ambient light

sensing, dynamic compensation and other functions, and continue to develop voice recognition and natural language processing technologies to enhance user interaction experience. For high-end flagship models, the focus will be on 8K high-definition display, Mini LED backlight technology and 120Hz+ high refresh rate gaming display to meet the demands of the high-end consumer market. In addition, to expand market penetration, the Company will simultaneously maintain the supply of non-networked products, providing customized models that meet the needs of the project market to ensure product diversity and market competitiveness.

In terms of air-conditioning, in response to the sustainability of COP28 (United Nations Framework Convention on Climate Change) and in line with the governments 2050 net zero carbon emissions, the aggressive efforts are as follows:

(1) Development of window-type air conditioners and portable air conditioners using natural refrigerant systems or R290 refrigerant, which has a GWP (Global Warming Potential) of approximately zero. Compared to currently used refrigerant systems, natural refrigerants are competitive in terms of efficiency and cost.

(2) Reduce the development and use of products containing hydrofluorocarbons (HFCs) with GWP exceeding 750.

Support energy conservation and carbon reduction by developing and using hydrocarbon (HC) refrigerants, which have the advantages of environmental protection, energy efficiency, near-zero carbon emissions, and high energy efficiency, to achieve the goal of green net-zero carbon emissions in air conditioning implementation

(3) Develop AI smart energy saving for household air conditioners by integrating AI technology with air conditioning technology to interactively learn complex and changing user environments, utilizing algorithms to dynamically adjust the operating mode of air conditioners and select the optimal energy-saving control strategy.

2. Establish an open-type innovation ecosystem:

To promote the development of the smart home industry, the Company will integrate AIoT and multi-modal sensing technologies, advancing intelligent environmental sensing and adaptive control, while introducing next-generation communication protocols including Zigbee, Matter, and Wi-Fi 6E to ensure seamless interaction between household appliances. Simultaneously, the Company is actively collaborating with domestic and international chip manufacturers to develop high-performance edge computing modules for various application scenarios, enhancing the independent computing capabilities of smart appliances, reducing cloud dependency, and achieving more efficient device coordination.

3. Strengthen information security and privacy protection:

With the further proliferation of smart home appliances, personal data security and privacy protection have become critical issues. The Company will strictly comply with international data privacy standards such as GDPR, CCPA, and establish comprehensive data encryption, access control, and remote update mechanisms to ensure device information



security. Furthermore, the Company will implement blockchain verification mechanisms to ensure that smart appliance firmware updates and user data cannot be tampered with, further enhancing consumer trust in the products

(II) Impact from external competition, legal environment, and overall business environment

In addition to the competition from local brands, Taiwans home appliance market must also face the entry of brands from Japan, South Korea, Europe, America, and China. Therefore, the market competition is quite fierce. In addition, we also have to deal with the need for higher awareness towards environmental protection and energy conservation and in line with the governments 2050 net zero carbon emission goal. The only way for the Company to stay true to the market is to keep on innovating and changing. The Company will continue to deliver the HERAN brand marketing strategy, which aims to evoke a sense of quality and high added value for products; to evolve product quality; and to develop quality, differentiated products to differential the Company from competitors, thereby grasping the key competitive advantages.

Lastly,  
I wish every shareholder  
a good health and good luck!

Chairman: Tsai, Po-i ○ President: Lin, Chin-hung ○ Accounting Supervisor: Lei, Chia-chun

## Attachment 2: Audit Committee's Review Report

### HERAN Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2024 Business Report, Financial Statements (Individual and Consolidated Financial Statements), and the Earnings Distribution Proposal, of which the Financial Statements were audited by Deloitte & Touche, which furnished an audit report. The Audit Committee had audited the said Business Report, Financial Statements, and Earnings Distribution Proposal and found them to be compliant, and thus presented the above documents in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review and approval.

To  
HERAN Co., Ltd.  
2025 Regular Shareholders' Meeting

Audit Committee convener: Huang Tien-chang

March 10, 2025

### Attachment 3. Independent Auditors Report; Individual Financial Statements for 2024; Consolidated Financial Statements

**Heran Co., Ltd.**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Heran Co., Ltd.

### **Opinion**

We have audited the accompanying parent company only financial statements of Heran Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the parent company only financial statements for the year ended December 31, 2024 is stated as follows:

Occurrence of Operating Income

For 2024, operating income of the Company is a key indicator used by management to evaluate business performance, the products for sale include air-conditioning system, LCD monitors and other electrical equipment. Among various products for sale, the sales of air-conditioning system to specific clients occur frequently and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that there may be a risk of the authenticity of revenue from sales of air-conditioning system to specific clients and considered the occurrence of operating income to be a key audit matter. The related accounting policies are described in Note 4(n) to the parent company only financial statements.

Our auditing procedures with respect to the above matter are as follows:

1. We understood and evaluated the procedure and the internal control system related to revenue from sales of air-conditioning system to specific clients.
2. We tested the effectiveness of the internal control system related to the occurrence of revenue from sales of air-conditioning system to specific clients.
3. In order to confirm no material difference, we obtained the sales revenue details of the air-conditioning system to specific clients in 2024, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.
4. We verified and confirmed the existence of material sales return and discount after the balance sheet date.

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
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 parent company only 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 entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024, 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 audits resulting in this independent auditors' report are Li-Huang Lee and Chien-Hsin Hsieh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2025

#### Notice 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 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*



# HERAN CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 494,795	7	\$ 341,991	6
Financial assets at fair value through profit or loss - current (Note 7)	171,576	3	32,020	1
Financial assets at fair value through other comprehensive income - current (Note 8)	-	-	44,045	1
Note receivables from unrealized parties (Note 10)	255,546	4	304,046	5
Trade receivables from unrealized parties (Note 10)	743,476	11	707,962	11
Trade receivables from related parties (Notes 10 and 31)	32,831	1	23,024	-
Other receivables (Note 10)	8,561	-	8,022	-
Other receivables from related parties (Notes 10 and 31)	4,857	-	3,898	-
Current income tax assets (Note 26)	-	-	156	-
Inventories (Note 11)	1,239,216	19	1,205,823	19
Prepayments (Note 17)	68,896	1	74,472	1
Right to recover products - current (Note 17)	75,780	1	65,347	1
Other current assets	59	-	45	-
Total current assets	3,095,593	47	2,810,851	45
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	849,902	13	849,902	14
Investments accounted for using equity method (Note 12)	884,181	13	734,724	12
Property, plant and equipment (Note 13)	1,424,873	22	1,405,200	23
Right of use assets (Note 14)	100,178	2	184,573	3
Investment property (Note 15)	89,586	1	91,643	2
Intangible assets (Note 16)	27,362	-	9,913	-
Deferred tax assets (Note 26)	100,407	2	67,265	1
Prepayments for equipment	12,697	-	22,180	-
Refundable deposits (Note 17)	27,141	-	29,072	-
Net defined benefit asset, non-current (Note 22)	6,094	-	5,253	-
Other financial assets - non-current (Note 17)	5,400	-	5,000	-
Total non-current assets	3,527,821	53	3,404,725	55
TOTAL	\$ 6,623,414	100	\$ 6,215,576	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 230,000	3	\$ 281,883	5
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	624	-
Contract liabilities - current (Note 24)	4,651	-	-	-
Notes payable (Note 19)	104,114	2	36,367	1
Trade payables to unrelated parties (Note 19)	265,300	4	305,745	5
Trade payables to related parties (Notes 19 and 31)	300,084	5	195,582	3
Other payables to unrelated parties (Note 20)	281,891	4	571,481	9
Other payables to related parties (Notes 20 and 31)	14,036	-	10,440	-
Current tax liabilities (Note 26)	53,159	1	41,788	1
Provisions - current (Note 21)	6,934	-	7,972	-
Lease liabilities - current (Notes 14 and 31)	97,940	1	93,804	1
Current portion of long-term borrowings (Note 18)	24,000	-	-	-
Refund liabilities - current (Note 20)	431,870	7	320,073	5
Other current liabilities (Note 20)	2,289	-	2,064	-
Total current liabilities	1,816,268	27	1,867,823	30
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	358,000	6	-	-
Provisions - non-current (Note 21)	52,265	1	38,448	1
Deferred tax liabilities (Note 26)	20,638	-	19,252	-
Lease liabilities - non-current (Notes 14 and 31)	4,930	-	93,418	2
Guaranteed deposits received	5,180	-	4,391	-
Total non-current liabilities	441,013	7	155,509	3
Total liabilities	2,257,281	34	2,023,332	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital	730,004	11	730,004	12
Capital surplus	752,306	11	825,306	13
Retained earnings				
Legal reserve	775,836	12	733,788	12
Unappropriated earnings	2,108,085	32	1,901,018	30
Other equity	(98)	-	2,128	-
Total equity	4,366,133	66	4,192,244	67
TOTAL	\$ 6,623,414	100	\$ 6,215,576	100

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

# HERAN CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)				
Sales	\$ 7,850,907	125	\$ 7,457,884	122
Sales returns	(282,843)	(5)	(266,653)	(4)
Sales discounts and allowances	<u>(1,274,028)</u>	<u>(20)</u>	<u>(1,101,859)</u>	<u>(18)</u>
Total operating revenue	6,294,036	100	6,089,372	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>(4,752,357)</u>	<u>(76)</u>	<u>(4,389,991)</u>	<u>(72)</u>
GROSS PROFIT	1,541,679	24	1,699,381	28
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	(2,245)	-	(844)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	<u>844</u>	<u>-</u>	<u>412</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,540,278</u>	<u>24</u>	<u>1,698,949</u>	<u>28</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	(1,014,271)	(16)	(1,008,648)	(17)
General and administrative expenses	(155,153)	(2)	(110,143)	(2)
Research and development expenses	(46,145)	(1)	(54,164)	(1)
Expected credit losses	<u>(6,296)</u>	<u>-</u>	<u>(340)</u>	<u>-</u>
Total operating expenses	<u>(1,221,865)</u>	<u>(19)</u>	<u>(1,173,295)</u>	<u>(20)</u>
PROFIT FROM OPERATIONS	<u>318,413</u>	<u>5</u>	<u>525,654</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	35,814	-	11,790	-
Other income	67,393	1	40,844	1
Other gains and losses	(5,740)	-	5,752	-
Finance costs	(16,784)	-	(8,304)	-
Share of profit or loss of associates and subsidiaries accounted for using the equity method	<u>144,152</u>	<u>2</u>	<u>113,552</u>	<u>2</u>
Total non-operating income and expenses	<u>224,835</u>	<u>3</u>	<u>163,634</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	543,248	8	689,288	11
INCOME TAX EXPENSE (Note 26)	<u>(75,751)</u>	<u>(1)</u>	<u>(121,233)</u>	<u>(2)</u>

(Continued)

## HERAN CO., LTD.

### PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
NET PROFIT FOR THE YEAR	<u>467,497</u>	<u>7</u>	<u>568,055</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	774	-	-	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,226)	-	2,226	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(155)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>(98)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(1,607)</u>	<u>-</u>	<u>2,128</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 465,890</u>	<u>7</u>	<u>\$ 570,183</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 6.40</u>		<u>\$ 7.78</u>	
Diluted	<u>\$ 6.38</u>		<u>\$ 7.75</u>	

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

# HERAN CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings		Other Equity Unrealized Gains or Loss on Investment at Fair Value Through Other Comprehensive Income	Total
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2023	73,000	\$ 730,004	\$ 825,306	\$ 669,657	\$ 1,981,097	\$ -	\$ 4,206,064
Appropriation of 2022 earnings							
Legal reserve	-	-	-	64,131	(64,131)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,003)	-	(584,003)
Net profit for the year ended December 31, 2023	-	-	-	-	568,055	-	568,055
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,128	2,128
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	568,055	2,128	570,183
BALANCE AT DECEMBER 31, 2023	73,000	730,004	825,306	733,788	1,901,018	2,128	4,192,244
Appropriation of 2023 earnings							
Legal reserve	-	-	-	42,048	(42,048)	-	-
Cash dividends distributed by the Company	-	-	(73,000)	-	(219,001)	-	(292,001)
Net profit for the year ended December 31, 2024	-	-	-	-	467,497	-	467,497
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	619	(2,226)	(1,607)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	468,116	(2,226)	465,890
BALANCE AT DECEMBER 31, 2024	<u>73,000</u>	<u>\$ 730,004</u>	<u>\$ 752,306</u>	<u>\$ 775,836</u>	<u>\$ 2,108,085</u>	<u>\$ (98)</u>	<u>\$ 4,366,133</u>

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

# HERAN CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 543,248	\$ 689,288
Adjustments for:		
Depreciation expense	173,128	146,233
Amortization expense	14,117	13,776
Expected credit loss recognized on trade receivables	6,296	340
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(137)	1,938
Finance costs	16,784	8,304
Interest income	(35,814)	(11,790)
Dividend income	(8,116)	-
Share of profit of associates and subsidiaries accounted for using the equity method	(144,152)	(113,552)
Loss (gain) on disposal of property, plant and equipment	119	(26)
Write-down of inventories	34,140	33,315
Unrealized gain on transactions with associates and subsidiaries	2,245	844
Realized gain on transactions with associates and subsidiaries	(844)	(412)
Recognition of provisions	37,083	21,868
Changes in operating assets and liabilities		
Notes receivables	48,500	(39,367)
Trade receivables	(41,810)	67,889
Trade receivables from related parties	(9,807)	2,190
Other receivables	(217)	(5,152)
Other receivables from related parties	(959)	(3,332)
Inventories	(67,533)	120,859
Prepayments	5,576	(7,758)
Other current assets	(14)	(45)
Net defined benefit asset	(67)	(413)
Right to recover products	(10,433)	3,346
Financial liabilities held for trading	(296)	(9,796)
Contract liabilities	4,651	-
Notes payable	67,747	(55,033)
Trade payables	(40,445)	56,615
Trade payables to related parties	104,502	106,566
Other payables	(215)	(18,028)
Other payables to related parties	3,596	(577)
Provisions - current	(24,304)	(19,601)
Refund liabilities - current	111,797	(31,088)
Other current liabilities	225	85
Cash generated from operations	788,591	957,486
Interest paid	(16,209)	(8,134)
Income tax paid	(96,135)	(138,762)
Net cash generated from operating activities	676,247	810,590

(Continued)

# HERAN CO., LTD.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(891,819)
Purchases of financial assets at fair value through profit or loss	(141,222)	(30,000)
Other financial assets - non-current	(400)	(5,000)
Proceeds from sale of financial assets at fair value through profit or loss	43,294	-
Payments for property, plant and equipment	(62,209)	(36,769)
Proceeds from disposal of property, plant and equipment	642	310
Increase in refundable deposits	-	(15,673)
Decrease in refundable deposits	1,931	-
Payments for intangible assets	(31,566)	(8,832)
Increase in prepayments for equipment	(14,632)	(34,762)
Interest received	35,781	11,790
Dividends received from associates and subsidiaries	43,294	60,550
Dividends received from others	<u>7,827</u>	<u>-</u>
Net cash used in investing activities	<u>(117,260)</u>	<u>(950,205)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	281,883
Decrease in short-term borrowings	(51,883)	-
Proceeds from long-term bank loans	382,000	-
Increase in guarantee deposits received	789	-
Decrease in guarantee deposits received	-	(267)
Repayment of the principal portion of lease liabilities	(103,086)	(98,187)
Dividends paid to owners of the Company	(584,003)	(584,003)
Acquisition of ownership interests in subsidiary	<u>(50,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(406,183)</u>	<u>(400,574)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>152,804</b>	<b>(540,189)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>341,991</u></b>	<b><u>882,180</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 494,795</u></b>	<b><u>\$ 341,991</u></b>

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

(Concluded)

## **Heran Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of Heran Co., Ltd. as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Heran Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

HERAN CO., LTD.

By

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BO-YI TSAI  
Chairman

March 10, 2025



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Heran Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Heran Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

### Occurrence of Operating Income

For 2024, operating income of the Group is a key indicator used by management to evaluate business performance, the products for sale include air-conditioning system, LCD monitors and other electrical equipment. Among various products for sale, the sales of air-conditioning system occur frequently and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that there may be a risk of the authenticity of revenue from sales of air-conditioning system and considered the occurrence of operating income to be a key audit matter. The related accounting policies are described in Note 4(n) to the consolidated financial statements.

Our auditing procedures with respect to the above matter are as follows:

1. We understood and evaluated the procedure and the internal control system related to revenue from sales of air-conditioning system.
2. We tested the effectiveness of the internal control system related to the occurrence of revenue from sales of air-conditioning system.
3. In order to confirm no material difference, we obtained the sales revenue details of the air-conditioning system in 2024, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.
4. We verified and confirmed the existence of material sales return and discount after the balance sheet date.

### **Other Matters**

We have also audited the separate financial statements of Heran Co., Ltd. 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 IFRS, IAS, IFRIC, and 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 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 for the year ended December 31, 2024 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 partner on the audits resulting in this independent auditors' report are Li-Huang Lee and Chien-Hsin Hsieh.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2025

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 683,128	10	\$ 580,195	9
Financial assets at fair value through profit or loss - current (Note 7)	264,791	4	32,020	-
Financial assets at fair value through other comprehensive income - current (Note 8)	-	-	44,045	1
Note receivable (Note 10)	258,805	4	308,839	5
Trade receivables (Note 10)	784,830	12	737,583	12
Trade receivables from related parties (Notes 10 and 32)	3	-	-	-
Other receivables (Note 10)	8,708	-	8,388	-
Other receivables from related parties (Notes 10 and 32)	31	-	48	-
Current tax assets (Note 27)	2,327	-	2,468	-
Inventories (Note 11)	1,460,191	22	1,420,363	22
Prepayments (Note 18)	110,992	2	127,992	2
Right to recover a product - current (Note 18)	75,780	1	65,347	1
Other current assets	<u>1,385</u>	<u>-</u>	<u>909</u>	<u>-</u>
Total current assets	<u>3,650,971</u>	<u>55</u>	<u>3,328,197</u>	<u>52</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	849,902	13	849,902	13
Investments accounted for using equity method (Note 13)	268,055	4	233,327	4
Property, plant and equipment (Note 14)	1,478,486	22	1,473,914	23
Right-of-use assets (Note 15)	128,200	2	240,525	4
Investment property (Note 16)	89,586	1	91,643	2
Intangible assets (Note 17)	27,362	-	9,925	-
Deferred tax assets (Note 27)	112,597	2	76,627	1
Prepayments for equipment	12,697	-	22,429	-
Refundable deposits	49,990	1	51,830	1
Net defined benefit asset, non-current (Note 23)	6,094	-	5,253	-
Other financial assets - non-current (Note 18)	<u>20,400</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total non-current assets	<u>3,043,369</u>	<u>45</u>	<u>3,075,375</u>	<u>48</u>
TOTAL	<u>\$ 6,694,340</u>	<u>100</u>	<u>\$ 6,403,572</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 270,000	4	\$ 357,159	6
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	624	-
Contract liabilities - current (Note 25)	4,651	-	-	-
Notes payable (Note 20)	106,070	2	36,565	1
Trade payables (Note 20)	471,313	7	468,221	7
Other payables (Note 21)	363,158	5	643,160	10
Other payables to related parties (Notes 21 and 32)	1,294	-	918	-
Current tax liabilities (Note 27)	68,454	1	52,796	1
Provisions - current (Note 22)	6,934	-	7,972	-
Lease liabilities - current (Notes 15 and 32)	126,706	2	121,722	2
Refund liabilities - current (Note 21)	434,579	7	325,456	5
Current portion of long-term borrowings (Note 19)	24,000	-	-	-
Other current liabilities (Note 21)	<u>4,391</u>	<u>-</u>	<u>3,859</u>	<u>-</u>
Total current liabilities	<u>1,881,550</u>	<u>28</u>	<u>2,018,452</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	358,000	6	-	-
Provisions - non-current (Note 22)	52,265	1	38,448	1
Deferred tax liabilities (Note 27)	22,486	-	21,136	-
Lease liabilities - non-current (Notes 15 and 32)	5,023	-	122,277	2
Refund liabilities - non-current (Note 21)	1,662	-	2,171	-
Deposit received	<u>7,221</u>	<u>-</u>	<u>8,844</u>	<u>-</u>
Total non-current liabilities	<u>446,657</u>	<u>7</u>	<u>192,876</u>	<u>3</u>
Total liabilities	<u>2,328,207</u>	<u>35</u>	<u>2,211,328</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital	730,004	11	730,004	11
Capital surplus	752,306	11	825,306	13
Retained earnings				
Legal reserve	775,836	12	733,788	11
Unappropriated earnings	2,108,085	31	1,901,018	30
Other equity	<u>(98)</u>	<u>-</u>	<u>2,128</u>	<u>-</u>
Total equity	<u>4,366,133</u>	<u>65</u>	<u>4,192,244</u>	<u>65</u>
TOTAL	<u>\$ 6,694,340</u>	<u>100</u>	<u>\$ 6,403,572</u>	<u>100</u>

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

# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)				
Sales	\$ 8,019,922	125	\$ 7,591,544	123
Sales returns	(313,550)	(5)	(279,671)	(5)
Sales discounts and allowances	<u>(1,289,194)</u>	<u>(20)</u>	<u>(1,119,739)</u>	<u>(18)</u>
Total operating revenue	6,417,178	100	6,192,134	100
OPERATING COSTS (Notes 11, 26 and 32)				
Cost of goods sold	<u>(4,380,103)</u>	<u>(68)</u>	<u>(4,116,360)</u>	<u>(66)</u>
GROSS PROFIT	2,037,075	32	2,075,774	34
REALIZED GROSS PROFIT	<u>2,037,075</u>	<u>32</u>	<u>2,075,774</u>	<u>34</u>
OPERATING EXPENSES (Notes 26 and 32)				
Selling and marketing expenses	(1,363,594)	(21)	(1,281,370)	(21)
General and administrative expenses	(170,363)	(3)	(121,431)	(2)
Research and development expenses	(55,752)	(1)	(64,142)	(1)
Expected credit losses	<u>(6,296)</u>	<u>-</u>	<u>(340)</u>	<u>-</u>
Total operating expenses	<u>(1,596,005)</u>	<u>(25)</u>	<u>(1,467,283)</u>	<u>(24)</u>
PROFIT FROM OPERATIONS	<u>441,070</u>	<u>7</u>	<u>608,491</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 32)				
Interest income	37,694	-	14,252	-
Other income	40,503	1	29,609	-
Other gains and losses	(7,508)	-	(12,422)	-
Finance costs	(21,658)	-	(11,094)	-
Share of profit or loss of associates and joint ventures	<u>72,262</u>	<u>1</u>	<u>74,976</u>	<u>1</u>
Total non-operating income and expenses	<u>121,293</u>	<u>2</u>	<u>95,321</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	562,363	9	703,812	11
INCOME TAX EXPENSE (Note 27)	<u>(94,866)</u>	<u>(2)</u>	<u>(135,757)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>467,497</u>	<u>7</u>	<u>568,055</u>	<u>9</u>

(Continued)

# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	774	-	-	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(2,226)	-	2,226	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(155)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(98)	-
Other comprehensive income for the year, net of income tax	(1,607)	-	2,128	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 465,890</u>	<u>7</u>	<u>\$ 570,183</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner(s) of the Company	\$ 467,497	7	\$ 568,055	9
Non-controlling interests	-	-	-	-
	<u>\$ 467,497</u>	<u>7</u>	<u>\$ 568,055</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner(s) of the Company	\$ 465,890	7	\$ 570,183	9
Non-controlling interests	-	-	-	-
	<u>\$ 465,890</u>	<u>7</u>	<u>\$ 570,183</u>	<u>9</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$6.40</u>		<u>\$7.78</u>	
Diluted	<u>\$6.38</u>		<u>\$7.75</u>	

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

(Concluded)

# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings		Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value at Fair Value Through Other Comprehensive Income	Total
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2023	73,000	\$ 730,004	\$ 825,306	\$ 669,657	\$ 1,981,097	\$ -	\$ 4,206,064
Appropriation of 2022 earnings							
Legal reserve	-	-	-	64,131	(64,131)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,003)	-	(584,003)
Net profit for the year ended December 31, 2023	-	-	-	-	568,055	-	568,055
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,128	2,128
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	568,055	2,128	570,183
BALANCE AT DECEMBER 31, 2023	73,000	730,004	825,306	733,788	1,901,018	2,128	4,192,244
Appropriation of 2023 earnings							
Legal reserve	-	-	-	42,048	(42,048)	-	-
Cash dividends distributed by the Company	-	-	(73,000)	-	(219,001)	-	(292,001)
Net profit for the year ended December 31, 2024	-	-	-	-	467,497	-	467,497
Other comprehensive income/(loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	619	(2,226)	(1,607)
Total comprehensive income/(loss) for the year ended December 31, 2024	-	-	-	-	468,116	(2,226)	465,890
BALANCE AT DECEMBER 31, 2024	<u>73,000</u>	<u>\$ 730,004</u>	<u>\$ 752,306</u>	<u>\$ 775,836</u>	<u>\$ 2,108,085</u>	<u>\$ (98)</u>	<u>\$ 4,366,133</u>

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



# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 562,363	\$ 703,812
Adjustments for:		
Depreciation expense	217,156	187,782
Amortization expense	14,169	14,151
Expected credit loss recognized on trade receivables	6,296	340
Net (gain)/loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(180)	3,170
Finance costs	21,658	11,094
Interest income	(37,694)	(14,252)
Dividend income	(9,821)	-
Share of profit or loss of associates and joint ventures	(72,262)	(74,976)
Gain on disposal of property, plant and equipment	(920)	(388)
Write-down of inventories	50,202	40,653
Provisions	37,083	21,868
Changes in operating assets and liabilities		
Note receivables	50,034	(42,697)
Trade receivables	(53,543)	50,894
Trade receivables to related parties	(3)	101
Other receivables	139	(507)
Other receivables from related parties	17	(5)
Inventories	(90,030)	80,244
Prepayments	17,000	(37,245)
Other current assets	(476)	(79)
Right to recover a product	(10,433)	3,346
Net defined benefit asset	(67)	(413)
Financial liability held for trading	(296)	(13,656)
Contract liabilities	4,651	-
Notes payable	69,505	(54,835)
Account payables	3,092	21,204
Other payables	12,420	(7,702)
Other payables to related parties	376	(3,650)
Provisions	(24,304)	(19,601)
Other current liabilities	532	(1,159)
Refund liabilities	108,614	(26,160)
Cash generated from operations	875,278	841,334
Interest paid	(21,117)	(10,858)
Income tax paid	(113,842)	(150,198)
Net cash generated from operating activities	740,319	680,278

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income

- (891,819)  
(Continued)

# HERAN CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Purchase of financial assets at fair value through profit or loss	(322,546)	(30,000)
Other financial assets - non-current	(400)	(20,000)
Proceeds from sale of financial assets at fair value through profit or loss	131,446	-
Payments for property, plant and equipment	(67,931)	(67,885)
Proceeds from disposal of property, plant and equipment	3,642	1,105
Increase in refundable deposits	-	(19,284)
Decrease in refundable deposits	1,840	-
Payments for intangible assets	(31,606)	(8,596)
Increase in prepayments for equipment	(14,632)	(46,320)
Interest received	37,660	14,252
Dividends received from associates	37,534	33,190
Dividends received from others	<u>9,396</u>	<u>-</u>
Net cash used in investing activities	<u>(215,597)</u>	<u>(1,035,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	357,159
Decrease in short-term borrowings	(87,159)	-
Proceeds from long-term bank loans	382,000	-
Decrease in guarantee deposits received	(1,623)	(5,113)
Repayment of the principal portion of lease liabilities	(131,004)	(125,022)
Dividends paid to owners of the Company	<u>(584,003)</u>	<u>(584,003)</u>
Net cash used in financing activities	<u>(421,789)</u>	<u>(356,979)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	102,933	(712,058)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>580,195</u>	<u>1,292,253</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 683,128</u>	<u>\$ 580,195</u>

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

(Concluded)

## Attachment 4. Comparison table of amendments to Articles of Incorporation

HERAN Co., Ltd.

### Comparison table of amendments to Articles of Incorporation

Article No.	Article after amendment	Article before amendment	Reason for amendment
Article 7	The Company's registered capital is NT\$ <u>2</u> billion, divided into <u>200</u> million shares with a face value of NT\$10 per share. The Board of Directors is authorized to issue the shares as yet unissued in multiple installments.  Of the registered capital stated in Paragraph 1, NT\$100 million, which is divided into 10 million shares with a face value of NT\$10 per share, is reserved for issue of employee stock options, which may be issued in installments through a resolution of the Board of Directors.	The Company's registered capital is NT\$ <u>1</u> billion, divided into <u>100</u> million shares with a face value of NT\$10 per share. The Board of Directors is authorized to issue the shares as yet unissued in multiple installments.  Of the registered capital stated in Paragraph 1, NT\$100 million, which is divided into 10 million shares with a face value of NT\$10 per share, is reserved for issue of employee stock options, which may be issued in installments through a resolution of the Board of Directors.	To accommodate the future operations and capital increase needs of the Company, certain text will be amended.
Article 17	If the Company wishes to cease to be publicly listed, it may do so through a resolution adopted at a shareholders' meeting in accordance with the law; in addition, this article shall not be changed during the period in which the Company's shares are traded in the emerging stock market and the period in which the Company's	If the Company wishes to cease to be publicly listed, it may do so through a resolution adopted at a shareholders' meeting in accordance with <u>Article 156 of the Company Act</u> ; in addition, this article shall not be changed during the period in which the Company's shares are traded in the emerging stock market and the period in	Text was deleted due to a change in the articles of the Company Act.

Article No.	Article after amendment	Article before amendment	Reason for amendment
	shares are traded on TWSE or TPEX.	which the Company's shares are traded on TWSE or TPEX.	
Article 29	<p>If the Company has earnings in a given year, no less than 1% of such earnings shall be appropriated as employee remuneration, either in cash or shares, <u>of which no less than 20% shall be allocated to entry-level employees</u>, and no more than 5% of such earnings shall be appropriated as director remuneration, all subject to a resolution from the Board of Directors. The proposals to distribute remuneration to employees and directors shall be reported at the Shareholders' Meeting.</p> <p>However, if the Company is still in losses, an amount equal to such losses shall be reserved before such earnings can be distributed as employee remuneration and director remuneration in the proportion mentioned above.</p> <p>Employees entitled to the Company's employee treasury stocks, employee stock options, employee's subscription right to new stocks, and employee</p>	<p>If the Company has earnings in a given year, no less than 1% of such earnings shall be appropriated as employee remuneration, either in cash or shares, and no more than 5% of such earnings shall be appropriated as director remuneration, subject to a resolution from the Board of Directors.</p> <p>The proposals to distribute remuneration to employees and directors shall be reported at the Shareholders' Meeting.</p> <p>However, if the Company is still in losses, an amount equal to such losses shall be reserved before such earnings can be distributed as employee remuneration and director remuneration in the proportion mentioned above.</p> <p>Employees entitled to the Company's employee treasury stocks, employee stock options, employee's subscription right to new stocks, and employee</p>	<p>This shall be handled in accordance with the provisions of Article 14, Paragraph 6 of the Securities and Exchange Act and other relevant laws and regulations.</p>

Article No.	Article after amendment	Article before amendment	Reason for amendment
	restricted stocks may include employees of a controlled or affiliated company who meet certain criteria.	restricted stocks may include employees of a controlled or affiliated company who meet certain criteria.	
Article 32	<p>This Articles of Incorporation was established on April 27, 2002.</p> <p>The 1st-time amendment was made on December 25, 2002.</p> <p>The 2nd-time amendment was made on June 21, 2007.</p> <p>The 3rd-time amendment was made on October 26, 2007.</p> <p>The 4th-time amendment was made on July 23, 2009.</p> <p>The 5th-time amendment was made on June 18, 2010.</p> <p>The 6th-time amendment was made on April 23, 2012.</p> <p>The 7th-time amendment was made on June 28, 2013.</p> <p>The 8th-time amendment was made on June 20, 2016.</p> <p>The 9th-time amendment was made on June 13, 2017.</p> <p>The 10th-time amendment was made on June 13, 2018.</p> <p>The 11th-time amendment was made on June 6, 2019.</p> <p>The 12th-time amendment was made on August 24, 2021.</p> <p>The 13th-time amendment was made on June 2, 2023.</p> <p>The 14th amendment was made on</p>	<p>This Articles of Incorporation was established on April 27, 2002.</p> <p>The 1st-time amendment was made on December 25, 2002.</p> <p>The 2nd-time amendment was made on June 21, 2007.</p> <p>The 3rd-time amendment was made on October 26, 2007.</p> <p>The 4th-time amendment was made on July 23, 2009.</p> <p>The 5th-time amendment was made on June 18, 2010.</p> <p>The 6th-time amendment was made on April 23, 2012.</p> <p>The 7th-time amendment was made on June 28, 2013.</p> <p>The 8th-time amendment was made on June 20, 2016.</p> <p>The 9th-time amendment was made on June 13, 2017.</p> <p>The 10th-time amendment was made on June 13, 2018.</p> <p>The 11th-time amendment was made on June 6, 2019.</p> <p>The 12th-time amendment was made on August 24, 2021.</p> <p>The 13th-time amendment was made on June 2, 2023.</p>	<p>Add the date and number of amendments</p>

Article No.	Article after amendment	Article before amendment	Reason for amendment
	<u>XX XX, 2025.</u>		

## IV. Appendixes

# Appendixes

## Appendix 1: Rules of Procedure for Shareholders Meetings

HERAN Co., Ltd.

### Rules of Procedure for Shareholders Meetings

Article 1: To establish a good governance system involving the Shareholders' Meeting, better the supervision function, and enhance the management function, the Company has established these rules in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for employees to abide by.

Article 2: Unless otherwise specified by laws, regulations, or the Company's Articles of Incorporation, these rules shall apply to the convention of a Shareholders' Meeting.

Article 3: Unless otherwise provided by laws or regulations, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

When conducting a shareholders' meeting via video conference, a company, unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies, must include provisions in its articles of incorporation. Additionally, such a meeting must be resolved by the Board of Directors with the attendance of at least two-thirds of the directors and the approval of more than half of the attending directors.

Any change in the mode of convening the Shareholders' Meeting of the Company shall be subject to a resolution of the Board of Directors and shall be made at the latest before the notice of the meeting of the Shareholders' Meeting is sent.

The Company shall prepare electronic versions of the Regular 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, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a Regular Shareholders' Meeting or 15 days before the date of an extraordinary shareholders meeting. The Company shall prepare electronic versions of the Meeting Handbook and supplementary information of the Regular Shareholders' Meeting and upload them to the MOPS 21 days before the date of the Regular Shareholders' Meeting or 15 days before the date of an extraordinary shareholders meeting. However, if the paid-in capital of the Company at the end of the latest fiscal year is more than NT\$10 billion or the total shareholding ratio of foreign capital and continental capital recorded in the



shareholders list of the Regular Shareholders' Meeting in the latest fiscal year is more than 30%, the electronic files shall be transmitted 30 days before the meeting of the Regular Shareholders' Meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the Meeting Handbook and supplementary information of the Shareholders' Meeting and made them available for review by shareholders at any time. The Meeting Handbook and supplemental materials shall be displayed at the Company and the professional shareholder services agent designated by the Company.

The Meeting Handbook and supplementary information of the meeting referred to in the preceding paragraph shall be made available to shareholders for reference on the day of the Shareholders' Meeting in the following manner:

- I. When the entity Shareholders' Meeting is held, the above-mentioned information shall be distributed at the shareholders' meeting site.
- II. When the video-assisted Shareholders' Meeting is held, the above-mentioned information shall be distributed at the Shareholders' Meeting site and transmitted to the video conference platform by electronic file.
- III. When the video Shareholders' Meeting is held, the above-mentioned information shall be transmitted to the video conference platform by electronic file.

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 in capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, recapitalization of earnings, recapitalization of capital surplus, the dissolution, merger, or demerger of the Company, or any matter under Paragraph 1, Article 185 of the Company Act, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extempore 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 extempore 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 Company 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 submission of shareholder proposals, the manner in which a submission in writing or electronic form will be accepted, and the location and time period for their submission; the period for acceptance of 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 from 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 Company and stating the scope of authorization granted to the proxy.

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

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the Shareholders' Meeting via video conferencing, 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:(Principles for the Venue and Time of Shareholders' Meetings)

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.

When the Company convenes a video Shareholders' Meeting, it is not limited by the meeting place mentioned in the preceding paragraph.

Article 6:(Preparation of Documents such as the Signature Book)

The Company shall specify in the notice of meeting the time, place and other matters needing attention of the accepting shareholders, solicitors and proxy agents (hereinafter referred to as shareholders) to report for duty.

The time for accepting shareholders' registration in the preceding paragraph shall be at least 30 minutes before the meeting starts; The registration place shall be clearly marked and appropriate and competent personnel shall be dispatched to handle the acceptance of registration time; The video conference of the Shareholders' Meeting shall be accepted and registered on the video conference platform of the Shareholders' Meeting 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to have attended the Shareholders' Meeting in person.

Shareholders or 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 a attendance book for attending shareholders to sign in, or the attending shareholders shall hand in their sign-in cards 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 for directors and supervisors, pre-printed ballots

shall also be furnished.

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

Shareholders who intend to attend a Shareholders' Meeting via video conferencing shall register with the Company two days prior to the meeting.

If the Shareholders' Meeting is held through video conference, the Company shall upload the Meeting Handbook, annual report, and other related data to the Shareholders' Meeting video conference platform at least 30 minutes before the meeting begins, and continuously disclose them until the end of the meeting.

Article 6-1: (Required Matters in the Convening Notice for Virtual Shareholders' Meetings)

When the Company convenes a virtual shareholders' meeting, the following matters shall be specified in the shareholders' meeting notice:

- I. Methods for shareholders to participate in video conference and exercise their rights.
- II. The handling methods for obstacles caused by natural disasters, incidents or other force majeure on the video conference platform or participation by video means shall at least include the following items:
  - (I) The duration of the obstacles before the occurrence cannot be ruled out, resulting in the need to postpone or resume the meeting, and the date when the meeting needs to be postponed or resumed.
  - (II) Shareholders who have not registered to participate in the original Shareholders' Meeting through video conferencing shall not participate in the postponed or resumed meeting.
  - (III) The Company shall convene a Shareholders' Meeting through video conferencing) and shall specify appropriate alternative measures for shareholders who have difficulty in participating in the Shareholders' Meeting via video conferencing. Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters.

(IV) In the event that all proposals have been announced but no extempore motion has been taken, the handling method shall be as follows.

III. The Company shall convene a Shareholders' Meeting through video conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty in participating in the Shareholders' Meeting via video conferencing.

Article 7: If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be Chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers as Chairman, the Vice Chairman shall act in place of the Chairman; if there is no vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers as vice Chairman, the Chairman 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 Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as Chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors 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 designated by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: (Documentation of Audio or Video Recordings of Shareholders' Meetings as Evidence)

The Company shall audiotape or videotape the whole process of the Shareholders' Meeting, and shall keep such audio or videos for at least one year. However, if a shareholder files a litigation in accordance with Article 189 of the Company Act, such materials shall be kept until such litigation is settled.

If the Shareholders' Meeting is held by video conference, the Company shall keep records of the shareholders' registration, reporting for duty, questioning, voting and the results of the Company's vote counting, and make continuous and uninterrupted audio and video recordings during the whole process of the video conference.

The information and audio and video recordings referred to in the preceding

paragraph shall be properly kept by the Company during the period of existence, and the audio and video recordings shall be provided to the person entrusted to handle video conference affairs for preservation.

If the Shareholders' Meeting is held by video conference, the Company shall conduct audio and video recordings of the background operation interface of the video conference platform.

Article 9: Attendance at shareholders' meetings shall be calculated based on number 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 number of shares registered on the video conference platform, plus the number of shares of which the 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; If the Shareholders' Meeting is held by video conference, the Company shall announce the adjournment of the meeting on the video conference platform of the Shareholders' Meeting.

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; If the Shareholders' Meeting is held by video conferencing, the shareholders who intend to attend the meeting by video conferencing shall re-register with the Company in accordance with Article 6.

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

Article 10: 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 extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set out in 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 extempore 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 extempore motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11: (Speech by Shareholders)

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 the speech unless they have sought and obtained the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a

shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

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

If the Shareholders' Meeting is held through video conferencing, shareholders who participate through video conferencing may ask questions in writing on the Shareholders' Meeting video conference platform after the Chair announces the meeting and before the announcement of adjournment. The number of questions for each proposal shall not exceed two, and each question shall be limited to 200 words. The provisions of Paragraphs 1 to 5 shall not apply.

If the question mentioned in the preceding paragraph does not violate regulations or does not exceed the scope of the proposal, it is advisable to disclose the question on the video conference platform of the Shareholders' Meeting as well known.

- Article 12: Voting at shareholders' meetings shall be calculated based on 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 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by



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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail; however, this restriction does not apply if a declaration is made to cancel the previous proxy appointment.

After a shareholder has exercised voting rights by correspondence or video conferencing, in the event the shareholder intends to attend the Shareholders' Meeting in person, 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, 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 shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, shall be announced on-site at the meeting, and a record made of the vote.

The Company holds Shareholders' Meeting via video conferencing. After the Chair announces the meeting, shareholders who participate through video conferencing shall vote on various proposals and election proposals through the video conference platform. The voting shall be completed before the Chair announces the end of the voting. If the voting is delayed, it will be deemed as abstention.

If the Shareholders' Meeting is held through video conferencing, the vote shall be counted in one go after the Chair announces the end of voting, and the voting and election results shall be announced.

When the Company holds a video assisted Shareholders' Meeting, shareholders who have registered to attend the Shareholders' Meeting by video in accordance with Article 6 and wish to attend the physical Shareholders' Meeting in person shall cancel their registration in the same manner as the registration two days before the Shareholders' Meeting; Those who have overdue the cancellation may only attend the Shareholders' Meeting via video conferencing.

Those who exercise their voting rights in written or electronic form, have not revoked their declaration of will, and participate in the Shareholders' Meeting by video, shall not exercise their voting rights on the original proposal, or propose amendments to the original proposal, or exercise their voting rights on amendments to the original proposal, except for extempore motions.

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of directors and supervisors 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. However, if a shareholder files a litigation in accordance with Article 189 of the Company Act, such materials shall be kept until such litigation is settled.

Article 15: Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes mentioned in the preceding paragraph by means of a public announcement made through the Market Observation Post System.

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.

If a Shareholders' Meeting is held through video conferencing, in addition to the matters required to be recorded in accordance with the preceding paragraph, the minutes of the meeting shall also include the start and end time of the Shareholders' Meeting, the method of convening the meeting, the name of the Chair and the minutes, and the handling method and situation in case of obstacles to the video conference platform or participation through video conferencing due to natural disasters, events, or other force majeure circumstances.

The Company shall, in addition to the provisions of the preceding paragraph, specify in its minutes the alternative measures provided by shareholders who have difficulties in participating in the video Shareholders' Meeting.

Article 16: (Public Announcement)

The number of shares acquired by the solicitors, the number of shares represented by the proxy agent, and the number of shares attended by shareholders by correspondence or electronic form shall be clearly disclosed in the Shareholders' Meeting venue on the day of the Shareholders' Meeting, using a statistical table compiled in the prescribed format; If the Shareholders' Meeting is held through video conferencing, the Company shall upload the aforementioned information to the Shareholders' Meeting video conference platform at least 30 minutes before the meeting begins, and continuously disclose it until the end of the meeting.

The Company holds a Shareholders' Meeting via video conference. When announcing the meeting, the total number of attending shareholders' shares shall be

disclosed on the video conference platform. If there is another record of the total number of shares and voting rights of the attending shareholders during the meeting, the same applies.

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) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or 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 18: When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19: (Information Disclosure of Video Conference)

If the Shareholders' Meeting is held through video conferencing, the Company shall immediately disclose the voting results and election results of various proposals on the Shareholders' Meeting video conference platform in accordance with regulations after the voting is completed, and shall continue to disclose them for at least fifteen minutes after the Chair announces the adjournment of the meeting.

Article 20: (Location of the Chair and Recorders of Video Shareholders' Meeting)

When the Company holds a video Shareholders' Meeting, the Chair and recorder

shall be at the same location in China, and the Chair shall announce the address of that location during the meeting.

Article 21: (Handling Signal Interruption)

If the Shareholders' Meeting is held through video conferencing, the Company may provide shareholder simplified connectivity testing before the meeting and provide relevant services in real-time before and during the meeting to assist in handling communication technology issues.

If the Shareholders' Meeting is convened through video conferencing, the Chair shall, at the time of announcement of the meeting, declare that, except for the circumstances stipulated in Paragraph 4, Article 44-20 of the Standards for the Handling of Stock Affairs of Public Companies, there is no need to postpone or resume the meeting. Before the Chair announces the adjournment of the meeting, due to natural disasters, accidents, or other force majeure circumstances, obstacles occur to the video conference platform or participation through video conferencing for a period of more than 30 minutes. The date of the meeting shall be postponed or resumed within five days, and the provisions of Article 182 of the Company Act shall not apply.

Shareholders who have not registered to participate in the original Shareholders' Meeting through video communication shall not participate in the postponed or resumed meeting in accordance with the preceding paragraph.

According to the provisions of Paragraph 2, shareholders who have registered to participate in the original Shareholders' Meeting by video and have completed their registration shall be counted in the total number of shares, voting rights, and voting rights of shareholders present at the original Shareholders' Meeting, as well as the number of voting and voting rights exercised, and voting rights of shareholders who have not participated in the postponed or resumed meeting.

When adjourning or resuming a Shareholders' Meeting in accordance with the provisions of Paragraph 2, there is no need to conduct further discussions or resolutions on proposals that have completed the voting and counting of votes, and have announced the voting results or the list of elected directors and supervisors.

When the Company holds a video assisted Shareholders' Meeting and Paragraph 2 fails to resume the video meeting, if the total number of shares present at the Shareholders' Meeting still reaches the statutory quota after deducting the number of shares present through video, the Shareholders' Meeting shall be resumed without the need to postpone or resume the meeting in accordance with Paragraph 2.

If the situation referred to in the preceding paragraph requires the continuation of the Shareholders' Meeting, the number of shares attended by shareholders through video conferencing shall be included in the total number of shares held by the attending shareholders. However, all proposals made at the Shareholders' Meeting shall be deemed as waivers.

The Company shall, in accordance with the provisions of Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, postpone or resume the meeting in accordance with the provisions of Paragraph 2, and shall carry out relevant preparatory procedures in accordance with the original date of the Shareholders' Meeting and the provisions of each of these Articles.

During the period specified in after-section Article 12, Paragraph 3, Article 13, Paragraph 2, Article 44-5, Article 44-15 and Paragraph 1, Article 44-17 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, the Company shall postpone or resume the date of the Shareholders' Meeting in accordance with the provisions of Paragraph 2.

Article 22: (Handling of Digital Divide)

The Company shall convene a Shareholders' Meeting through video conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty participating in the Shareholders' Meeting via video conferencing. Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters.

Article 23: These Rules shall take effect after having been submitted to and approved by the Board of Directors, and then by the shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 24: (Supplementary Provisions)

Matters not provided in there Rules shall be handled in the manner prescribed by applicable law.

These Rules were established on June 18, 2010.

The 1st amendment was made on April 23, 2012.

The 2nd amendment was made on June 28, 2013.

The 3rd amendment was made on June 19, 2015.

The 4th amendment was made on June 13, 2017.

The 5th amendment was made on June 2, 2020.

The 6th amendment was made on August 24, 2021.

The 7th amendment was made on June 2, 2023.

The 8th amendment was made on June 24, 2024.

## Appendix 2: Articles of Incorporation (Before revision)

### Heran Co., Ltd. Articles of Incorporation

#### Chapter 1: General Provisions

- Article 1: The Company is a corporation duly established under the Company Act, and shall have the name as Heran Co., Ltd. The Company's name in English shall be "Heran Co., Ltd."
- Article 2: The Company's operations cover the following industries:
- 1.C805030 Plastic Daily Necessities Manufacturing
  - 2.C805050 Industrial Plastic Products Manufacturing
  3. CC01030 Electrical Appliances and Audiovisual Electronic Products  
Manufacturing
  - 4.CC01080 Electronics Components Manufacturing
  - 5.CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials  
Manufacturing
  - 6.CC01110 Computer and Peripheral Equipment Manufacturing
  - 7.CC01120 Data Storage Media Manufacturing and Duplicating
  - 8.D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy  
Industry\*
  - 9.E602011 Refrigeration and Air Conditioning Engineering
  - 10.E606010 Power Consuming Equipment Inspecting and Maintenance
  - 11.E607010 Solar Thermal Energy Equipment Installation Engineering
  - 12.F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing  
Accessories
  13. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
  14. F106020 Wholesale of Daily Commodities
  15. F109070 Wholesale of Culture, Education, Musical Instruments and Educational  
Entertainment Supplies
  - 16.F113020 Wholesale of Electrical Appliances
  - 17.F118010 Wholesale of Computer Software
  18. F119010 Wholesale of Electronic Materials
  - 19.F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing  
Accessories
  - 20.F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
  - 21.F206020 Retail Sale of daily commodities

- 22.F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- 23.F213010 Retail Sale of Electrical Appliances
- 24.F401010 International Trade
- 25.G903010 Telecommunications Enterprises
- 26.H701010 Housing and Building Development and Rental
- 27.H701020 Industrial Factory Development and Rental
- 28.H703090 Real Estate Business
- 29.H703100 Real Estate Leasing
- 30.I199990 Other Consulting Service
- 31.I301010 Information Software Services
- 32.I301020 Data Processing Services
- 33.I301030 Electronic Information Supply Services
- 34.IG03010 Energy Technical Services
- 35.JA02010 Electric Appliance and Electronic Products Repair
- 36.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may made a guarantee for others for business purpose.

Article 4: The Company may invest in other industries for business purpose; the total amount of investment may exceed 40% of the Company's paid-in capital.

Article 5: The Company is headquartered in Taoyuan City. Where necessary the Company may establish branches at appropriate domestic or overseas locations, subject to resolution by its Board of Directors.

Article 6: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## Chapter 2: Shares

Article 7: The Company's registered capital is NT\$1 billion, divided into 100 million shares with a face value of NT\$10 per share. The Board of Directors is authorized to issue the shares as yet unissued in multiple installments.

Of the registered capital stated in Paragraph 1, NT\$100 million, which is divided into 10 million shares with a face value of NT\$10 per share, is reserved for issue of employee stock options, which may be issued in installments through a resolution of the Board of Directors.



Article 8: Pursuant to Article 56-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company may issue employee stock options at an exercise price other than that specified in Article 53 of the same regulations by a super-majority vote at a shareholders' meeting attended by shareholders representing at least one half of total outstanding shares.

Article 9: Matters in relation to the Company's shares shall be conducted in the manner specified in the Company Act, as well as the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Article 9-1: The Company's shareholders may also exercise voting rights by means of electronic transmission at a shareholders' meeting. A shareholder who exercises his/her/its voting power at a shareholders' meeting by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person; However, such a shareholder is deemed to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting. Matters regarding his/her exercise of voting rights shall be conducted by the current laws and regulations.

Article 10: Registered share certificates issued by the Company are not required to be printed. The Company, however, shall contact the securities depository and custodian institution for registration of the share certificates.

Article 11: Title transfer of stocks to another shareholder shall be not be allowed within sixty days before the Regular Shareholders' Meeting is held, within thirty days before an extraordinary shareholders meeting is held, or within five days before the base date for distribution of stock dividends and bonuses or other benefits determined by the Company.

### Chapter 3: Shareholders Meeting

Article 12: A shareholders' meeting make take the form of either a general shareholders' meeting or an extraordinary shareholders' meeting. The annual general shareholders' meeting is convened once a year within six months after the end of each fiscal year by the Board of Directors; an extraordinary shareholders' meeting may be held whenever necessary.

Article 13: A shareholder who cannot attend shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a proxy form indicating his/her signature or seal and stating the scope of authorization. Delegation of a proxy to attend a shareholders'

meeting may be made only if it is conducted in the manner specified in Article 177 of the Company Act, as well as in the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.

When the Shareholders’ Meeting is held, it may be held through video conference or other means announced by the central competent authority. If a video conference is held, shareholders who participate in the meeting through video shall be deemed to have personally attended the meeting.

Article 14: Except provided otherwise by law, a shareholder of the Company is entitled to one vote for each share held.

Article 15: Unless provided otherwise by law, any resolutions in a shareholders' meeting shall be approved by a majority vote at a meeting attended by shareholders representing at least one half of total outstanding shares.

Article 16: 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 shareholders’ meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The manner in which the meeting minutes are produced or distributed shall be in accordance of Article 183 of the Company Act.

Article 17: If the Company wishes to cease to be publicly listed, it may do so through a resolution adopted at a shareholders' meeting in accordance with Article 156 of the Company Act; in addition, this article shall not be changed during the period in which the Company’s shares are traded in the emerging stock market and the period in which the Company’s shares are traded on TWSE or TPEx.

#### Chapter 4: Directors and the Audit Committee

Article 18: The Company shall have 7 to 9 directors, who shall be elected through a candidate nomination system by the shareholders' meeting from among eligible candidates for a term of three years without term limitations. The combined shareholding percentage allowed for all directors as a whole shall be as required by the securities competent authority.

The Company’s directors shall be elected through a cumulative voting system with registered votes. Each share is entitled to a number of votes equal to the number of directors to be elected. The votes may be given to a single candidate, or separately to several candidates. Those winning more votes shall be directors.

Article 19: Of the number of directors stated above, the number of independent directors shall not be less than 2, or constitutes less than one fifth of total director seats. The professional qualifications, restrictions on both shareholding and concurrent positions held, methods of nomination and election, and other requirements with respect to independent directors shall be set forth in accordance with the regulations of the securities competent authority.

Article 19-1: Pursuant to Article 14-4 of the Securities and Exchange Act, the Company has set up the Audit Committee, which shall be comprised by all independent directors; the number of independent directors shall be no less than three, of which one shall be the convener, and at least one shall be an expert in accounting or finance. The Audit Committee shall assume the duties of supervisors which are stipulated in the Company Act, Securities and Exchange Act, other laws and regulations, and the Company's internal regulations.

The duties, organizational charter, exercise of powers, and other mandatory requirements with respect to the Audit Committee stated in the previous paragraph shall be as required by the securities competent authority and the Company's internal regulations.

Article 20: The Board of Directors shall be composed of directors. The Chairman of the Board shall be elected from among the directors by a majority vote at a Board of Directors meeting attended by two thirds of all directors; the post of vice chairman may be set up. The Chairman of the Board represents the Company externally.

If a director is unable to attend a shareholders meeting for any reason, the director may designate another director to attend the meeting on his/her behalf by executing a proxy form, which shall indicate the subject matters of the meeting and the scope of authorization and shall be presented at each instance of meeting; the said proxy may act as a proxy for only one person.

A Board of Directors meeting notice annotated with the meeting subject matters shall be delivered to each director within the time frame specified by the securities competent authority; however, a meeting may be convened at any time in case of emergency.

The meeting notice mentioned in the previous paragraph may be given in writing, or by fax or email.

Article 21: If the vacancy in the Board of Directors reaches one third, or all independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders

meeting within 60 days to fill the vacancy; the directors so elected shall serve a term equal to the remaining term of the original directors.

Article 22: If the Chairman of the Board is on leave, or is unable to exercise his/her powers for any reason, an acting chairman shall be elected in the manner specified in Article 208 of the Company Act.

Article 23: A transportation allowance may be given to the Company's directors; additionally, salary shall be given to the directors carrying out their duties. The Board of Directors is authorized to determine the salary standard by referencing a director's extent of participation in the Company's operations, the value of a director's contribution to the Company, and the prevailing industry standard.

Article 24: Deleted.

Article 25: The Company may purchase liability insurance policies that cover the mandatory liabilities which might be incurred by the director's performing of duties during his/her term in office.

#### Chapter 5: Manager

Article 26: The Company may appoint managers. Their appointment, dismissal, and remuneration shall comply with Article 29 of the Company Act.

#### Chapter 6: Accounting

Article 27: At the end of each fiscal years, the Company's Board of Directors shall prepare the following documents: (I) Business Report; (II) Financial Statements. (III) Accounting books and statements such as the earnings distribution proposal or deficit compensation proposal, which shall be submitted to the Regular Shareholders' Meeting for its acceptance.

Article 28: In the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there are remainder earnings, the Board of Directors shall draft a earnings distribution proposal regarding the remainder of the earnings as well as accumulated undistributed earnings for approval at the shareholders' meeting, at which the allocation of shareholders'

dividends shall be decided.

If the dividends, bonus, legal reserves, and capital surplus said in the preceding paragraph are to be distributed in cash, such a distribution shall be resolved by a majority vote at a Board of Directors meeting attended by more than two thirds of the Directors, and shall be reported at the shareholders meeting.

The Company is in a mature industry. To achieve stable business growth in the future, maintain the requirements for long-term operational planning, and uphold shareholders' interests, the Company adopts a balanced dividend policy in which earnings are distributed in both cash and dividends. Of the total dividends distributed in the given year, cash dividends shall constitute no less than 15%.

Article 28-1: The Company shall distribute earnings or compensate for losses every half fiscal year. To do so, the Board of Directors shall prepare the documents and proposal stated in Article 27, which shall be submitted to and audited the Audit Committee, and then be submitted to the Board of Directors for resolution.

Before distributing earnings, taxes and duties and employee remuneration and director remuneration shall be estimated and reserved in the first place, and then losses shall be compensated for, a legal reserve provided, and a special reserve provided or reversed according to law. The provision of a legal reserve may be exempted if the current legal reserve has reached the paid-in capital. As for earnings mentioned in this paragraph, they are subject to a resolution, either from the Board of Directors if they are to be distributed in cash, or from the Shareholders' Meeting if they are to be distributed in shares.

Article 29: If the Company has earnings in a given year, no less than 1% of such earnings shall be appropriated as employee remuneration, either in cash or shares, and no more than 5% of such earnings shall be appropriated as director remuneration, subject to a resolution from the Board of Directors. The proposals to distribute remuneration to employees and directors shall be reported at the Shareholders' Meeting.

However, if the Company is still in losses, an amount equal to such losses shall be reserved before such earnings can be distributed as employee remuneration and director remuneration in the proportion mentioned above.

Employees entitled to the Company's employee treasury stocks, employee stock options, employee's subscription right to new stocks, and employee restricted stocks may include employees of a controlled or affiliated company who meet certain criteria.

## Chapter 7 Supplementary Provisions

Article 30: Matters not specified in this Articles of Incorporation shall be handled in the manner specified in the Company Act and applicable laws.

Article 31: Deleted.

Article 32: This Articles of Incorporation was established on April 27, 2002.

The 1st-time amendment was made on December 25, 2002.

The 2nd-time amendment was made on June 21, 2007.

The 3rd-time amendment was made on October 26, 2007.

The 4th-time amendment was made on July 23, 2009.

The 5th-time amendment was made on June 18, 2010.

The 6th-time amendment was made on April 23, 2012.

The 7th-time amendment was made on June 28, 2013.

The 8th-time amendment was made on June 20, 2016.

The 9th-time amendment was made on June 13, 2017.

The 10th-time amendment was made on June 13, 2018.

The 11th-time amendment was made on June 6, 2019.

The 12th-time amendment was made on August 24, 2021.

The 13th-time amendment was made on June 2, 2023.

HERAN Co., Ltd.

### Appendix 3: Shareholdings of the Company's directors as a whole HERAN Co., Ltd.

#### Shareholdings by all Directors as a Whole

I. Issued shares in type and in number: 73,000,425 shares of common shares.

II. The mandatory minimum shareholdings by all directors as a whole: 5,840,034 shares of common shares.

III. The shareholdings by all directors as of the book closure date on April 5, 2025 for the 2025 Regular Shareholders Meeting:

Title	Name	Number of shares currently held	
		Shares	Shareholding (%)
Chairman of the Board	Representatives of Heran Co., Ltd.: Tsai, Po-i	6,529,446	8.94
Director	Representatives of Heran Co., Ltd.: Lei, Chia-chun	6,529,446	8.94
Director	Representatives of Hefa Enterprise Co., Ltd.: Lin Chin-hung	9,500,000	13.01
Director	Representatives of Hefa Enterprise Co., Ltd.: Tiao Chien-sheng	9,500,000	13.01
Director	Representatives of Xiezhi Investment Co., Ltd.: Wu Ching-hu	661,815	0.91
Director	Representatives of Xiezhi Investment Co., Ltd.: Chan Chien-lung	661,815	0.91
Independent Director	Huang Tien-chang	0	0
Independent Director	Chen Jung-lung	0	0
Independent Director	Lin Chien-Cheng	0	0
Shareholdings by all directors as a whole		16,691,261	22.86

Note 1: The requirement that shareholdings by supervisors shall not be less than a certain percentage does not apply to the Company because the Company has set up an Audit Committee.