

# **Walsin Lihwa Corporation**

## **2025 Annual Shareholders' Meeting Handbook**

Date: Friday, May 16, 2025

Time: 9:00 am

Place: 1st Floor-The Ballroom, No.15, Ln. 168, Xingshan Rd., Neihu Dist.,  
Taipei City.

Convening Method: Hybrid shareholders' meeting (i.e., a physical shareholders'  
meeting supported by video-conferencing)

Video Conferencing Platform: Taiwan Depository & Clearing Corporation  
Shareholder eMeeting Platform  
(<https://stockservices.tdcc.com.tw>)

# **Walsin Lihwa Corporation**

## **2025 Annual Shareholders' Meeting Handbook**

### **Table of Contents**

<b>Meeting Procedure and Agenda .....</b>	<b>1</b>
<b>Matters to Be Reported</b>	
1. General Manager's Report .....	2
2. Audit Committee's Audit Report and Communication Report with the Chief Audit Executive.....	2
3. The Distribution Report of Compensation of the Employees and Directors for the Year 2024...	2
4. Report of the Distribution of Cash Dividends in 2024.....	2
5. Report of Change in Accounting Estimate for Depreciation and Amortization Method of the Company's Machinery, Equipment, and Intangible Assets.....	2
6. Other Matters to be Reported .....	3
<b>Ratification and Discussion</b>	
1. Ratification of the 2024 Business Report and Final Account Statements.....	4
2. Ratification of the 2024 Earnings Distribution Proposal .....	4
3. Discussion of the amendments to the Articles of Incorporation of the Company .....	6
4. Discussion of the amendment to the Endorsement and Guarantee Procedures of the Company..	6
5. Discussion of the Proposal for the Release of Directors' Non-Competition Obligations .....	7
<b>Ad-Hoc Motions .....</b>	<b>8</b>
<b>Appendix</b>	
1. 2024 Business Report.....	10
2. 2024 Consolidated Balance Sheets .....	12
3. Independent Auditors' Report.....	24
4. Audit Report from the Audit Committee .....	32
5. Communications between the Audit Committee and the Chief Audit Executive in 2024.....	33
6. The Distribution Report of Compensation of the Employees and Directors for the Year 2024...	35
7. Material Transactions with Related Parties in 2024.....	36
8. Investments in Mainland China.....	38
9. Corporate Governance Best Practice Principles.....	43

10. Directors shareholdings stated in the shareholder register for the 2025 Annual Shareholders' Meeting.....	61
11. Comparison Table of Amended Articles of Articles of Incorporation.....	62
12. Comparison Table of Amended Articles of Endorsement and Guarantee Procedures .....	64
13. Explanations of involvement of director or their related persons in the field of the Company's business .....	65

## **Regulations**

1. Articles of Incorporation .....	67
2. Rules and Procedures of Shareholders' Meetings.....	74

# **Walsin Lihwa Corporation**

## **Meeting Procedure and Agenda of the 2025 Annual Shareholders' Meeting**

Time: 9:00 am, Friday, May 16, 2025

Place: 1st Floor-The Ballroom, No.15, Ln. 168, Xingshan Rd., Neihu Dist., Taipei City

Convening Method: Hybrid shareholders' meeting (i.e., a physical shareholders' meeting supported by video-conferencing)

Video Conferencing Platform: Taiwan Depository & Clearing Corporation Shareholder eMeeting Platform (<https://stockservices.tdcc.com.tw>)

1. The Meeting Called to Order

2. Chairman's Address

3. Matters to Be Reported:

- (1) General Manager's Report (The 2024 Business Report and Final Account Report)
- (2) Audit Committee's Audit Report and Communication Report with the Chief Audit Executive
- (3) The Distribution Report of Compensation of the Employees and Directors for the Year 2024
- (4) Report of the Distribution of Cash Dividends in 2024
- (5) Report of Change in Accounting Estimate for Depreciation and Amortization Method of the Company's Machinery, Equipment, and Intangible Assets
- (6) Other Matters to be Reported

4. Matters to Be Ratified and Discussed

- (1) Ratification of the 2024 Business Report and Final Account Statements.
- (2) Ratification of the 2024 Earnings Distribution Proposal.
- (3) Discussion of the amendments to the Articles of Incorporation of the Company.
- (4) Discussion of the amendment to the Endorsement and Guarantee Procedures of the Company.
- (5) Discussion of the proposal for the release of Directors' Non-Competition Obligations.

5. Ad-Hoc Motions

6. Adjournment

# Matters to Be Reported

## **I. General Manager's Report**

Please review and approve the Company's 2024 business report and final account report. For details, please see pp.10 – 23 of the Appendix to the Handbook.

## **II. Audit Committee's Audit Report and Communication Report with the Chief Audit Executive**

1. For the Audit Committee's audit of the Company's 2024 final account report, please see p.32 of the Appendix to the Handbook for details.
2. For the communications between the Audit Committee and the Chief Audit Executive, please see pp.33 – 34 of the Appendix to the Handbook.

## **III. The Distribution Report of Compensation of the Employees and Directors for the year 2024.**

Please refer to p.35 of the Appendix to the Handbook for the status of the distribution of compensation to employees and directors for 2024.

## **IV. Report of the Distribution of Cash Dividends in 2024**

1. It is conducted in accordance with Article 240 of the Company Act and the Company's Articles of Incorporation.
2. The 16<sup>th</sup> meeting of the Board of Directors of the Company of the 20<sup>th</sup> term resolved to distribute cash dividends of NT\$2,015,666,474 from the earnings reported in the Company's 2024 final accounting results.
3. The Chairman shall be authorized to determine the distribution record date and distribution date. In the event that the Company issues or repurchases shares, thereby affecting the number of outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend date.
4. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the fractional cash amounts will be credited to Other Revenue by the Company.

## **V. Report of Change in Accounting Estimate for Depreciation and Amortization Method of the Company's Machinery, Equipment, and Intangible Assets**

1. The Company hereby reports on its change to the depreciation and amortization methods for the machinery, equipment, and intangible assets of the Resources Business Group. This change aims to reflect the future patterns of depreciation and amortization of the assets, ensure a reasonable allocation of costs, and provide reliable and more relevant information. Therefore, the depreciation and amortization methods for the aforementioned assets have been changed from the accelerated depreciation method to the straight-line method, effective from January 1, 2025.

2. This proposal has been reviewed by Deloitte & Touche, which issued an opinion on the analysis of the reasonableness of such change based on its finding of no material unreasonableness.

## **VI. Other Matters to Be Reported**

1. Report on the material transactions between the Company and its related parties in 2024. Please refer to pp.36 – 37 of the Appendix to the Handbook.
2. Report on the Company's investments in mainland China as of March 31, 2025. Please see pp.38 – 42 of the Appendix to the Handbook for details.
3. Report on the amendments to the Company's rules and regulations relating to corporate governance:

The Company's Corporate Governance Best Practice Principles have been amended by a resolution adopted by a board of directors meeting dated January 6, 2025. Please see pp.43 – 60 of the Appendix to the Handbook for the full content of the amended version thereof.

4. Report on the shareholdings of directors in the Company as follows:
  - (1) According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding of the all of the Company's directors shall be 3% of its issued and outstanding shares; provided, however, this does not apply to the supervisors of the Company because the Company has an Audit Committee.

The Company has four independent directors. The shareholding ratio of all of the directors (excluding the independent directors) is reduced to 80% of the above minimum shareholding ratio.
  - (2) For the shareholdings of individuals and total directors recorded in the shareholder register prior to the book closure date for the 2025 Annual Shareholders' Meeting, please see p.61 of the Appendix to the Handbook.
  - (3) The shareholdings of all of the Company's directors have all met the requirement for the statutory shareholding ratio.
5. Report on the acceptance of shareholders' proposals by the 2025 Annual Shareholders' Meeting:

During the period for accepting the shareholders' proposals from February 27, 2025 to March 10, 2025, none of the shareholders submitted any written proposal to the Company according to Article 172-1 of the Company Act.

# **Ratification and Discussion**

## **Proposal 1**

**Proposed by the Board of Directors**

Subject: Ratification of the Company's 2024 business report and financial statements.

Explanations:

1. Please see pp.10 – 23 of the Appendix to the Handbook for the business report and the financial statements.
2. The financial statements have been approved at the Company's 16<sup>th</sup> board meeting of the 20<sup>th</sup> term, and audited as well as certified by the CPA. They were submitted along with the business report to the Audit Committee for audit, which then has audited the same.

Resolution:

## **Proposal 2**

**Proposed by the Board of Directors**

Subject: Ratification of the Company's 2024 Earnings Distribution Proposal.

Explanations:

1. Please see below for the 2024 Earnings Distribution Proposal.
2. This proposal was approved at the Company's 16<sup>th</sup> board meeting of the 20<sup>th</sup> term and submitted to the Audit Committee, which has audited the same.
3. Upon the approval of the board meeting, it is proposed that the Chairman be authorized to otherwise determine the distribution record date and distribution date. In the event that the Company issues or repurchases shares, thereby affecting the number of outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend date.
4. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the fractional cash amounts will be credited to Other Revenue by the Company.

Resolution:

# Walsin Lihwa Corporation

## Earnings Distribution Proposal for 2024

Unit: NTD

Summary	Amount
Beginning of Period Retained Earnings	\$43,378,816,763
Effect of Retrospective Restatement	(54,910,823)
Add: Cumulative Gains or Losses Directly Transferred to Retained Earnings by Disposal of Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income	74,879,786
Add: Re-measurements of Defined Benefit Plans Recognized in Retained Earnings	121,678,785
Less: Adjustment to Retained Earnings Due to Investment Using the Equity Method	<u>(128,160,687)</u>
Adjusted Retained Earnings	43,392,303,824
Add: Net Income	2,790,054,047
Minus: Legal Reserve	<u>(280,354,111)</u> <u>2,509,699,936</u>
Distributable Earnings	45,902,003,760
Distribution	
Cash Dividend to Shareholders (NT\$0.5 per Share)	<u>(2,015,666,474)</u>
End of Period Retained Earnings	\$43,886,337,286

Note: The Company's issued and outstanding common stock totaled 4,031,332,948 shares as of February 21, 2025. According to the rules specified in the letter from the Ministry of Finance dated January 20, 2000 (Ref. No.: Tai-Cai-Shui-0890450243), this distribution of earnings shall be based on the year 2024 as noted above.

Responsible Person: Yu-Lon Chiao (Seal)

Manager: Fred Pan (Seal)

Accounting Chief: Kelly Liu (Seal)



**Proposal 3****Proposed by the Board of Directors**

Subject: Review and approval of the amendments to the Articles of Incorporation of the Company.

Explanations:

1. In response to the amendment of Paragraph 6, Article 14 of the Securities and Exchange Act, companies listed on Taiwan Stock Exchange ("TWSE") or Taipei Exchange ("TPEX") are required to stipulate in their articles of incorporation that a certain percentage of annual profits be earmarked for adjusting salaries of or distributing compensation to rank-and-file employees. Accordingly, Article 25-1 of the Articles of Incorporation of the Company has been amended.
2. The Comparison Table of the Amended Articles of the Articles of Incorporation is set out on pp.62 – 63 of the Appendix to the Handbook.

Resolution:

**Proposal 4****Proposed by the Board of Directors**

Subject: Review and approval of the amendments to the Endorsement and Guarantee Procedures of the Company.

Explanations:

1. It is conducted in accordance with Article 11 of Chapter 2 of the Company's Endorsement and Guarantee Procedures.
2. To meet the business endorsement and guarantee needs of the Company and its subsidiaries, the new endorsement and guarantee items are added, the total amount of endorsement guarantees of the Company and its subsidiaries will be increased, and the limited amount of endorsement guarantees for individual party will be revised accordingly. In this case, the Company has amended the provisions of Article 3 of Chapter 1 and Article 2 of Chapter 2 of the Company's Endorsement and Guarantee Procedures.
3. The Comparison Table of the Amended Articles of the Endorsement and Guarantee Procedures is set out on p.64 of the Appendix to the Handbook.

Resolution:

**Proposal 5****Proposed by the Board of Directors**

Subject: Release of the directors of the Company from non-competition restrictions set forth in Article 209 of the Company Act.

Explanations:

1. It is conducted in accordance with Paragraph 1, Article 209 of the Company Act, which provides that “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval.”
2. For the additional directors of the Company who concurrently serve as the directors in companies operating the same/similar businesses as/to the Company, and the new business items added by such companies which are the same/similar as/to those of the Company, please see p.65 of the Appendix to the Handbook.
3. It is proposed that the shareholders' meeting approve the release of such directors from non-competition restrictions on engaging in any business within the Company's business scope under Paragraph 1, Article 209 of the Company Act, as well as approve the abstention from exercise of the disgorgement rights against the directors mentioned above as of the date of serving as each of the directors of other companies engaging in competing business.

Resolution:

**Ad-Hoc Motions**

**Adjournment**

# Appendix

# Walsin Lihwa Corporation

## 2024 Business Report

### 1. Preamble

In 2024, the Company's net income after taxes was NT\$2.79 billion, with earnings per share of NT\$0.69. The below is the overview of the operational performance of each business group. The Wire and Cable Business Group has been able to grasp the cable demand for construction and industry factory construction in Taiwan and the business opportunities for resilient power grids, resulting in steady gross margins and profits. The Stainless Steel Business Group has experienced a decline in profitability due to weak global market demand. To enhance long-term competitiveness of its stainless steel products, the Company is focusing on differentiation and high-end development while continuing to strategically tap into global markets, particularly in the applications of high-grade stainless steel in aerospace, energy, precision machinery, and automotive sectors. Additionally, the Company has acquired a European stainless steel seamless pipes and tubes plant, DMV, to expand downstream application industries. The Resources Business Group has established the planned production capacity of nickel matte. Despite the impact of weak nickel prices on profitability, the Company remains committed to cost control and stabilizing the production capabilities of nickel pig iron and nickel matte.

### 2. Explanation for Financial Result

Unit: NT\$ million

	2024	2023	Amount of Increase (Decrease)
Operating Revenue	179,318	189,840	(10,522)
Gross Profit	11,685	14,390	(2,705)
Operating Expenses	9,517	8,254	(1,263)
Income from Operations	2,168	6,136	(3,968)
Non-Operating Income and Expenses	343	1,198	(855)
Profit Before Tax	2,511	7,334	(4,823)
Net Income After Taxes	2,790	5,079	(2,289)

#### (1) Operating Revenue

Operating revenue decreased by NT\$10.5 billion in 2024, mainly due to the Company's global expansion of its stainless steel business and the impact of weak global nickel prices on the Resources Business Group.

#### (2) Gross Profit

Gross profit decreased by NT\$2.7 billion in 2024 due to the global economic impact on the demand of upstream raw materials, increased costs associated with the delayed distribution of mining quotas in Indonesia, and weak profits of end products.

#### (3) Operating Expenses

The increase in operating expenses in 2024 was due to the Company's expansion of its operational scale in Europe.

#### (4) Non-Operating Income and Expenses

Non-operating income and expenses decreased in 2024, because following the recognition of the benefit from the "Contingent Consideration Agreement for the Disposition of Assets of a U.S. Subsidiary" in 2022, a loss was recognized as the stipulated conditions were not fulfilled.

### 3. Operating Overview and Prospects of the Business Units

Looking forward to 2025, the United States' tariff policies and protectionism add uncertainty to the global economy. It is anticipated that the manufacturing sector in Mainland China will continue to face challenges of weak demand. The Company is persistently advancing core strategic initiatives, transforming and upgrading the industrial structure, enhancing supply chain resilience, developing industrial ecosystem partnerships, implementing digital capabilities, and intelligent development to strengthen operational process management. We are also continuously tapping into the circular economy and promoting low-carbon transformation to enhance corporate competitiveness and actively respond to changes in the business environment and markets.

#### (1) Wire and Cable Business

The Yangmei high-efficiency plant has entered full-capacity operations to enhance productivity and is promoting new business models, innovating service capabilities, and increasing customer value and market share in the building wire market.

We are seizing opportunities in the domestic resilient grid market, developing ultra-high voltage cables, and establishing four core capabilities: production and manufacturing, integration of ancillary equipment, subsequent engineering construction, and high-voltage heavy electrical design.

We are developing industrial and flame-retardant cables, tapping into green energy, port machinery, and wind turbine cable businesses, and actively completing the construction of the first domestic submarine cable plant and conducting pre-qualification procedures for submarine cable products.

#### (2) Stainless Steel Business

The Stainless Steel Business in Taiwan continues to build sustainably competitive operating capabilities and expand the proportion of high-value products, establishing the brand value of cold finished bar and increasing the proportion of direct customers. The Stainless Steel Business in Mainland China is leveraging the characteristics of steelmaking and rolling equipment to differentiate products in the market, focusing on developing high-value steel grades and certified market products.

The Stainless Steel Business in Europe is integrating capacity synergies, conducting global production and sales expansion, exploring high-end nickel-based alloy product markets, and securing key raw materials.

#### (3) Resources Business

We are flexibly adjusting the proportion of nickel pig iron and nickel matte products, establishing high-value production processes for nickel products. In addition, we have promoted green manufacturing process by low-carbon production to meet the trend towards environmental protection and reduce the production cost. We continue to leverage strategic significance in the stainless steel industry chain.

Responsible person: Yu-Lon Chiao (Seal)

Manager: Fred Pan (Seal)

Chief Accountant: Kelly Liu (Seal)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2024		2023 (Restated)	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 10,757,417	4	\$ 16,347,012	6
Financial assets at fair value through profit or loss - current	5,677	-	1,508,943	1
Financial assets at amortized cost - current	9,221	-	727	-
Financial assets for hedging - current	238,305	-	346,441	-
Contract assets - current	571,669	-	996,025	-
Notes receivable	526,699	-	920,752	-
Trade receivables	14,967,386	6	14,991,531	6
Finance lease receivables - current	64,183	-	62,067	-
Other receivables	5,286,906	2	3,707,450	2
Inventories	44,122,947	16	33,704,296	13
Other financial assets - current	259,631	-	788,894	-
Other current assets	<u>6,251,778</u>	<u>2</u>	<u>5,377,850</u>	<u>2</u>
Total current assets	<u>83,061,819</u>	<u>30</u>	<u>78,751,988</u>	<u>30</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current	66,607	-	1,263,649	-
Financial assets at fair value through other comprehensive income - non-current	18,640,109	7	18,823,172	7
Financial assets at amortized cost - non-current	130,699	-	184,613	-
Financial assets for hedging - non-current	24,956	-	53,439	-
Investments accounted for using the equity method	39,848,673	15	49,640,171	19
Property, plant and equipment	84,592,885	31	78,705,431	29
Right-of-use assets	6,070,870	2	4,719,043	2
Investment properties	15,210,112	6	15,514,751	6
Goodwill	3,099,946	1	2,155,597	1
Other intangible assets	9,270,848	4	10,011,332	4
Deferred tax assets	6,369,581	2	4,234,852	1
Refundable deposits	785,147	-	158,940	-
Finance lease receivables - non-current	476,274	-	540,456	-
Other non-current assets	<u>5,842,499</u>	<u>2</u>	<u>2,174,325</u>	<u>1</u>
Total non-current assets	<u>190,429,206</u>	<u>70</u>	<u>188,179,771</u>	<u>70</u>
<b>TOTAL</b>	<u><u>\$ 273,491,025</u></u>	<u><u>100</u></u>	<u><u>\$ 266,931,759</u></u>	<u><u>100</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 17,909,079	7	\$ 11,508,074	4
Short-term notes and bills payable	3,145,773	1	-	-
Financial liabilities at fair value through profit or loss - current	356,596	-	22,746	-
Financial liabilities for hedging - current	15,475	-	5,878	-
Contract liabilities - current	165,913	-	13,828	-
Notes payable	372,846	-	317,865	-
Trade payables	14,411,306	5	16,390,669	6
Other payables	12,047,108	5	12,069,796	5
Current tax liabilities	2,545,752	1	5,861,143	2
Lease liabilities - current	600,124	-	257,859	-
Current portion of long-term borrowings and bonds payable	6,016,646	2	1,640,420	1
Other current liabilities	<u>2,173,028</u>	<u>1</u>	<u>2,671,050</u>	<u>1</u>
Total current liabilities	<u>59,759,646</u>	<u>22</u>	<u>50,759,328</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current	563,583	-	484,429	-
Financial liabilities for hedging - non-current	827	-	2,705	-
Bonds payable	12,850,616	5	12,951,405	5
Long-term borrowings	37,358,178	14	31,924,532	12
Long-term notes and bills payable	-	-	2,998,822	1
Deferred tax liabilities	6,803,504	2	7,228,734	3
Lease liabilities - non-current	3,342,782	1	2,765,167	1
Net defined benefit liabilities - non-current	1,121,785	-	349,381	-
Other non-current liabilities	<u>4,281,556</u>	<u>2</u>	<u>3,097,217</u>	<u>1</u>
Total non-current liabilities	<u>66,322,831</u>	<u>24</u>	<u>61,802,392</u>	<u>23</u>
Total liabilities	<u>126,082,477</u>	<u>46</u>	<u>112,561,720</u>	<u>42</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF WLC</b>				
Share capital	<u>40,313,329</u>	<u>15</u>	<u>40,313,329</u>	<u>15</u>
Capital surplus	<u>33,592,347</u>	<u>12</u>	<u>33,624,917</u>	<u>13</u>
Retained earnings				
Legal reserve	10,065,084	3	9,538,222	4
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	<u>46,182,358</u>	<u>17</u>	<u>48,285,234</u>	<u>18</u>
Total retained earnings	<u>58,959,692</u>	<u>21</u>	<u>60,535,706</u>	<u>23</u>
Other equity				
Exchange differences on translation of the financial statement of foreign operations	(349,726)	-	(4,948,056)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	8,058,069	3	14,068,677	5
Loss on hedging instruments	(83,438)	-	(65,100)	-
Other equity - others	<u>(3,235,079)</u>	<u>(1)</u>	<u>(2,774,650)</u>	<u>(1)</u>
Total other equity	<u>4,389,826</u>	<u>2</u>	<u>6,280,871</u>	<u>2</u>
Total equity attributable to owners of WLC	<u>137,255,194</u>	<u>50</u>	<u>140,754,823</u>	<u>53</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>10,153,354</u>	<u>4</u>	<u>13,615,216</u>	<u>5</u>
Total equity	<u>147,408,548</u>	<u>54</u>	<u>154,370,039</u>	<u>58</u>
<b>TOTAL</b>	<u><u>\$ 273,491,025</u></u>	<u><u>100</u></u>	<u><u>\$ 266,931,759</u></u>	<u><u>100</u></u>

(With Deloitte & Touche auditors' report dated February 21, 2025)

# WALSIN LIHWA CORPORATION 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 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 179,318,340	100	\$ 189,839,626	100
OPERATING COSTS	<u>(167,633,649)</u>	<u>(94)</u>	<u>(175,449,858)</u>	<u>(93)</u>
GROSS PROFIT	<u>11,684,691</u>	<u>6</u>	<u>14,389,768</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,666,125	1	2,166,373	1
General and administrative expenses	6,351,493	4	5,793,656	3
Research and development expenses	<u>499,304</u>	<u>-</u>	<u>293,565</u>	<u>-</u>
Total operating expenses	<u>9,516,922</u>	<u>5</u>	<u>8,253,594</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>2,167,769</u>	<u>1</u>	<u>6,136,174</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	378,952	-	541,506	-
Dividend income	627,462	-	513,679	-
Other income	1,836,601	1	1,763,119	1
Loss on disposal of property, plant and equipment	(19,529)	-	(11,472)	-
Gain on disposal of investments	1,167,085	1	965,914	1
Foreign exchange loss, net	(39,658)	-	(240,593)	-
(Loss) gain on valuation of financial assets and liabilities at fair value through profit or loss	(1,553,838)	(1)	169,525	-
Other expenses	(532,029)	-	(909,612)	-
Reversal of impairment loss	23,877	-	12,427	-
Interest expense	(2,359,450)	(1)	(2,135,730)	(1)
Share of profit of associates accounted for using the equity method	<u>813,749</u>	<u>-</u>	<u>528,869</u>	<u>-</u>
Total non-operating income and expenses	<u>343,222</u>	<u>-</u>	<u>1,197,632</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,510,991	1	7,333,806	4
INCOME TAX BENEFIT (EXPENSE)	<u>87,499</u>	<u>-</u>	<u>(1,471,000)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>2,598,490</u>	<u>1</u>	<u>5,862,806</u>	<u>3</u>

(Continued)



# WALSIN LIHWA CORPORATION 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 (Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 104,530	-	\$ (109,805)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(190,882)	-	6,307,904	3
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(5,728,242)</u>	<u>(3)</u>	<u>1,288,908</u>	<u>1</u>
	<u>(5,814,594)</u>	<u>(3)</u>	<u>7,487,007</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	5,021,711	3	(834,315)	-
(Loss) gain on hedging instruments	(23,602)	-	60,360	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>347,407</u>	<u>-</u>	<u>(47,991)</u>	<u>-</u>
	<u>5,345,516</u>	<u>3</u>	<u>(821,946)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(469,078)</u>	<u>-</u>	<u>6,665,061</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,129,412</u>	<u>1</u>	<u>\$ 12,527,867</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of WLC	\$ 2,790,054	1	\$ 5,079,405	3
Non-controlling interests	<u>(191,564)</u>	<u>-</u>	<u>783,401</u>	<u>-</u>
	<u>\$ 2,598,490</u>	<u>1</u>	<u>\$ 5,862,806</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 1,555,997	1	\$ 11,937,926	6
Non-controlling interests	<u>573,415</u>	<u>-</u>	<u>589,941</u>	<u>1</u>
	<u>\$ 2,129,412</u>	<u>1</u>	<u>\$ 12,527,867</u>	<u>7</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.69</u>		<u>\$ 1.31</u>	
Diluted	<u>\$ 0.69</u>		<u>\$ 1.31</u>	

(With Deloitte & Touche auditors' report dated February 21, 2025)

(Concluded)

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

	Equity Attributable to Owners of WLC											Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statement of Foreign Operations	Other Equity			Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others				
BALANCE AT JANUARY 1, 2023	\$ 37,313,329	\$ 24,672,454	\$ 7,564,090	\$ 2,712,250	\$ 51,762,058	\$ (4,256,774)	\$ 6,693,877	\$ (105,801)	\$ (2,774,607)	\$ 123,580,876	\$ 10,628,247	\$ 134,209,123	
Appropriation of 2022 earnings (Note 27)													
Legal reserve	-	-	1,974,132	-	(1,974,132)	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(6,716,399)	-	-	-	-	(6,716,399)	-	(6,716,399)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	(6,932)	-	-	204,652	-	(204,652)	-	-	(6,932)	-	(6,932)	
Changes in percentage of ownership interests in subsidiaries	-	26,730	-	-	-	-	-	-	-	26,730	(26,730)	-	
Issuance of ordinary shares for cash	3,000,000	8,923,497	-	-	-	-	-	-	-	11,923,497	-	11,923,497	
Net profit for the year ended December 31, 2023 (as restated)	-	-	-	-	5,079,405	-	-	-	-	5,079,405	783,401	5,862,806	
Other comprehensive (loss) income for the year ended December 31, 2023 (as restated)	-	-	-	-	(70,350)	(691,282)	7,579,452	40,701	-	6,858,521	(193,460)	6,665,061	
Total comprehensive income (loss) for the year ended December 31, 2023 (as restated)	-	-	-	-	5,009,055	(691,282)	7,579,452	40,701	-	11,937,926	589,941	12,527,867	
Others	-	9,168	-	-	-	-	-	-	(43)	9,125	-	9,125	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,423,758	2,423,758	
BALANCE AT DECEMBER 31, 2023 (AS RESTATED)	40,313,329	33,624,917	9,538,222	2,712,250	48,285,234	(4,948,056)	14,068,677	(65,100)	(2,774,650)	140,754,823	13,615,216	154,370,039	
Appropriation of 2023 earnings (Note 27)													
Legal reserve	-	-	526,862	-	(526,862)	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(4,434,466)	-	-	-	-	(4,434,466)	-	(4,434,466)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	(5,294)	-	-	74,880	-	(74,880)	-	-	(5,294)	-	(5,294)	
Changes in percentage of ownership interests in subsidiaries	-	(26,730)	-	-	(128,161)	-	-	-	(460,429)	(615,320)	26,730	(588,590)	
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	2,790,054	-	-	-	-	2,790,054	(191,564)	2,598,490	
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	121,679	4,598,330	(5,935,728)	(18,338)	-	(1,234,057)	764,979	(469,078)	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,911,733	4,598,330	(5,935,728)	(18,338)	-	1,555,997	573,415	2,129,412	
Others	-	(546)	-	-	-	-	-	-	-	(546)	-	(546)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,062,007)	(4,062,007)	
BALANCE AT DECEMBER 31, 2024	\$ 40,313,329	\$ 33,592,347	\$ 10,065,084	\$ 2,712,250	\$ 46,182,358	\$ (349,726)	\$ 8,058,069	\$ (83,438)	\$ (3,235,079)	\$ 137,255,194	\$ 10,153,354	\$ 147,408,548	

(With Deloitte &amp; Touche auditors' report dated February 21, 2025)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2024	2023 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,510,991	\$ 7,333,806
Adjustments for:		
Depreciation expenses	8,203,918	7,066,854
Amortization expenses	1,446,952	1,246,010
Expected credit loss (reversed) recognized on trade receivables	(41,647)	412,281
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,553,838	(169,525)
Interest expenses	2,359,450	2,135,730
Interest income	(378,952)	(541,506)
Dividend income	(627,462)	(513,679)
Share of profit of associates accounted for using the equity method	(813,749)	(528,869)
Loss on disposal of property, plant and equipment	19,529	11,472
Gain on disposal of other assets	-	(121,938)
Gain on disposal of investments	(1,167,085)	(965,914)
Impairment loss reversed on non-financial assets	(23,877)	(12,427)
Unrealized gain on foreign currency exchange	(163,010)	(63,228)
Gain from bargain purchase	(940,669)	(1,168,686)
Loss on lease modification	-	1,045
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	821,194	973,916
Decrease in contract assets	424,356	1,618,550
Decrease in notes receivable	438,152	3,616,570
Decrease in trade receivables	4,025,373	3,675,874
Increase in other receivables	(1,641,471)	(1,487,488)
(Increase) decrease in inventories	(3,457,670)	3,312,465
(Increase) decrease in other current assets	(598,761)	914,699
Decrease (increase) in other financial assets	529,263	(242,768)
(Increase) decrease in other operating assets	(278,913)	68,712
Increase in contract liabilities	152,740	5,480
Decrease in notes payable	(187,443)	(273,671)
Decrease in trade payables	(5,004,163)	(701,919)
Increase (decrease) in other payables	908,968	(1,677,792)
Increase in other current liabilities	12,806	2,377
(Decrease) increase in net defined benefit liabilities	(148,916)	602
Increase in other operating liabilities	171,992	54,659
Cash generated from operations	8,105,734	23,981,692
Interest received	328,981	493,679
Dividends received	945,662	1,888,623
Interest paid	(2,236,700)	(1,926,395)
Income tax paid	(5,641,939)	(1,689,669)
Net cash generated from operating activities	1,501,738	22,747,930

(Continued)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2024	2023 (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (173,986)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	51,003	-
Purchase of financial assets at amortized cost	(8,642)	-
Disposal of financial assets at amortized cost	65,061	-
Purchase of financial assets for hedging	-	(342,786)
Disposal of financial assets for hedging	111,488	-
Purchase of investments accounted for using the equity method	(1,672,137)	(1,077,128)
Disposal of investments accounted for using the equity method	5,036,187	-
Prepayments for investments	-	(1,334,026)
Net cash outflow on acquisition of subsidiaries	(5,374,912)	(5,856,439)
Payments for property, plant and equipment	(10,422,305)	(16,512,380)
Proceeds from disposal of property, plant and equipment	104,678	32,361
Increase in advance receipts	-	1,779,516
(Increase) decrease in refundable deposits	(619,266)	126,456
Purchase of intangible assets	(49,210)	(37,277)
Purchase of investment properties	(13,578)	-
Other investing activities	<u>(2,642,816)</u>	<u>1,894,919</u>
Net cash used in investing activities	<u>(15,434,449)</u>	<u>(21,500,770)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	5,118,344	(6,499,696)
Increase in short-term notes and bills payable	3,145,773	-
Proceeds from issuance of bonds	-	5,300,000
Repayment of bonds	(103,182)	(100,066)
Proceeds from long-term borrowings	12,116,154	13,383,126
Repayment of long-term borrowings	(2,334,396)	(22,027,953)
(Decrease) increase in long-term notes and bills payable	(2,998,822)	1,500,908
Decrease in other payables	(944,307)	(2,780,037)
Repayment of the principal portion of lease liabilities	(343,061)	(308,747)
Cash dividends paid	(4,434,237)	(6,716,022)
Proceeds from issuance of ordinary shares	-	11,923,497
Acquisition of additional interests in subsidiaries	(3,111,343)	-
Changes in non-controlling interests	77,172	2,355,894
Other financing activities	<u>(546)</u>	<u>9,168</u>
Net cash generated from (used in) financing activities	<u>6,187,549</u>	<u>(3,959,928)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>2,155,297</u>	<u>(378,979)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(5,589,865)</u>	<u>(3,091,747)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>16,347,012</u>	<u>19,438,759</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 10,757,147</u>	<u>\$ 16,347,012</u>

(With Deloitte & Touche auditors' report dated February 21, 2025) (Concluded)

# WALSIN LIHWA CORPORATION

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

	2024		2023 (Restated)	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,998,361	1	\$ 3,530,594	2
Financial assets at fair value through profit or loss - current	9,006	-	1,499,047	1
Contract assets - current	387,504	-	175,083	-
Notes receivable	14,805	-	15,863	-
Trade receivables	2,412,917	1	2,119,899	1
Trade receivables from related parties	470,886	-	438,177	-
Finance lease receivables	9,355	-	9,068	-
Other receivables	1,154,826	1	1,720,601	1
Inventories	11,294,554	6	11,120,657	5
Other current assets	510,523	-	314,635	-
Total current assets	18,262,737	9	20,943,624	10
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current	-	-	1,184,108	1
Financial assets at fair value through other comprehensive income - non-current	18,474,885	9	18,635,179	9
Investments accounted for using the equity method	132,959,770	66	130,785,812	65
Property, plant and equipment	21,631,592	11	20,828,266	10
Right-of-use assets	81,425	-	75,711	-
Investment properties	8,029,197	4	8,099,078	4
Deferred tax assets - non-current	997,322	-	680,501	-
Refundable deposits	26,427	-	25,700	-
Finance lease receivables - non-current	1,547,484	1	1,517,217	1
Net defined benefit assets - non-current	20,113	-	-	-
Other non-current assets	5,881	-	34,394	-
Total non-current assets	183,774,096	91	181,865,966	90
<b>TOTAL</b>	<b>\$ 202,036,833</b>	<b>100</b>	<b>\$ 202,809,590</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 4,650,000	2	\$ 504,234	-
Short-term notes and bills payable	2,997,903	2	-	-
Financial liabilities at fair value through profit or loss - current	303,362	-	44,519	-
Trade payables	3,094,389	2	3,648,025	2
Other payables	2,461,712	1	2,163,348	1
Other payables to related parties	115,348	-	3,308,150	2
Current tax liabilities	884,000	-	1,361,449	1
Lease liabilities - current	39,596	-	37,025	-
Current portion of long-term borrowings	3,725,077	2	-	-
Other current liabilities	734,961	-	407,295	-
Total current liabilities	19,006,348	9	11,474,045	6
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable	12,800,000	6	12,800,000	6
Long-term borrowings	25,151,278	13	26,446,398	13
Long-term notes and bills payable	-	-	2,998,822	2
Deferred tax liabilities	5,328,284	3	5,974,347	3
Lease liabilities - non-current	1,701,314	1	1,675,034	1
Net defined benefit liabilities - non-current	-	-	137,005	-
Other non-current liabilities	794,415	-	549,116	-
Total non-current liabilities	45,775,291	23	50,580,722	25
Total liabilities	64,781,639	32	62,054,767	31
<b>EQUITY</b>				
Share capital	40,313,329	20	40,313,329	20
Capital surplus	33,592,347	17	33,624,917	16
Retained earnings				
Legal reserve	10,065,084	5	9,538,222	5
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	46,182,358	23	48,285,234	24
Total retained earnings	58,959,692	29	60,535,706	30
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(349,726)	-	(4,948,056)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	8,058,069	4	14,068,677	7
Loss on hedging instruments	(83,438)	-	(65,100)	-
Other equity - other	(3,235,079)	(2)	(2,774,650)	(1)
Total other equity	4,389,826	2	6,280,871	3
Total equity	137,255,194	68	140,754,823	69
<b>TOTAL</b>	<b>\$ 202,036,833</b>	<b>100</b>	<b>\$ 202,809,590</b>	<b>100</b>

(With Deloitte & Touche auditors' report dated February 21, 2025)

# WALSIN LIHWA CORPORATION

## 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 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 87,379,254	100	\$ 83,321,352	100
OPERATING COSTS	(79,789,633)	(91)	(76,550,777)	(92)
REALIZED (UNREALIZED) GAIN	<u>15,192</u>	<u>-</u>	<u>(11,785)</u>	<u>-</u>
GROSS PROFIT	<u>7,604,813</u>	<u>9</u>	<u>6,758,790</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,053,311	1	845,777	1
General and administrative expenses	1,558,338	2	1,659,411	2
Research and development expenses	<u>372,155</u>	<u>1</u>	<u>211,655</u>	<u>-</u>
Total operating expenses	<u>2,983,804</u>	<u>4</u>	<u>2,716,843</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>4,621,009</u>	<u>5</u>	<u>4,041,947</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	141,456	-	254,125	-
Dividend income	625,351	1	510,707	1
Other income - other	307,415	1	58,360	-
(Loss) gain on disposal of property, plant and equipment	(3,460)	-	430	-
Gain on disposal of investments	1,081,687	1	1,085,948	1
Foreign exchange gain, net	224,375	-	102,135	-
(Loss) gain on valuation of financial assets and liabilities at fair value through profit or loss	(1,469,561)	(2)	122,354	-
Other expenses	(237,009)	-	(76,810)	-
Interest expense	(903,321)	(1)	(806,443)	(1)
Share of (loss) profit of subsidiaries and associates accounted for using the equity method	<u>(1,176,900)</u>	<u>(1)</u>	<u>1,604,219</u>	<u>2</u>
Total non-operating income and expenses	<u>(1,409,967)</u>	<u>(1)</u>	<u>2,855,025</u>	<u>3</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,211,042	4	6,896,972	8
INCOME TAX EXPENSE	<u>(420,988)</u>	<u>(1)</u>	<u>(1,817,567)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>2,790,054</u>	<u>3</u>	<u>5,079,405</u>	<u>6</u>

(Continued)

# WALSIN LIHWA CORPORATION

## 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 (Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	98,718	-	(34,728)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(109,291)	-	6,254,992	7
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(5,803,477)</u>	<u>(6)</u>	<u>1,288,838</u>	<u>2</u>
	<u>(5,814,050)</u>	<u>(6)</u>	<u>7,509,102</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,250,924	5	(643,291)	(1)
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>329,069</u>	<u>-</u>	<u>(7,290)</u>	<u>-</u>
	<u>4,579,993</u>	<u>5</u>	<u>(650,581)</u>	<u>(1)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,234,057)</u>	<u>(1)</u>	<u>6,858,521</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,555,997</u>	<u>2</u>	<u>\$ 11,937,926</u>	<u>14</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.69</u>		<u>\$ 1.31</u>	
Diluted	<u>\$ 0.69</u>		<u>\$ 1.31</u>	

(With Deloitte & Touche auditors' report dated February 21, 2025)

(Concluded)

# WALSIN LIHWA CORPORATION

## 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	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 37,313,329	\$ 24,672,454	\$ 7,564,090	\$ 2,712,250	\$ 51,762,058	\$ (4,256,774)	\$ 6,693,877	\$ (105,801)	\$ (2,774,607)	\$ 123,580,876
Appropriation of 2022 earnings (Note 21)										
Legal reserve	-	-	1,974,132	-	(1,974,132)	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(6,716,399)	-	-	-	-	(6,716,399)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(6,932)	-	-	204,652	-	(204,652)	-	-	(6,932)
Change in ownership interests in subsidiaries	-	26,730	-	-	-	-	-	-	-	26,730
Issuance of ordinary shares for cash	3,000,000	8,923,497	-	-	-	-	-	-	-	11,923,497
Net profit for the year ended December 31, 2023	-	-	-	-	5,079,405	-	-	-	-	5,079,405
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	(70,350)	(691,282)	7,579,452	40,701	-	6,858,521
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,009,055	(691,282)	7,579,452	40,701	-	11,937,926
Others	-	9,168	-	-	-	-	-	-	(43)	9,125
BALANCE AT DECEMBER 31, 2023 (AS RESTATED)	40,313,329	33,624,917	9,538,222	2,712,250	48,285,234	(4,948,056)	14,068,677	(65,100)	(2,774,650)	140,754,823
Appropriation of 2023 earnings (Note 21)										
Legal reserve	-	-	526,862	-	(526,862)	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(4,434,466)	-	-	-	-	(4,434,466)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(5,294)	-	-	74,880	-	(74,880)	-	-	(5,294)
Change in ownership interests in subsidiaries	-	(26,730)	-	-	(128,161)	-	-	-	(460,429)	(615,320)
Net profit for the year ended December 31, 2024	-	-	-	-	2,790,054	-	-	-	-	2,790,054
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	121,679	4,598,330	(5,935,728)	(18,338)	-	(1,234,057)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,911,733	4,598,330	(5,935,728)	(18,338)	-	1,555,997
Others	-	(546)	-	-	-	-	-	-	-	(546)
BALANCE AT DECEMBER 31, 2024	<u>\$ 40,313,329</u>	<u>\$ 33,592,347</u>	<u>\$ 10,065,084</u>	<u>\$ 2,712,250</u>	<u>\$ 46,182,358</u>	<u>\$ (349,726)</u>	<u>\$ 8,058,069</u>	<u>\$ (83,438)</u>	<u>\$ (3,235,079)</u>	<u>\$ 137,255,194</u>

(With Deloitte & Touche auditors' report dated February 21, 2025)



# WALSIN LIHWA CORPORATION

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

	2024	2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,211,042	\$ 6,896,972
Adjustments for:		
Depreciation expenses	1,477,294	1,408,723
Amortization expenses	16,440	28,191
Expected credit loss recognized on trade receivables	737	-
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,469,561	(122,354)
Interest expenses	903,321	806,443
Interest income	(141,456)	(254,125)
Dividend income	(625,351)	(510,707)
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	1,176,900	(1,604,219)
Loss (gain) on disposal of property, plant and equipment	3,460	(430)
Gain on disposal of investments	(1,081,687)	(1,085,948)
(Realized) unrealized gain on the transaction with associates	(15,192)	11,785
Unrealized (gain) loss on foreign currency exchange	(115,234)	424
Loss on lease modification	-	8
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	742,080	1,084,190
(Increase) decrease in contract assets	(212,421)	92,064
Decrease in notes receivable	1,058	9,195
(Increase) decrease in trade receivables	(326,464)	1,390,043
(Increase) decrease in other receivables	(320,755)	694,938
(Increase) decrease in inventories	(173,897)	698,431
(Increase) decrease in other current assets	(161,532)	1,427,973
(Increase) decrease in other financial assets	(3,189)	280,997
Decrease (increase) in other operating assets	12,073	(2)
(Decrease) increase in trade payables	(553,636)	421,481
Increase (decrease) in other payables	151,523	(866,064)
Increase in other current liabilities	342,858	167,594
Decrease in net defined benefit liabilities	(58,400)	(45,143)
Increase (decrease) in other operating liabilities	10,469	(766)
Cash generated from operations	5,729,602	10,929,694
Interest received	92,699	232,104
Dividends received	3,196,318	1,874,051
Interest paid	(849,020)	(706,048)
Income tax paid	(1,892,488)	(1,349,412)
Net cash generated from operating activities	6,277,111	10,980,389

(Continued)

# WALSIN LIHWA CORPORATION

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

	2024	2023 (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (173,987)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	51,003	-
Acquisition of investments accounted for using the equity method	(8,669,161)	(19,529,179)
Disposal of investments accounted for using the equity method	2,246,023	-
Increase in prepaid long-term investments	-	(17,423)
Repatriation through capital reduction of investee companies accounted for using the equity method	-	4,501,800
Purchase of property, plant and equipment	(2,076,398)	(3,507,223)
Proceeds from disposal of property, plant and equipment	2,029	430
(Increase) decrease in refundable deposits	(727)	5,497
Decrease in other receivables	879,372	5,831,227
Decrease in finance lease receivables	18,192	7,475
Other investing activities	<u>842,023</u>	<u>(458,231)</u>
Net cash used in investing activities	<u>(6,707,644)</u>	<u>(13,339,614)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	4,145,771	(6,096,337)
Increase in short-term notes and bills payable	2,997,903	-
Proceeds from bonds payable	-	5,300,000
Proceeds from long-term borrowings	7,005,188	13,246,152
Repayment of long-term borrowings	(4,575,231)	(24,245,024)
(Decrease) increase in long-term notes and bills payable	(2,998,822)	1,500,908
(Decrease) increase in other payables to related parties	(3,195,649)	13,634
Repayment of the principal portion of lease liabilities	(46,077)	(43,182)
Cash dividends paid	(4,434,237)	(6,716,022)
Proceeds from issuance of ordinary shares	-	11,923,497
Other financing activities	<u>(546)</u>	<u>9,168</u>
Net cash used in financing activities	<u>(1,101,700)</u>	<u>(5,107,206)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,532,233)</b>	<b>(7,466,431)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>3,530,594</u></b>	<b><u>10,997,025</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 1,998,361</u></b>	<b><u>\$ 3,530,594</u></b>

(With Deloitte & Touche auditors' report dated February 21, 2025)

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

### Opinion

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

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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. Based on our audits and the reports of other auditors, 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 as of and 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.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2024:

#### Sales Revenue Recognition

In 2024, the sales revenue of the Group, of which a portion of the main sales products has a higher revenue proportion from specific customers, or relies on group's preparation of sales price adjustment reports for certain main sales products as the basis for revenue recognition. This portion of sales revenue is significant to the overall consolidated financial statements. Therefore, the authenticity and accuracy were considered as a key audit matter. Refer to Notes 4 and 28 to the consolidated financial

statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the sales revenue recognition policy and internal control procedures over the sales and evaluated the effectiveness of relevant internal controls.
2. We obtained the sales details for specific customers and management reports for specific sales products, perform sampling, and conduct relevant audit procedures to verify that revenue transactions have genuinely occurred or are accurately calculated, and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

### **Emphasis of Matter**

As disclosed in Note 20, the Group acquired 100% interest in Degerfors Long Products AB and Special Melted Products Ltd on August 1 and September 19, 2023, respectively. The purchase price allocation report was finalized in 2024. Therefore, the initial accounting treatment and provisionally determined amounts from the acquisition date were adjusted and retrospectively restated for comparative periods. Our review result is not modified in respect of this matter.

### **Other Matter**

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2024 and 2023 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$42,130,578 thousand and NT\$38,958,711 thousand, which constituted 15.40% and 14.60% of the Group's consolidated total assets, as of December 31, 2024 and 2023, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$32,309,110 thousand and NT\$34,331,965 thousand, which constituted 18.02% and 18.08% of the Group's consolidated total net operating revenue, for the years ended December 31, 2024 and 2023, respectively.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 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 partners on the audits resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 21, 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 consolidated financial statements shall prevail.*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

### Opinion

We have audited the accompanying parent company only financial statements of Walsin Lihwa Corporation (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 the 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, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), 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 audit 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. Based on our audits and the reports of other auditors, 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 as of and 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 following are key audit matters of the Company's parent company only financial statements as of and for the year ended December 31, 2024:

#### Sales Revenue Recognition

In 2024, the sales revenue of the Company, of which a portion of the main sales products relies on company's preparation of sales price adjustment reports for certain mail sales products as the basis for revenue recognition. This portion of sales revenue is significant to overall the parent company only financial statements. Therefore, the accuracy was considered as a key audit matter. Refer to Notes 4 and 22 to the parent company only financial statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the reasonableness of sales revenue recognition policy and internal control procedures over the sales and evaluated the effectiveness of relevant internal controls.
2. We obtained the management reports for specific products, perform sampling, and conduct relevant audit procedures to verify that revenue transactions are accurately calculated, and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

### **Emphasis of Matter**

As disclosed in Note 13, the Company acquired 100% interest in Degerfors Long Products AB and Special Melted Products Ltd on August 1 and September 19, 2023, respectively. The purchase price allocation report was finalized in 2024. Therefore, the initial accounting treatment and provisionally determined amounts from the acquisition date were adjusted and retrospectively restated for comparative periods. Our review result is not modified in respect of this matter.

### **Other Matter**

The parent company only financial statements of certain equity-method investees included in the parent company only financial statements as of and for the years ended December 31, 2024 and 2023 were audited by other auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$15,484,713 thousand and NT\$14,300,700 thousand, which constituted 7.66% and 7.05% of the total assets as of December 31, 2024 and 2023, respectively. The aforementioned investment classified as other non-current liabilities were NT\$604,877 thousand and NT\$374,028 thousand, which constituted 0.30% and 0.18% of the total assets as of December 31, 2024 and 2023, respectively. The investment gains amounted to NT\$158,365 thousand and NT\$431,332 thousand for the years ended December 31, 2024 and 2023, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 audit resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 21, 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.*

## **Review Report from the Audit Committee**

The Board of Directors has prepared and submitted the Company's 2024 business report, financial statements (including consolidated financial statements) and the profit distribution proposal, among which the financial statements had been audited by Wen-Yea Shyu and Ker-Chang Wu CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements and the profit distribution proposal have been reviewed by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

Walsin Lihwa Corporation

The convener of the Audit Committee: Fu-Hsiung Hu

February 21, 2025

# Walsin Lihwa Corporation

## Communications between the Audit Committee and the Chief Audit Executive in 2024

### 1. Policy on Communications between Independent Directors and the Chief Audit Executive

- (1) The Chief Audit Executive and the Independent Directors shall report on the status of the Company's internal audit and the operation of internal control through regular meetings of the Audit Committee at least once a quarter, and may convene a meeting at any time in case of any significant extraordinary events.
- (2) In addition to the aforementioned regular meetings, the convener of the Audit Committee holds quarterly discussions at any time with the Chief Audit Executive on the operation of internal controls.

### 2. Summary of communications between the Independent Directors and the Chief Audit Executive for the year 2024.

Date	Key Points of Communications	Independent Directors' Advice	Follow-Ups and Results
February 16, 2024, Audit Committee	Report on audit implementation in the 4 <sup>th</sup> quarter of 2023.	Nil.	The report on audit implementation for the 4 <sup>th</sup> quarter of 2023 has been passed by the Audit Committee and reported to the Board of Directors.
April 26, 2024, Audit Committee	Report on audit implementation in the 1 <sup>st</sup> quarter of 2024.	Nil.	The report on audit implementation for the 1 <sup>st</sup> quarter of 2024 has been passed by the Audit Committee and reported to the Board of Directors.
July 26, 2024 Audit, Committee	Report on audit implementation in the 2 <sup>nd</sup> quarter of 2024.	Nil.	The report on audit implementation for the 2 <sup>nd</sup> quarter of 2024 has been passed by the Audit Committee and reported to the Board of Directors.
November 1, 2024, Audit Committee	1. Report on audit implementation in the 3 <sup>rd</sup> quarter of 2024.  2. Discussion of 2025 annual audit plan.	1. Nil.  2. Nil.	1. The report on audit implementation for the 3 <sup>rd</sup> quarter of 2024 has been passed by the Audit Committee and reported to the Board of Directors.  2. The 2025 annual audit plan has been passed by the Audit Committee and submitted to the Board of Directors for discussion.

<b>Date</b>	<b>Key Points of Communications</b>	<b>Independent Directors' Advice</b>	<b>Follow-Ups and Results</b>
December 13, 2024, Chief Audit Executive's individual meeting with Independent Directors	<ol style="list-style-type: none"> <li>1. Report on audit implementation in 2024.</li> <li>2. Report on the implementation of the computer audit project</li> </ol>	<ol style="list-style-type: none"> <li>1. Nil.</li> <li>2. (1) Please enhance the audit of systems, information strategies, and related controls.  (2) Strengthen the internal audit functions of overseas subsidiaries, with a focus on post-investment management.  (3) Pay close attention to the compliance status of each department in executing ESG initiatives.</li> </ol>	<ol style="list-style-type: none"> <li>1. Nil.</li> <li>2. (1) Digital audits will be strengthened, and the audit of information systems will be included as a key focus for 2025. (2) Continue to monitor the development of internal audit functions in overseas subsidiaries and enhance the effectiveness of post-investment management audits. (3) Sustainable information management has been incorporated into the audit plan for 2025, and ongoing supervision of ESG regulatory compliance will be maintained.</li> </ol>

## **The Distribution Report of Compensation of the Employees and Directors for the Year 2024**

The distribution report of compensation of the employees and directors for the year 2024 is as follows:

1. This is conducted in compliance with Article 235-1 of the Company Act and the letter from MOEA dated June 11, 2015 (Ref. No.: Jin-Shang-Zi-10402413890) and the letter from MOEA dated October 15, 2015 (Ref. No.: Jin-Shang-Zi-10402427800).
2. According to Article 25-1 of the Articles of Incorporation of the Company, if it has any profit after the closing of its annual book, the Company shall distribute no less than one percent as employee compensation and no more than one percent as director compensation.
3. The audited profit of the Company for 2024 was NT\$3,272,962,000 (i.e., the gross profit before tax and excluding employees and directors compensation).
4. The Company intended to distribute NT\$47,470,000 of employees compensation and NT\$14,450,000 of directors compensation in cash for 2024.
5. The above employees and directors compensation has been adopted by a majority vote at the board of directors' meeting dated February 21, 2025 (i.e., the 16<sup>th</sup> meeting of the Board of Directors of the 20<sup>th</sup> term) attended by more than two-third of the directors. The Company has distributed the above compensation accordingly.

# Walsin Lihwa Corporation

## Material Transactions with Related Parties in 2024

The Company's material transactions with its related parties for the purchase or sale of goods, professional services or technical services, as well as for the acquisition or disposal of real estate or its right-of-use assets, or for the acquisition or disposal of assets other than real estate or its right-of-use assets, with the transaction amount reaching or exceeding 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million, are listed as follows:

### 1. Date of Board Approval: 2024/3/29

Name and Nature of the Subject Matter	Shares of Concord Industries Limited
Actual Transaction Amount	USD35,000,000
Counterparty	Concord Industries Limited
Relationship between the Counterparty and the Company	The counterparty is a wholly-owned subsidiary of the Company
Original Acquisition Date and Price, the Original Counterparty, and its Relationship with the Company and Related Parties Thereof	This does not apply to a capital injection
Purpose, Necessity and Anticipated Benefit of the Acquisition or Disposal of Assets	Capital expenditure
Reason for Choosing the Related Party as a Counterparty	Capital injection
Valuation Report/CPA's Opinion	N/A
Transaction Restrictions and Other Important Provisions	None.

### 2. Date of Board Approval: 2024/5/3

Name and Nature of the Subject Matter	Common shares of Walsin Singapore Pte. Ltd.
Actual Transaction Amount	USD160,000,000
Counterparty	Walsin Singapore Pte. Ltd.
Relationship between the Counterparty and the Company	The counterparty is a wholly-owned subsidiary of the Company
Original Acquisition Date and Price, the Original Counterparty, and its Relationship with the Company and Related Parties Thereof	This does not apply to a capital injection
Purpose, Necessity and Anticipated Benefit of the Acquisition or Disposal of Assets	Funding needs within the Group
Reason for Choosing the Related Party as a Counterparty	Capital injection
Valuation Report/CPA's Opinion	N/A
Transaction Restrictions and Other Important Provisions	None.

3. Date of Board Approval: 2024/8/2

Name and Nature of the Subject Matter	Shares of Walsin Lihwa Europe SARL
Actual Transaction Amount	€36,100,000
Counterparty	Walsin Lihwa Europe SARL
Relationship between the Counterparty and the Company	The counterparty is a wholly-owned subsidiary of the Company
Original Acquisition Date and Price, the Original Counterparty, and its Relationship with the Company and Related Parties Thereof	This does not apply to a capital injection
Purpose, Necessity and Anticipated Benefit of the Acquisition or Disposal of Assets	Augmenting the subsidiary's working capital
Reason for Choosing the Related Party as a Counterparty	Capital injection
Valuation Report/CPA's Opinion	N/A
Transaction Restrictions and Other Important Provisions	None.

4. Date of Board Approval: 2024/8/2

Name and Nature of the Subject Matter	Common shares of Winbond Electronics Corporation
Actual Transaction Amount	About NT\$1,588,031,000
Counterparty	Winbond Electronics Corporation
Relationship between the Counterparty and the Company	The Company is a Director of the counterparty
Original Acquisition Date and Price, the Original Counterparty, and its Relationship with the Company and Related Parties Thereof	This does not apply to a capital injection
Purpose, Necessity and Anticipated Benefit of the Acquisition or Disposal of Assets	Long-term investment
Reason for Choosing the Related Party as a Counterparty	Capital injection
Valuation Report/CPA's Opinion	N/A
Transaction Restrictions and Other Important Provisions	None.



# Walsin Lihwa Corporation

## Investments in Mainland China

As of March 31, 2025

Company Name	Investment Amount (in USD)	Shareholding Ratio	Major Products Produced/Sold
Jiangying Walsin Steel Cable Co., Ltd. (Note 1)	26.04 million	100%	Steel cables
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. (Note 2)	14.956 million	95.71%	Power wires and cables
Hangzhou Walsin Power Cable & Wire Co., Ltd. (Note 3)	80.68 million	100%	Power wires and cables
Walsin (China) Investment Co., Ltd. (Note 4)	78.6 million	100%	Investment
Changshu Walsin Specialty Steel Co., Ltd.	97 million	100%	Specialty steel tubes
Dongguan Walsin Wire & Cable Ltd. (Note 5)	26 million	100%	Bare copper cables and wires
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (Note 6)	49 million	100%	Cold rolled stainless steel, flat rolled products, nickel alloys, galvanized alloys and steel strand wires
Xi'an Walsin Metal Product Co., Ltd. (Note 7)	31.895 million	100%	Research and development, production and sales of medium-thickness specialty steel plates
Yantai Walsin Stainless Steel Co., Ltd. (Note 8)	370.065 million	100%	Research and development, production, sales, wholesales related to various steels of new-type alloy materials, carbon steel, alloy steel and steel products; Recycling of waste and old substances and whole sale of related products
Changzhou China Steel Precision Materials Co., Ltd. (Note 9)	15.264 million	30%	Products related to Ti, nickel alloys, specialty alloy mould steel, colored forged materials
Nanjing Taiwan Trade Mart Management Co., Ltd.	1 million	100%	Business, asset management and consultation of various kinds of advertising.
Shanxi Tianhong Silicon Industrial Corp Co., Ltd. (Note 10)	RMB 228 million	19%	Polysilicon

<b>Company Name</b>	<b>Investment Amount (in USD)</b>	<b>Shareholding Ratio</b>	<b>Major Products Produced/Sold</b>
Jiangsu Taiwan Trade Mart Development Co., Ltd.	RMB 2 million	20%	Development, operating and management of Nanjing Taiwan Trade Mart projects
Shaanxi Electronic Information Group Co., Ltd. (Note 10)	RMB 19 million	6.02%	Communications electronic equipment and electronic component materials
Walsin (Nanjing) Construction Limited	50 million	99.60%	Construction, rental and sale of buildings and industrial factories, etc.
Nanjing Walsin Property Management Co., Ltd. (Note 10)	RMB 1 million	99.60%	Property Management, Consulting for Property Management and rental of house, etc.
Dong Guan Cogne Steel Products Co., Ltd. (Note 11)	28.57 million	About 70%	Production, sales and distribution of stainless steel products
Hangzhou Futong Electric Co., Ltd. (Note 10)	RMB 51 million	51%	Power Cables
Yantai Huaxin Renewable Resources Co., Ltd. (Note 10)	RMB 4 million	100%	Recycling of resources, recycling, sales, and processing of production scrap metal, etc.

Note 1: Including the USD15 million re-investment (including the USD10.5 million equity converted from debt) from the increased share capital of Walsin (China) Investment Co., Ltd. (hereinafter referred to as "Walsin CIC"). During 2019, by way of the investment structure, the Company acquired through Walsin CIC an additional 25% shareholding in Jiangying Walsin Steel Cable Co., Ltd. (hereinafter referred to as "Jiangying Walsin") from the original Chinese shareholder Fasten Group Co., Ltd. in a share transfer. After the transfer, the Company indirectly holds 100% of the shareholding in Jiangying Walsin; for this transfer transaction, Investment Commission, Ministry of Economic Affairs (which has been renamed Department of Investment Review, Ministry of Economic Affairs) (the "Department of Investment Review") approved (for reference) an investment amount of RMB73.75million (equivalent to USD11,041,080), with the cumulative approved (for reference) amount being USD 26,041,080. In addition, the increase in the investment amount in mainland China due to this share transfer was partially offset by the amount of RMB53,290,669 (equivalent to USD 7,978,123) arising from the disposal of the shares in Hangzhou Walsin Power Cable & Wire Co, Ltd. (hereinafter referred to as "Hangzhou Walsin") (please refer to Note 3), which was retained in Walsin CIC; therefore, the actual increase in the amount of investment in mainland China for the Company was RMB20,459,331 (equivalent to USD3,062,957).

Note 2: Including the USD14.95 million re-investment (including the USD7.6 million equity converted from debt) from the increased share capital of Walsin CIC.

Note 3: Including the USD13.3 million re-investment (including the USD10.5 million equity converted from debt) from the increased share capital of Walsin CIC.

1. The original investment amount in Hangzhou Walsin by the Company was USD41.21 million (shareholding ratio: 89.78%) through Walsin CIC.
2. In mid-2015, the Company sold 44.89% of the shares of Hangzhou Walsin through Walsin CIC in the amount of RMB95.36 million (approximately USD15.57 million). At the end of 2015, the Company re-invested USD4.8 million in Hangzhou Walsin through Walsin CIC with the income received from the previous sale.
3. In mid-2016, the Company invested USD53 million in Hangzhou Walsin through a BVI holding company, ACE RESULT GLOBAL LIMITED (“ACEL”), and later on sold 9.707% shares of Hangzhou Walsin through ACEL in the amount of RMB61.44 million (approximately USD9.28 million). At the end of 2016, the Company re-invested USD 6.4 million in Hangzhou Walsin through ACEL, with the income received from the 2016 sale. After the aforementioned various transactions, the Company's indirect shareholding ratio is 38.933%, and the actual investment amount went down to USD80.56 million. However, since the income received from the sales was not remitted to Taiwan, the investment in China has not been deducted. The investment amount approved for Hangzhou Walsin and registered with the Department of Investment Review as a result remains USD94.21 million as of the date hereof.
4. In mid-2017, the Company increased its equity interest in Nanjing Walsin by 1.25% (such company has been disposed of during 2019 and such disposal has been reported to the Department of Investment Review) through Walsin CIC, which originally disposed Hangzhou Walsin's equity stake of USD1,851,268. After this transaction, the Company's record of investment amount of Hangzhou Walsin in the Department of Investment Review was reduced to USD92.36 million.
5. In 2019, the Company acquired through Walsin CIC an additional 25% shareholding in Jiangying Walsin by using the gain on the disposal of its shares in Hangzhou Walsin equal to USD7,978,123 (please refer to Note 1 for detail). After this transaction, the actual amount of the investment made by the Company in Hangzhou Walsin approved for reference and recorded by the Department of Investment Review was reduced to USD84.38million (which is equivalent to transferring the cumulative investment amount in China for Hangzhou Walsin to Jiangying Walsin).
6. At the end of October 2021, the Company acquired 1.067% equity interest in Hangzhou Walsin through Walsin CIC by paying its own capital of RMB743,700 to the former Japanese shareholder of Hangzhou Walsin, Sumitomo Electric Industries, Ltd. for the assumption of such shares. After the transaction, the Company holds 15.479% and 24.521% of Hangzhou Walsin through Walsin CIC and ACEL, respectively, and holds a total of 40% equity interest in Hangzhou Walsin. In this case, the cumulative approved amount recorded in the Department of Investment Review was USD80.68 million, and the cumulative investment amount filed for record was USD84.5 million.
7. The Company acquired a 60% shareholding in Hangzhou Walsin through its wholly-owned subsidiary, Dongguan Walsin Wire & Cable Co., Ltd. (hereinafter referred to as "Dongguan Walsin") with its own funds of RMB 301,864,317.44. The transaction was completed in the first quarter of 2024. So far, the Company holds a total shareholding of

100% in Hangzhou Walsin through Walsin CIC, ACEL, and Dongguan Walsin, with shareholdings of 15.479%, 24.521%, and 60% respectively in Hangzhou Walsin. However, the aforementioned transaction does not require approval from the Department of Investment Review; therefore, the Company's cumulative approved investment amount for Hangzhou Walsin remains USD80.68 million, and the cumulative investment amount filed for record remains USD 84.5 million.

Note 4: Including the increased share capital of USD28.6 million arising from debt-to-equity conversions.

Note 5: Including the USD 26 million re-investment from the increased share capital of Walsin CIC.

Note 6: Including the USD 4.5 million re-investment from the increased share capital of Walsin CIC.

Note 7: The merger of Xi'an Walsin Precious Metal Product CO., LTD. (hereinafter referred to as "Xi'an Walsin (Metal)") and Xi'an Lv Jing Technology Co., Ltd. and Xi'an Walsin Electronics Co., Ltd. has been filed for the corporate change in mainland China on November 18, 2019 and has been approved by the Department of Investment Review for record on March 20, 2020, and the cancellation of investment plan relating to Xi'an Lv Jing Technology Co., Ltd. and Xi'an Walsin Electronics Co., Ltd. was approved by the Department of Investment Review. After the merger was filed with the Department of Investment Review for record, the amount of investments made by the Company indirectly in Xi'an Walsin (Metal) is USD 31,895,467.

Note 8: The Company holds a 100% shareholding in Yantai Walsin Stainless Steel Co., Ltd. (hereinafter referred to as "Yantai Walsin") through its subsidiary incorporated in the BVI, CONCORD INDUSTRIES LTD. (hereinafter referred to as "CONCORD"), and its wholly-owned Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (hereinafter referred to as "Jiangyin Alloy"); as of the date of the 2021 Annual Shareholders' Meeting, the accumulated paid-in capital was USD335,065,300. The formation of the Company's share capital is described as follows:

1. Of Yantai Walsin's original share capital, RMB 578,796,300 was originated from the re-investment made by the original entity invested in by the Company in China and was no need approved by the Department of Investment Review. After the merger of Yantai Walsin between Yantai Dazhong Resources Recycling Co., Ltd. (the investment amount approved (or approved for record) by the Department of Investment Review was USD30 million and the paid-in capital was equivalent to RMB192,932,100) and Yantai Huanghai Iron and Steel Co., Ltd. ("YHISC") (the Company acquired 25% of the shareholding in YHISC (the paid-in capital was RMB 205,890,000), the investment amount approved (or approved for record) by the Department of Investment Review was USD 183,101.90 + USD 2,743,536.58 = USD 2,926,638.48; the remaining 75% of the shareholding was the re-investment made by the entity invested in by the Company in China and was rejected by the Department of Investment Review. After the merger, CONCORD acquired Yantai Walsin's paid-in capital of RMB977,618,400 (equivalent to USD155,065,300), which accounted for 25% of the shares in Yantai Walsin, and the investment amount approved (or approved for record) by the Department of Investment Review was USD32,926,638.48. In addition, CONCORD increased the capital of Yantai Walsin by USD 100 million from 2019 to 2020. Therefore, the paid-in capital of Yantai Walsin was USD 255,065,300 as of the cut-off date, with CONCORD and Jiangyin Alloy holding

54.4% and 45.6% of the shares in Yantai Walsin respectively. Moreover, the accumulated investment amount approved (or approved for record) by the Department of Investment Review was USD132,926,638.48 (USD100 million + USD32,926,638.48).

2. The capital injection by the Company into Yantai Walsin in the amount of USD80,000,000 through Concord was approved by the Department of Investment Review on December 30, 2019. As of the end of 2021, it has obtained approval for the financial close by the Department of Investment Review. Thus, the paid-in capital of Yantai Walsin had increased to USD335,065,300; based on the latest actual amount of capital contributed by shareholders, CONCORD and Jiangyin Alloy held 65.29% and 34.71% of the shares in Yantai Walsin respectively. In addition, the cumulative investment amount approved by the Department of Investment Review is USD212,926,638.48 (USD100 million + USD32,926,638.48 + USD80,000,000).
3. As of June 14, 2024, the Company received approval from the Department of Investment Review to further increase capital in Yantai Walsin through Concord by an additional USD 35 million. By the end of 2024, the capital injection had been fully completed and approved, resulting in Yantai Walsin's paid-in capital increasing to USD 370,065,300. Based on the latest actual capital contributions from shareholders, Concord holds a 68.57% stake, while Jiangyin Alloy holds a 31.43% stake.

Note 9: The Company was originally approved by the Department of Investment Review to indirectly hold a 30% equity interest in Changzhou China Steel Precision Materials Co., Ltd. (hereinafter referred to as "Changzhou China Steel") through its BVI subsidiary, Concord, with an investment of USD 13,080,000. In 2023, Changzhou China Steel carried out a capital increase through distribution of stock dividends of USD 7,280,000. Concord, according to its shareholding ratio (30%), increased its investment in Changzhou China Steel by USD 2,184,000, bringing the total investment amount to USD 15,264,000. This increase in investment in mainland China has been approved by the Investment Review Committee.

Note 10: These entities are the investments made by the Company's existing investment entity in China, and thus such investments are not required to be approved by the Department of Investment Review.

Note 11: As approved by the Department of Investment Review on September 28, 2022, the Company acquired approximately 85.03% of the shares of MEG S.A. (based in Luxembourg) (i.e., 5,102 shares, representing approximately 85.03% of such company's 6,000 issued shares in total) through a newly-established, fully-owned subsidiary in Luxembourg, WALSIN LIHWA EUROPE SARL, thereby indirectly acquiring approximately 70% of the shares of COGNE ACCIAI SPECIALI S.P.A. (based in Italy) and further indirectly acquiring approximately 70% of the shares in Dong Guan Cogne Steel Products Co., Ltd. The equity transaction has been closed, and was filed to the Department of Investment Review for record on January 13, 2023, with the approved investment amount of EUR26.61 million (equivalent to USD28.57 million).

# **Walsin Lihwa Corporation Corporate Governance Best Practice Principles**

## **Chapter 1: General Principles**

**Article 1** The Corporate Governance Best Practice Principles of Walsin Lihwa (hereafter referred to as "the Company") developed pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corporation (hereafter referred to as "TWSE") and Taipei Exchange (hereafter referred to as "TPEX") Listed Companies is intended to assist the Company in establishing a sound corporate governance system to have its effective corporate governance framework implemented.

**Article 2** The Company's corporate governance system is established in compliance with relevant laws and regulations as well as the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the powers of the board of directors and each functional committee.
3. Respect the rights and interests of stakeholders.
4. Enhance information transparency.

**Article 3** The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement its internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The Audit Committee shall also attend to and supervise these matters. The Company is advised to establish channels and mechanisms of communication between its Audit Committee and the chief internal auditor. The Audit Committee shall periodically hold discussions with internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up to have improvements implemented and a report submitted to the board of directors and the shareholders' meeting.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

The appointment and dismissal, evaluation and review and compensation of the Company's internal auditor shall be submitted by the chief auditor to the chairman of the board for approval.

**Article 3-1** In accordance with the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers (hereafter referred to as "Directions"), the Company should have an adequate number of corporate governance personnel with appropriate qualifications according to the size, business conditions and management needs of the Company, and appoint a chief corporate governance officer as the highest-ranking officer in charge of the Company's corporate-governance-related matters according to the requirements of the competent authority, TWSE and TPEX. The qualification, appointment and dismissal and requirement of continuing education hours for/of the corporate governance officer shall be in compliance with these Directions.

The corporate governance affairs mentioned in the preceding paragraph shall include at least the following items:

1. Handling matters relating to board meetings and shareholders' meetings according to laws.
2. Preparing minutes of board meetings and shareholders' meetings.
3. Assisting in the onboarding and continuing education of directors.
4. Furnishing information required for business execution by directors of the board.
5. Assisting directors with legal compliance.
6. Reporting to the board the results of its review of whether the time of nomination and election of independent directors as well as their terms of tenure comply with relevant laws and regulations.
7. Assisting in changes in directors of the board.
8. Other matters set out in the Articles of Incorporation of the Company or contracts.

## **Chapter 2: Protection of Shareholders' Rights and Interests**

### **Section 1: Encouraging Shareholders to Participate in Corporate Governance**

**Article 4** The Company's corporate governance system shall protect shareholders' rights and interests and treat all shareholders equitably.

The corporate governance system established by the Company shall be able to ensure shareholders' rights of being fully informed of, participating in, and making decisions over important matters of the Company.

**Article 5** The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations, provide comprehensive rules for such meetings, and faithfully implement resolutions adopted by shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders' meetings of the Company shall comply with relevant laws and regulations as well as the Articles of Incorporation of the Company.

**Article 6** The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders.

Arrangements shall be made to hold shareholders' meetings at a convenient location supported by video conferencing when appropriate and necessary, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the board of directors, it is advisable that the chairman of the board chair the meeting, a majority of the directors (including at least one independent director) and the convener of the Audit Committee attend in person, and at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders' meeting minutes.

**Article 7** The Company shall encourage its shareholders to actively participate in corporate governance and ensure shareholders' meetings can proceed on a legal, effective and secure basis. The Company shall also seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, to upload notices, agendas and supplementary information of shareholders' meetings in both Chinese and English concurrently to enhance shareholders' attendance rates at shareholders' meetings and ensure their exercise of rights at such meetings in accordance with laws.

Shareholders may select either electronic voting or voting in person at a shareholders' meeting held by the Company to avoid raising extraordinary motions and amendments to original proposals.

The Company is advised to arrange for its shareholders to vote on each separate proposal in the shareholders' meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System (MOPS).

**Article 8** The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

The shareholders' meeting minutes shall be properly and perpetually kept by the Company during its legal existence and should be sufficiently disclosed on the Company's website.

**Article 9** The chairman of the shareholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders' meetings established by the Company. The chairman shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders' meetings, it is advisable for the members of the board of directors other than the chairman of the shareholders' meeting to promptly assist the attending



shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

**Article 10** The Company shall place high importance on the shareholder right to know, while preventing insider trading, and shall faithfully comply with applicable regulations regarding information disclosure to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting Company insiders from trading securities using information not disclosed to the market.

The provision in the foregoing paragraph is advisable to include the stock trading control measures for the Company's insiders as of the date of having access to the Company's financial reports or related business performance.

**Article 10-1** The Company shall, at shareholders' meetings, report its board of directors' remunerations including the remuneration policy, remuneration contents and values, as well as the relevance between the remunerations and board performance evaluation results.

**Article 11** The shareholders shall be entitled to profit distributions by the Company. To ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the Audit Committee, and may decide profit distributions and deficit off-setting plans by resolution. To proceed with the above examination, the shareholders' meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars and specific transaction documents and records of the Company.

The board of directors, Audit Committee, and managers of the Company shall fully cooperate in the examination conducted by the inspector in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

**Article 12** In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the Company's financial structure thereafter.

When the management or any major shareholder of the Company participates in any merger or acquisition, whether the members on the Company's Audit Committee reviewing the aforementioned merger or acquisition meet Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, are not any related party of the counterpart of the merger or acquisition, or have any interest relationship with the aforementioned counterpart that may affect their independence, and whether the design and implementation of relevant procedures comply with relevant laws and regulations, and whether material information is fully disclosed in accordance with relevant laws and regulations shall be provided by independent lawyers' legal opinions.

The qualifications of the aforementioned independent lawyers shall also meet Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, i.e., they shall not be any related party of the counterpart of the merger or acquisition and not have any interest relationship with the aforementioned counterpart that may affect their independence.

Relevant personnel of the Company handling the aforementioned merger or acquisition or public tender shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

**Article 13** To protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors or managers in performing their duties.

It is advisable that the Company appropriately handles the matters referred to in the preceding two paragraphs and keeps relevant written records for future reference incorporate the procedures in its internal control system for management purposes.

## **Section 2: Establishing a Mechanism for Interaction with Shareholders**

**Article 13-1** The board of directors of the Company is responsible for establishing a mechanism for interaction with the shareholders to enhance mutual understanding of the development of company's objectives.

**Article 13-2** In addition to communicating with the shareholders through the shareholders' meetings and encouraging the shareholders to participate in such meetings, the board of directors

of the Company together with the managers and the independent directors shall engage with the shareholders in an efficient manner to ascertain the shareholders' views and concerns, and expound the Company policies explicitly, in order to gain the shareholders' support.

**Article 13-3** The Company shall formulate and disclose its operational strategies and business plans, clearly articulating specific measures to enhance corporate value. These shall be submitted to the board of directors and actively communicated to shareholders.

### **Section 3: Governance of the Relations between the Company and Its Related Parties**

**Article 14** The Company shall clearly identify the objectives and the division of authority and responsibility between itself and its affiliated enterprises, i.e., the subsidiaries over which the Company has actual control or the subsidiaries in which the Company directly and indirectly holds more than fifty percent of the voting shares, with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

**Article 15** Any manager of the Company concurrently assuming any other position shall comply with applicable laws and regulations.

A director who engages in any transaction for himself or herself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders' meeting and obtain its consent.

**Article 16** The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers and implement the necessary control mechanisms to reduce credit risk.

**Article 17** Any financial business dealing or transaction between the Company, its related parties, and shareholders shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions and improper channeling of profits shall be prohibited.

The aforementioned written agreement shall include the procedures for management of purchase and sale transactions, asset acquisitions or disposals, and loans and endorsements, while relevant material transactions shall be submitted to the board for resolution and passage to be submitted to or approved by a shareholders' meeting.

**Article 18** A corporate shareholder having controlling power over the Company shall comply with the following provisions:

1. The corporate shareholder shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.
2. The corporate shareholder's representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders' meeting, the representative shall exercise his/her voting right in good

faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.

3. The corporate shareholder shall comply with relevant laws, regulations and the Articles of Incorporation of the Company in nominating directors and shall not act beyond the authority granted by the shareholders' meeting or board meeting.
4. The corporate shareholder shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. The corporate shareholder shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

**Article 19** The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall periodically disclose important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who own 5 percent or more of the outstanding shares of the Company or the shareholding stake thereof is on the top 10 list, but the Company may set up a lower shareholding threshold according to the actual shareholding stake that may control the Company.

## **Chapter 3: Enhancing the Functions of the Board of Directors**

### **Section 1: Structure of the Board of Directors**

**Article 20** The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and the shareholders. The Company's various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its Articles of Incorporation, and the resolutions of its shareholders' meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not fewer than five, in consideration of the Company's business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company managers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership.
8. Ability to make policy decisions.

**Article 21** The Company establishes a fair, just, and open procedure for the election of directors, encourages shareholder participation, and adopts the cumulative voting mechanism to fully reflect shareholders' views, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders. Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholders' meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholders' meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

**Article 22** In accordance with the laws and regulations stipulated by the competent authority, the Company shall specify in its Articles of Incorporation that it adopts the candidate nomination system for elections of directors, carefully reviews the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and acts in accordance with Article 192-1 of the Company Act.

**Article 23** Clear distinctions shall be drawn between the responsibilities and duties of the chairman of the board of the Company and those of its general manager.

It is inappropriate for the chairman to concurrently act as the general manager or any officer with equivalent duties.

The Company shall clearly define the responsibilities and duties of its functional committees.

## **Section 2: Independent Director System**

**Article 24** The Company shall, in accordance with its Articles of Incorporation, appoint at least three independent directors comprising at least one-fifth of the total directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be complied with when an independent director concurrently assumes other positions. Independent directors shall also maintain independence within the scope of their directorial duties and may not have any direct or indirect interest in the Company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or manager as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the TWSE/TPEX listed company, any foundation to which the TWSE/TPEX listed company's cumulative direct or indirect contribution of funds exceeds fifty percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company. Change of status between independent directors and non-independent directors during their term of office is prohibited.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the TWSE or TPEX Securities Market.

**Article 25** The Company shall submit the matters that should be submitted to the board of directors to the board of directors for approval by resolution as provided in the Securities and Exchange Act, the Articles of Incorporation and Article 35 hereof. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting.

**Article 26** The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company and shall also

take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

### **Section 3: Functional Committees**

**Article 27** For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the Company's scale, type of operations, and number of its board members, may set up functional committees for auditing, nomination, compensation and remuneration, strategic growth or any other functions, set up sustainable development, corporate social responsibility, business integrity or other committees on the basis of corporate social responsibility and sustainable operation, and expressly provide for the committee mentioned above in the Articles of Incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.

**Article 28** The Company's Audit Committee shall be composed of the entire number of independent directors and shall not be fewer than three persons, one of whom shall be the convener, and at least one of them shall have accounting or financial expertise.

The exercise of power by the Audit Committee and its independent directors as well as related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

**Article 28-1** The Company has its Compensation Committee. It is advisable that the majority of its members be independent directors. The professional qualifications for its members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

**Article 28-2** The Company's Nomination Committee Charter prescribes a majority of the committee members shall be independent directors and the committee chairperson shall be an independent director, too.

**Article 28-3** The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the Company's internal control system for management purposes.

**Article 29** To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. Regarding any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions by establishing channels and mechanisms of communication between the Audit Committee, and the attesting CPA while incorporating procedures for that purpose into the Company's internal control system for management purposes.

The Company shall factor in the Audit Quality Indicators (AQIs) to evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. If the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

**Article 30** It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the board of directors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, the board of directors or the management is involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

The Audit Committee or an independent director of the Audit Committee may retain the service of legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

#### **Section 4: Rules for the Proceedings and Decision-Making Procedures of Board Meetings**

**Article 31** The board of directors of the Company shall meet at least once every quarter or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director



may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall have its rules of procedure for board of directors meetings (hereafter referred to as "the Company's Rules of Procedure for Board of Directors Meetings"), which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

**Article 32** Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the Company's Rules of Procedure for Board of Directors Meetings.

**Article 33** When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the Audit Committee but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professionals may be invited to sit in at the meetings to assist the directors in understanding the conditions of the Company for adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

**Article 34** Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairman and secretary of the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record in audio or video format the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the Company's Articles of Incorporation, or resolutions adopted in the shareholders' meeting, and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

**Article 35** The Company shall submit the following matters to its board of directors for discussion:

1. Convention of shareholders' meetings and implementation of meeting resolutions.
2. Review and approval of the Articles of Incorporation, important by-laws and rules as well as important contracts.
3. Business plan determination.
4. Closing report and business report compilation and review.
5. Annual financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
6. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and evaluation of effectiveness of an internal control system.
7. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
8. The offering, issuance, or private placement of any equity-type securities.
9. The appointment, dismissal, performance assessment and the standard of remuneration of the managers.

10. The appointment or dismissal of a financial, accounting, or internal audit officer.
11. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition. The preceding donation to a related party or a major donation to a non-related party shall be made pursuant to Article 7 of the Company's Rules of Procedure for Board of Directors Meetings.
12. Any acquisition and disposal of any important asset that shall require approval by the board of directors.
13. Any decision on the establishment and closure of any branch company, representative office, business premises, and branch plant or other relevant changes.
14. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, Articles of Incorporation or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or the Company's Articles of Incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

**Article 36** The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

## **Section 5: Fiduciary Duty, Duty of Care and Responsibility of Directors**

**Article 37** Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders' meetings or in the Company's Articles of Incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

The Company, with its rules and procedures for board of directors performance assessments, not only should conduct annually scheduled performance assessments of the board of directors and individual directors through self-assessment or peer-to-peer assessments, but also may engage outside professional institutions, or in any other appropriate manner. The performance assessment of the board of directors (functional committees) should include the following aspects, and that appropriate assessment indicators should be developed in consideration of the Company's needs:

1. Its participation in the Company's operations.
2. Improvement in the quality of its decision-making.
3. Its composition and structure.
4. The election of the directors and their continuing professional education.
5. Internal control.

The performance assessments of board members (self-assessments or peer-to-peer assessments) should include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Their grasp of the Company's goals and missions.
2. Their recognition of directors' duties.
3. Their degree of participation in the Company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal control.

The performance assessments conducted by the Company of a functional committee may include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Its participation in the Company's operations.
2. Its recognition of its duties as the functional committee.
3. Improvement in the quality of its decision-making.
4. Its composition and election of members.
5. Internal control.

The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation, nomination and renewal of term of office of each director.

**Article 37-1** It is advisable for the Company to establish a succession plan for the management. The development and implementation of such a plan shall be periodically evaluated by the board of directors to ensure its sustainable operation.

**Article 37-2** The Board of Directors is advisable to evaluate and monitor the Company's business direction and performance regarding intellectual property in the following aspects to ensure that the Company establishes its intellectual property management system based on the management cycle of "planning, execution, inspection and action":

1. Formulation of intellectual property management policies, objectives and systems related to operating strategies.
2. Establishment, implementation and maintenance of a management system for the acquisition, protection, maintenance and use of its intellectual property according to its scale and type.
3. Determination and provision of resources sufficient to effectively implement and maintain an intellectual property management system.

4. Identification of internal and external risks or opportunities related to intellectual property management and implementation of response measures.

The Company will plan and implement mechanisms for continuous improvement to ensure the operation and effectiveness of the intellectual property system are in line with the Company's expectations.

**Article 38** If a resolution of the board of directors violates law, regulations or the Company's Articles of Incorporation, at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering any likelihood that the Company might suffer material injury, members of the board of directors shall proceed in accordance with what is prescribed in the foregoing paragraph and immediately report to an independent director member of the Audit Committee.

**Article 39** The Company, in accordance with its Article of Incorporation, is required to apply for liability insurance for its board of directors with respect to liabilities resulting from exercising their duties during their terms of occupancy to reduce and diversify the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.

The Company is required to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has applied for or renewed for its board of directors, at the next board meeting.

**Article 40** Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, or law offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

## **Chapter 4: Respecting Stakeholders' Rights**

**Article 41** The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

**Article 42** The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interest is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

**Article 43** The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

**Article 44** In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the Company's social responsibility.

## **Chapter 5: Improving Information Transparency**

### **Section 1: Enhancing Information Disclosure**

**Article 45** Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and to publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the Company's information, and establish a spokesperson system to ensure the proper and timely disclosure of information about the policies that might affect the decisions of shareholders and stakeholders.

**Article 46** To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.

The Company shall appoint one or more who shall represent the Company when the spokesperson cannot perform his/her duties in making statements independently, provided that the order of authority of such acting spokespersons is established to avoid any confusion.

To implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

**Article 47** To keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the Company's finances, operations, and corporate governance. It is also advisable for the

Company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and timely updated.

**Article 48** The Company shall hold any institutional investor briefing in compliance with the regulations of the TWSE and shall keep an audio or video record of the briefing.

The financial and business information disclosed at the briefing shall be announced on the Market Observation Post System (MOPS) and provided for inquiry through the Company's website or through other channels in accordance with the TWSE rules.

## **Section 2: Disclosure of Information on Corporate Governance**

**Article 49** The Company's website shall disclose and update from time to time the following information regarding corporate governance:

1. The board, such as the resumes and responsibilities of directors of the board and how board diversity is effectively carried out;
  2. Function committees, such as the resumes and responsibilities of members on individual function committees;
  3. Corporate governance-related regulations, such as the Articles of Incorporation, Board of Directors Meeting Regulations, and charters of individual function committees; and
- Important information on corporate governance, such as the installation of the Corporate Governance Director.

## **Chapter 6: Supplementary Provisions**

**Article 50** The Company shall at all time monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms to enhance corporate governance effectiveness.

**Article 51** The enactment of, and amendment to, the Principles shall be approved by the board of directors and reported to the shareholders' meeting of the Company.

**Article 52** Enacted on August 1, 2014, these Principles were amended on January 19, 2018 for the first time, on April 9, 2019 for the second time, on April 10, 2020 for the third time, on April 9, 2021 for the fourth time, on August 5, 2022 for the fifth time, on February 24, 2023 for the sixth time, and on January 6, 2025 for the seventh time, and became effective after approval by the board of directors.

## Walsin Lihwa Corporation

### Directors shareholdings stated in the shareholder register for the 2025 Annual Shareholders' Meeting

As of March 18, 2025

Title	Name	Shares held	% of issued shares
Chairman	Yu-Lon Chiao	50,460,440 shares	1.25%
Vice Chairman	Representative of Chin Xin Investment Co., Ltd.: Shyi-Chin Wang	248,002,375 shares	6.15%
Director	Yu-Cheng Chiao	41,001,551 shares	1.02%
Director	Yu-Heng Chiao	65,343,810 shares	1.62%
Director	Yu-Chi Chiao	52,285,470 shares	1.30%
Director	Andrew Hsia	0 shares	0.00%
Director	Wen-Chien Hsieh	0 shares	0.00%
Independent Director	Ming-Ling Hsueh	0 shares	0.00%
Independent Director	Fu-Hsiung Hu	0 shares	0.00%
Independent Director	Tyzz-Jiun Duh	0 shares	0.00%
Independent Director	Wei-Chuan Gau	0 shares	0.00%
Shares held by all directors		457,093,646 shares	11.34%

Note: As of the book closure date for the 2025 Annual Shareholders' Meeting, the Company had issued 4,031,332,948 shares of common stock.



# Walsin Lihwa Corporation

## Comparison Table of Amended Articles of Articles of Incorporation

Amended Articles	Original Articles	Description
<p>Article 25-1</p> <p>The Company may distribute no less than 1% of profit of the current year as employees' compensation (<u>0.7% of which shall be distributed to rank-and-file employees</u>) and to distribute no maximum 1% of profit of the current year as compensation of directors. The resolution of actual amount of foresaid compensation shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, company's accumulated losses shall have been covered.</p> <p>Employees' compensation shall be distributed in the form of shares or in cash; qualification requirements of employees including the employees of parents or subsidiaries of the Company meeting certain specific requirements which shall be defined by board of directors.</p> <p>The qualification requirements of or the distribution rules for the employees who are entitled to the treasury stock transferred, the employee warrants issued, subscription for new shares issued, and the restricted stock awards issued by the Company, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be formulated by the board of directors as authorized.</p>	<p>Article 25-1</p> <p>The Company may distribute no less than 1% of profit of the current year as employees' compensation and to distribute no maximum 1% of profit of the current year as compensation of directors. The resolution of actual amount of foresaid compensation shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, company's accumulated losses shall have been covered.</p> <p>Employees' compensation shall be distributed in the form of shares or in cash; qualification requirements of employees including the employees of parents or subsidiaries of the Company meeting certain specific requirements which shall be defined by board of directors.</p> <p>The qualification requirements of or the distribution rules for the employees who are entitled to the treasury stock transferred, the employee warrants issued, subscription for new shares issued, and the restricted stock awards issued by the Company, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be formulated by the board of directors as authorized.</p>	<p>Amended in accordance with Paragraph 6 of Article 14 of the Securities and Exchange Act.</p>

Amended Articles	Original Articles	Description
<p>Article 31</p> <p>These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967...the fifty-three amendment was made on May 17, 2024, and <u>the fifty-four amendment was made on May 16, 2025.</u> The same procedure shall apply to any future amendment.</p>	<p>Article 31</p> <p>These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967...the fifty-three amendment was made on May 17, 2024. The same procedure shall apply to any future amendment.</p>	<p>The date of this amendment has been added.</p>

# Walsin Lihwa Corporation

## Comparison Table of Amended Articles of Endorsement and Guarantee Procedures

Amended Articles	Original Articles	Description
<p>Chapter 1 General Principles Article 3 Definition</p> <p>1. The terms "endorsement" and "guarantee" as used herein refer to:</p> <p>(1) Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(2) Endorsement or guarantee for the Company itself or another company with respect to customs duty matters.</p> <p>(3) <u>Guarantee made for other companies within the scope of liability for business contracts signed with external parties.</u></p> <p>(4) <u>Others not covered by (1), (2), and (3).</u></p> <p>(omitted)</p>	<p>Chapter 1 General Principles Article 3 Definition</p> <p>1. The terms "endorsement" and "guarantee" as used herein refer to:</p> <p>(1) Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(2) Endorsement or guarantee for the Company itself or another company with respect to customs duty matters.</p> <p>(3) <u>Others not covered by (1) and (2).</u></p> <p>(omitted)</p>	<p>These clauses have been amended to address the future needs for endorsements and guarantees.</p>
<p>Chapter 2 Contents Article 2 Total amount of endorsement /guarantee</p> <p>1. According to the Company board decision, the total amount and the individual limit of endorsements /guarantees are listed as follows:</p> <p>(1) The total amount of endorsements/guarantees <u>made by the Company, as well as the Company and its subsidiaries as a whole, shall not exceed 130%</u> of the Company's net worth based on the Company's most current consolidated financial statements.</p> <p>(2) <u>The amount of endorsements and guarantees by the Company, and the Company and its subsidiaries, for an individual party shall not exceed 50% of the total amount mentioned in the preceding subparagraph.</u></p> <p>(omitted)</p>	<p>Chapter 2 Contents Article 2 Total amount of endorsement /guarantee</p> <p>1. According to the Company board decision, the total amount and the individual limit of endorsements /guarantees are listed as follows:</p> <p>(1) The total amount of endorsements/guarantees shall not exceed <u>100%</u> of the Company's net worth based on the Company's most current consolidated financial statements.</p> <p>(2) <u>The individual limit prescribes the amount shall not exceed 2.5 times of the net worth of a guaranteed company based on its most current financial statements multiplied by the percentage of the Company's investment in the subsidiary.</u></p> <p>(omitted)</p>	

## Walsin Lihwa Corporation

### Explanations of involvement of director or their related persons in the field of the Company's business

1. Vice Chairman: Chin Xin Investment Co., Ltd. (Representative: Mr. Shyi-Chin Wang)

Names of Other Companies Where He Serves	Title	Business Items Identical or Similar to the Company's
Cogne Acciai Speciali	Director	Production and sales of specialty steel

2. Director: Mr. Yu-Heng Chiao

Names of Other Companies Where He Serves	Title	Business Items Identical or Similar to the Company's
Cheng Cheng Enterprise Co., Ltd.	Director	Commercial real estate H701010 Housing and Building Development and Rental

# Regulations

# Walsin Lihwa Corporation

## Articles of Incorporation

The 53 amendment was adopted by the Shareholders' meeting on May 17, 2024

### Chapter I General provisions

**Article 1:** The Chinese name of the Company is "華新麗華股份有限公司", and its English name is "Walsin Lihwa Corporation." The Company is incorporated pursuant to the Company Act.

**Article 2:** The following is the business scope of the company:

1. H701010 Residential and Commercial Building development, Rental and sales Business
2. E601010 Power Equipment Installation and Maintenance Business
3. CC01020 Electric Wires and Cables Manufacturing
4. CA01010 Iron and Steel Smelt
5. CA01020 Steel Rolling
6. CA01050 Secondary Steelmaking
7. B201010 Mining of Metal Ores
8. CA01030 Iron and Steel Casting
9. CA02080 Metal Forging
10. CA03010 Heat Treatment
11. CA04010 Surface Treatments
12. ZZ99999 Except the permitted business, the company may engage in other businesses not prohibited or restricted by laws and regulations

**Article 2-1:** The Company may act as a guarantor for another person in accordance with the law and relevant requirements.

**Article 2-2:** The total amount of the Company's investments in other companies is not subject to the restriction of 40% of the Company's paid-up capital.

**Article 3:** The Company is incorporated in Taipei City. The Company may establish branch office, representative's office, business unit or subsidiary plant in the Republic of China or foreign countries if necessary.

**Article 4:** deleted

### Chapter II Shares

**Article 5:** The Company's total capital is Sixty Five Billion New Taiwan Dollars (NT\$65,000,000,000) which is divided into 6,500,000,000 shares with a face value of Ten New Taiwan Dollars (NT\$10) per share. The afore-mentioned shares shall be issued in installments, and the unissued shares may be issued according to resolutions adopted by the board of directors as it deems necessary.

Share subscription warrants, corporate bonds with warrants or preferred shares with warrants may be issued within the amount of Eight Billion New Taiwan Dollars

(NT\$8,000,000,000) of the preceding capital with the total of 800,000,000 shares and each share at a face value of Ten New Taiwan dollars (NT\$10). These shares may be issued in installments.

Where the Company is entitled to buy back its own shares according to the law, the board of directors is authorized to undertake such share buyback pursuant to the law.

**Article 6:** The stock certificates of the Company shall be in registered form, and before they are issued, shall be numbered serially, be affixed with the signature or personal seals of the Directors representing the Company, and be authenticated by the bank eligible for such authentication pursuant to law.

The Company may be exempted from printing share certificates if such shares have been registered with a securities depository enterprise.

**Article 7:** Shares which are transferred, lost or destroyed shall be handled in accordance with the Company Act and the relevant regulatory requirements.

### **Chapter III Shareholders' Meeting**

**Article 8:** The Company's regular meeting of shareholders shall be held once every year within six months from the expiration of the fiscal year. Special meeting of shareholders may be held according to the law if necessary.

**Article 9:** The convening of regular and special meetings of shareholders shall be governed by the Company Act and the meeting proceedings shall be governed by the Company's rules and procedures governing Shareholders' meetings.

**Article 9-1:** The Company's shareholders' meetings may be held by video conferencing or other means announced by the central competent authority.

If a shareholders' meeting is held by video conferencing, the shareholders who participate in the meeting by video conferencing shall be deemed to be present in person.

If otherwise stipulated by the securities competent authority with respect to the provisions of the preceding two paragraphs, the stipulation of the securities competent authority shall prevail.

**Article 10:** Unless otherwise provided for by law, the voting right of the Company's shareholders is based on one-share-one-vote.

**Article 11:** Unless otherwise provided for by law, a resolution of a shareholders' meeting shall be adopted by a majority vote of the shareholders who are present at the meeting and represent more than half of the total number of issued shares. The shareholders of the Company may also exercise their voting rights by electronic means, and shall be deemed as present in person if they exercise their voting rights by electronic means. Relevant matters thereof shall be handled in accordance with the Company Act and relevant laws and regulations.

**Article 12:** Shareholders may appoint proxies to attend Shareholders' meetings pursuant to the Company Act and the "Rules Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority by submitting proxy form printed and distributed by the Company and specifying the scope of authority therein.

**Article 13:** Where a Shareholders' meeting is convened by the board of directors, the chairperson of the board of directors shall chair the meeting. In the event that the chairperson is on leave or absent or cannot exercise his or her power and authority for any reason, the vice chairperson shall act on behalf of the chairperson. If the vice chairperson is also on leave or absent or cannot exercise his or her power and authority for any reason, a director shall be appointed to act on the chairperson's behalf pursuant to the Company Act.

Where a Shareholders' meeting is convened by a person who has convening right other than the board of directors, such person shall chair the meeting. In the event that there are more than two persons having the convening right, the chairperson of the meeting shall be elected from among themselves.

#### **Chapter IV Directors, Board of Directors and managers**

**Article 14:** The Company shall have 9 to 11 directors including, at least, 3 independent directors. The Board of Director is authorized to determine the number of directors. Directors shall be elected by adopting candidates' nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors among the list of candidates.

The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and regulations of Company Act, Securities and Exchange Act, and etc.

The election of directors shall be subject to the Rules for Election of Directors of the Company. Unless otherwise provided with by any other law or regulation, the independent and non-independent directors shall be elected at the same time but on separate ballots.

The total registered shares owned by the directors of a Company shall not be less than the percentage of total issued shares specified in the regulations provided by the competent authorities.

**Article 14-1:** The Company's Audit Committee is composed of all of its Independent Directors in accordance with Article 14-4 of the Securities and Exchange Act. The performance of duties and functions of the Audit Committee and its members and relevant matters shall be handled in accordance with the relevant provisions of the Securities and Exchange Act.

**Article 14-2:** The Company shall have a Compensation Committee in accordance with Article 14-6 of the Securities and Exchange Act, the charter of which shall be formulated by the Board of Directors in accordance with the relevant laws and regulations.

**Article 14-3:** The Company may establish other functional committees under the Board of Directors. The number of members, as well as their terms of office and functions and duties, of such functional committees shall be set forth in the charters thereof and shall be implemented by resolution of the Board of Directors.

**Article 15:** The term of office of directors shall not exceed three years but they are eligible for re-election.

**Article 16:** The Board of Directors shall consist the directors of the Company and shall have the rights listed below:

1. Convention of the shareholders meeting minutes and execution of the resolutions hereof.
2. Determination of the operation plan.



3. Review and enforcement of the major rules such as the Company's organizational rules and major agreements.
4. Review of and approval on the procurement or disposition of the major assets in accordance with the laws, regulations or the internal rules of the Company.
5. Approval on the hiring, dismissal, performance appraisal or remuneration standards of managers, and financial, accounting, internal audit or other major supervisors.
6. Decision on the establishment, abolition or change of a branch, office, business premise or plant.
7. Editing and review of the budget billing, business report, and the annual financial report.
8. Enforcement or amendment of the internal control system.
9. Enforcement or amendment to the handling procedures for financial or operational actions of material significance, such as to the procedures regarding acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
10. The offering, issuance, or private placement of any equity-type securities.
11. Review of and approval on a donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next Board of Directors meeting for retroactive recognition.
12. Decision-making of other material matters.

**Article 17:** The board of directors shall elect a chairperson and a vice chairperson from among themselves by a majority vote at a meeting attended by over two-thirds of the directors.

**Article 18:** The chairperson shall externally represent the Company and take charge of important matters.

**Article 19:** The chairperson shall convene board of directors meetings.

The notice of convening a board meeting may be served on directors by means of written document, electronic mail or facsimile.

Unless otherwise provided for by law, a resolution of the board of directors shall be adopted by a majority of the directors present at a meeting attended by a majority of the directors.

A director may appoint another director to attend a board meeting on his or her behalf. Nonetheless, a director may accept the appointment to act as the proxy of one other director only.

**Article 20:** deleted

**Article 21:** The directors shall be entitled to be compensated with the respective remunerations. The amount of remuneration is authorized to be determined by the Board of Directors based on the evaluation of the remuneration committee evaluating the degree of participation and value of contributions of the directors as well as referring to the typical pay levels adopted by peer companies.

**Article 21-1:** After obtaining the consent of the Board of Directors, the Company may bear the compensation liabilities incurred by its directors from performing their duties as well

as refer to the typical insured value adopted by the domestic or global companies to purchase the directors' and officers' liability insurance during the respective tenure of its directors and supervisors.

**Article 22:** The Company may establish managers by adopting the resolution of the Board of Directors meeting. The hiring, dismissal and remuneration of the above personnel shall be determined in accordance with Article 29 of the Company Act.

**Article 23:** deleted

**Article 24:** deleted

## **Chapter V Accounting**

**Article 25:** The Company's fiscal year shall commence on January 1 and terminate on December 31 and settlement of accounts shall be undertaken at the end of the year.

**Article 25-1:** The Company may distribute no less than 1% of profit of the current year as employees' compensation and to distribute no maximum 1% of profit of the current year as compensation of directors. The resolution of actual amount of foresaid compensation shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, company's accumulated losses shall have been covered.

Employees' compensation shall be distributed in the form of shares or in cash; qualification requirements of employees including the employees of parents or subsidiaries of the Company meeting certain specific requirements which shall be defined by board of directors.

The qualification requirements of or the distribution rules for the employees who are entitled to the treasury stock transferred, the employee warrants issued, subscription for new shares issued, and the restricted stock awards issued by the Company, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be formulated by the board of directors as authorized.

**Article 26:** The Company's chairman, managerial officer and accounting manager shall prepare and sign or affix their chops the statements and records for account settlement which shall be forwarded to audit committee or certified public accountants authorized by audit committee for auditing at least 30 days prior to the date of the regular Shareholders' meeting. Such supervisors or certified public accountants shall produce and submit the reports to the Shareholders' meeting for ratification.

**Article 27:** deleted

**Article 28:** After the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the paid-in capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside or reverse the special reserve as stipulated by the law or the competent authority. Then the Board of Directors shall draft an earning distribution proposal submitted to the Shareholders' meeting for resolution to distribute shareholder's dividends.

If the aforementioned distribution of earnings is made in cash, the Board of Directors shall be authorized to distribute the earnings with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, and to report the distribution to the shareholders' meeting.

The setting aside of the legal reserve set forth in Paragraph 1 of this Article should be based on the "the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period."

**Article 28-1:** The share dividend policy of the Company should be stable for the purpose of sustainable operation and development. In case of any earnings on the final account, the Company shall allot as shareholder dividends no lesser than 40% of the balance of such earnings after offsetting its loss, paying income tax, setting aside the legal reserve, and setting aside the special reserve as adjusted based on the net decrease in other shareholders' equity as stipulated in Article 28 hereof, as well as deducting the share of the affiliates' interests recognized by equity method and adding the cash dividends paid out by the affiliates to the Company recognized by equity method. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

To ensure the stability of the financial structure, and based on the principle of equitable dividend payout, if the Company has no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, the Company may distribute all or part of the reserves or the undistributed earnings in the previous period. If there is a non-recurring, material income in the Company's earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation set forth in Paragraph 1 hereof.

## **Chapter VI Supplement provisions**

**Article 29:** The Company's regulations and enforcement rules shall be prescribed separately.

**Article 30:** Any matter which is not prescribed in these Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

**Article 31:** These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967; the 2nd amendment was made on December 30, 1967; the 3rd amendment was made on June 26, 1969; the 4th amendment was made on June 1, 1970; the 5th amendment was made on June 15, 1971; the 6th amendment was made on December 30, 1971; the 7th amendment was made on June 24, 1972; the 8th amendment was made on May 6, 1973; the 9th amendment was made on November 1, 1973; the 10th amendment was made on April 18, 1974; the 11th amendment was made on April 22, 1975; the 12th amendment was made on April 14, 1976; the 13th amendment was made on April 19, 1977; the 14th amendment was made on May 12, 1978; the 15th amendment was made on May 8, 1979; the 16th amendment was made on April 7, 1980; the 17th amendment was made on April 10, 1981; the 18th amendment was made on April 20, 1982; the 19th amendment was made on April 16, 1983; the 20th amendment was made on April 18, 1984; the 21st amendment was made on May 6, 1985; the 22nd amendment was made on April 25, 1986; the 23th amendment was made on December 1, 1986; the 24th amendment was made on May 2, 1987; the 25th amendment was made on April 26,

1988; the 26th amendment was made on April 18, 1990; the 27th amendment was made on April 12, 1991; the 28th amendment was made on March 27, 1992; the 29th amendment was made on June 2, 1993; the 30th amendment was made on May 23, 1994; the 31st amendment was made on May 9, 1995; the 32th amendment was made on May 23, 1996; the 33th amendment was made on May 24, 1997; the 34th amendment was made on May 25, 1999; the 35th amendment was made on May 9, 2000; the 36th amendment was made on May 23, 2001; the 37th amendment was made on June 10, 2002; the 38th amendment was made on May 31, 2005; the 39th amendment was made on June 9, 2006; the 40th amendment was made on June 30, 2008; the 41th amendment was made on June 19, 2009; the 42th amendment was made on June 4, 2010; the 43th amendment was made on June 17, 2011; the 44th amendment was made on June 12, 2012; the 45th amendments were made on May 27, 2015 (Except for the amendment to Article 14 comes into effect from 2017; the rest parts of the Articles were in operation after shareholders meeting resolution is made); the 46th amendment were made on May 25 2016; except for the amendment to Article 14 which shall take into effect in 2017, the rest parts of the Articles shall take into effect upon resolution of the shareholders meeting; the 47th amendment were made on May 26, 2017; the 48th amendment were made on May 25, 2018; the 49th amendment were made on May 29, 2020; the 50th amendment were made on July 15, 2021, the 51st amendment was made on May 13, 2022, the 52<sup>nd</sup> amendment was made on May 19, 2023, and the 53th amendment was made on May 17, 2024. The same procedure shall apply to any future amendment.

# **Walsin Lihwa Corporation**

## **Rules and Procedures of Shareholders' Meetings**

The amendment was adopted by the regular Shareholders' meeting on May 13, 2022

**Article 1** Unless otherwise provided for by law, the Company's Shareholders' meetings shall be governed by these rules and procedures.

**Article 2** Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

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

Any matter prescribed by Paragraph 5 of Article 172 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out, and its essential content shall be explained, in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents specified in Paragraph 5 of Article 172 of the Company Act may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Where the notice of reasons for convening the shareholders' meeting has specified any entire re-election of directors and the date of their assumption of office, after such completion of such re-election in such shareholders' meeting, the date of their assumption of office shall not be changed by an extraordinary motion or otherwise in the same meeting.

A shareholder holding 1 percent or more of the total number of the issued and outstanding shares may submit to the Company a written proposal for discussion for a regular shareholders meeting. Such proposal, receipt and review shall be handled pursuant to the Company Act and the relevant applicable laws and regulations. The Company shall inform and make a proposal to shareholders for the result of aforesaid issues by the date of convening and to list such proposal on the shareholders meeting notice. The reasons for unlisted proposals should be explained in the general shareholder meeting. The shareholder who proposes such proposal shall attend the general shareholders meeting in person or to appoint an agent to attend it, and join the discussion.

The convention of the regular shareholders meeting shall be notified to each shareholder 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting. For the shareholders holding less than 1000 shares, the Company may publicly announce the convention of the regular shareholders meeting by uploading the information to the Market Observation Post System (MOPS) 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting.

The reasons for convening the meeting shall be specified in the notice or announcement. Upon the consent of a receiving party, such information may be given in digital form.

The matters relating to the production, announcement, and availability for shareholders of the agenda handbook of the Company's shareholders meeting shall be in compliance with the Regulations Governing Content and Compliance Requirement for Shareholders' Meeting Agenda Handbooks of Public Companies.

**Article 3** For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days prior to 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 by video conferencing or to exercise voting rights in writing or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

**Article 4** A shareholder referred to in the Regulations, except for the Article 2 and Article 3 hereof specifying the shareholder itself, shall mean either the shareholder itself or the proxy designated by the shareholder to attend the meeting.

**Article 5** The venue for a shareholders meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

When the Company convenes a virtual shareholders' meeting, the location of the shareholders' meeting shall not be subject to the restrictions set out in the preceding paragraph; provided, however, that the Company shall provide appropriate alternatives for shareholders who have difficulty attending the shareholders' meeting by video conferencing.

**Article 6** The Company shall specify in its shareholders meeting notices the time during which shareholders, proxy solicitors, and proxies (collectively, "shareholders") attendance registrations will be accepted, the place to register for attendance, and other matters for attention. Shareholders who wish to attend the shareholders' meeting by video conferencing should register with the Company two days prior to the shareholders' meeting.

The time during which shareholder attendance registrations will be accepted prescribed in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and sufficient number of suitable personnel shall be assigned to handle the registrations. Attendance registrations for the virtual shareholders' meeting shall be accepted at the Video Conferencing Platform of the Shareholders' Meetings at least 30 minutes before the commencement of the meeting. Shareholders who have completed the attendance registration process shall be deemed to be present in person at the shareholders' meeting.

Shareholders shall attend shareholder's meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished. If a shareholders' meeting is held by video conferencing, the meeting handbook, annual report and other relevant information shall be uploaded to the Video Conferencing Platform of the Shareholders' Meetings at least 30 minutes before the start of the meeting and shall keep being disclosed until the end of the meeting.

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

The number of the shares held by proxy solicitation, those handled by appointees, and those held by shareholders present in writing or by electronic means shall be calculated and a clearly declared through a statistic chart according to regulated format on the date and venue of general shareholders meetings. If a shareholders' meeting is held by video conferencing, the foregoing information shall be uploaded to the Video Conferencing Platform of the Shareholders' Meetings at least 30 minutes before the start of the meeting and shall keep being disclosed until the end of the meeting.

If a shareholders' meeting is held by video conferencing, the total number of shares of shareholders present shall be disclosed on the Video Conferencing Platform when the meeting is called to order. The same shall apply if the total number of shares and voting rights of shareholders present are also counted during the meeting.

**Article 6-1** The Company shall convene a virtual shareholders' meeting by stating the following in the notice of the shareholders' meeting:

1. The shareholders' attendance in the video conference and the method of exercising their rights.
2. The way to deal with obstacles to the Video Conferencing Platform or attendance via video conferencing due to natural disasters, contingencies, or other force majeure, including at least the following:
  - (1) The time when the meeting is postponed or reconvened due to the persistence of the foregoing disruption, and the date of the postponed or reconvened meeting, if any.
  - (2) Shareholders who have not registered to attend the original shareholders' meeting by video conferencing are not allowed to attend the postponed or reconvened meeting.
  - (3) If a hybrid shareholders' meeting cannot be reconvened, then after deducting the number of shares attending the shareholders' meeting by video conferencing, if the total number of shares held by the shareholders present reach the quorum for the shareholders' meeting, the shareholders' meeting shall be continued. Shareholders participating by video conferencing shall be counted as the total number of shares held by the shareholders present and shall be deemed to have abstained from voting on all motions at that meeting.

(4) The manner of handling of the situation where the results of all motions have been announced and no ad hoc motion has been made.

3. Where a virtual shareholders' meeting is held, the Company shall include appropriate alternatives for shareholders who have difficulty participating in the shareholders' meeting by video conferencing.

**Article 7** If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to perform his/her duties, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to perform his/her duties, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall elect from among themselves one person to serve as chair.

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

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 elect a chair from among themselves.

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

**Article 8** The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The shareholders shall not conduct audio or video recording without obtaining an approval from the Chairperson. Chairperson may stop the shareholders violating the above.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

If a shareholders' meeting is held by video conferencing, the information on shareholders' registration, enrollment, attendance, questions, voting, and the Company's vote counting results shall be recorded and kept, and the entire video conference shall be continuously and uninterruptedly recorded and video-taped.

The Company shall keep the aforementioned information and audio and video recordings during their preservation period and provide the audio and video recordings to the person in charge of the matters relating to the video conference for retention.

**Article 9** Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed in and the number of shares held by



shareholders registering their attendance on the Video Conferencing Platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and, at the same time, announce relevant information such as the number of non-voting shares and the number of shares whose holder are present.

However, when the attending shareholders do not represent a majority of the total number of issued and outstanding shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 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 and outstanding shares, the chair shall declare the meeting adjourned. Where the shareholders' meeting is held by video conferencing, the adjournment of the meeting shall be announced on the Video Conferencing Platform of the Shareholders' Meetings.

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 and outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. Shareholders who wish to attend the virtual shareholders' meeting by video conferencing shall re-register with the Company in accordance with Article 6 hereof.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued and outstanding 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, and each proposal shall be voted on one by one. The meeting shall proceed in the order set by the agenda and may not be changed without a resolution of the shareholders meeting.

Preceding paragraph also applies shareholders' meetings convened by a party with the power to convene that is not the Board of Directors.

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

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

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

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

The speech addressed or the vote casted by a proxy representing a shareholder shall be deemed as the speech or vote of the shareholder despite of any restriction on the authorization or other method made by the shareholder whether the Company knows or not.

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

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

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

After an attending shareholder has spoken, the chair may respond himself/herself or direct relevant personnel to respond.

Shareholders participating in the shareholders' meeting by video conferencing may ask questions by sending texts on the Video Conferencing Platform after the chairman calls the meeting to order and before the meeting is adjourned; they may ask only two questions per motion, and each question shall be limited to 200 words. The provisions of Paragraphs 1 to 6 hereof shall not apply here.

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

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued and outstanding 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 pursuant to 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 3

percent of the voting rights represented by the total number of issued and outstanding 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 is 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 shareholders meeting, it may allow the shareholders to exercise voting rights in writing or via electronic means. 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 in writing or via electronic means shall be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Shareholders' exercising voting right in writing or via electronic means or attending the shareholders' meeting by video conferencing shall be proceeded in accordance with the Company Act, the Regulations Governing the Administration of Shareholder Services of Public Companies and the relevant applicable laws and regulations.

Except as otherwise provided in the Company Act and in the Articles of Incorporation, the passage of a proposal requires an affirmative vote of a majority of the voting rights represented by the attending shareholders. Vote counting for shareholders meeting proposals or elections shall be conducted openly within the venue of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, including voting to approve, objection or waive shall be announced on-site at the meeting, and a record made of the vote at Market Observation Post System.

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 made.

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.

Where the Company convenes a virtual shareholders' meeting, after the Chairman calls the meeting to order, shareholders who participate in the shareholders' meeting by video conferencing shall vote on each motion and election motion through the Video Conferencing Platform, and shall complete the voting before the Chairman announces the end of the voting, and any delay shall be deemed as abstention. The Company shall conduct a one-time vote count and announce the voting and election results after the Chairman announces the close of voting. The voting results of each motion and the election results shall be disclosed on the Video Conferencing Platform of the Shareholders' Meetings in accordance with the regulations and shall continue to be disclosed for at least 15 minutes after the Chairman announces the adjournment of the meeting.

When the Company convenes a hybrid shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video conferencing in accordance with Article 6 but wish to attend the physical shareholders' meeting in person shall deregister in the same manner as they have registered two days prior to the shareholders' meeting; if they deregister after that time, they may attend the shareholders' meeting by video conferencing only.

Those who exercise their voting rights by written or electronic means without revoking their expression of intention and participate in the shareholders' meeting by video conferencing may not exercise their voting rights on the original motion or propose amendments to the original motion or exercise their voting rights on the amendments to the original motion, except for ad hoc 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 those elected as directors and the numbers of votes with which they were elected, as well as the names of those not elected as directors and the numbers of votes they receive.

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 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

**Article 15** When the Company holds a virtual shareholders' meeting, the chairman and minute taker shall be present at the same place in the Republic of China.

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 of the minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including the calculation of the number of voting rights) (in case of any election of directors, the number of votes that each candidate wins shall be disclosed), and shall be retained for the duration of the existence of the Company.

If a shareholders' meeting is held by video conferencing, the minutes of the meeting shall include, in addition to the matters required to be recorded in the preceding paragraph, the starting and ending time of the shareholders' meeting, the manner in which the meeting is held, the names of the chairman and the minute taker, and the manner and situation of handling any interruption from the Video Conferencing Platform or video participation due to natural disasters, contingencies, or other force majeure.

In addition to complying with the provisions of the preceding paragraph, the Company, if wishing to convene a virtual shareholders' meeting, shall include in the minutes of the meeting alternatives for shareholders who have difficulties in participating in the shareholders' meeting by means of video conferencing.

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

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

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

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

**Article 17** When a meeting is in progress, the chair may announce a recess 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 before the conclusion of the meeting and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

**Article 18** When a shareholders' meeting is convened by video conferencing, the chairman, when calling the meeting to order, shall announce separately that, except for the circumstances specified in Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies that do not require the postponement or reconvening of the meeting, if, before the chairman announces the adjournment of the meeting, there is any interruption to participation on the Video Conferencing Platform or by video conferencing for a period of 30 minutes or more due to a natural disaster, a contingency, or other force majeure, the meeting shall be postponed or reconvened within five days. The provisions of Article 182 of the Company Act shall not apply to the date of such postponement or reconvening of the meeting.

In the event of a postponement or reconvening of a meeting, shareholders who have not registered to participate in the original shareholders' meeting by video conferencing shall not participate in the postponed or reconvened meeting.

For those shareholders who have registered to attend the original shareholders' meeting by video conferencing and have completed attendance registration for the meeting, but have not attended the postponed or reconvened meeting, their number of shares, voting

rights and voting rights exercised at the original shareholders' meeting shall be counted as the total number of shares, voting rights and voting rights of shareholders present at the postponed or reconvened meeting.

If the shareholders' meeting is postponed or reconvened in accordance with Paragraph 1, it is not necessary to discuss and resolve again the motions for which voting and counting have been completed and the voting results or the list of directors elected have been announced.

In the event that the Company convenes a hybrid shareholders' meeting and the meeting cannot be reconvened in the case of any circumstance under Paragraph 1, and if, after deducting the number of shares present at the shareholders' meeting by video conferencing, the total number of shares present still reaches the quorum for the shareholders' meeting, the shareholders' meeting shall continue, without being postponed or reconvened in accordance with Paragraph 1.

In the event that a meeting should be continued, the number of shares held by shareholders participating in the meeting by way of video conferencing shall be counted as the total number of shares of shareholders present, but shall be deemed to be abstained for all motions at that meeting.

If the Company postpones or reconvene a shareholders' meeting in accordance with Paragraph 1, the Company shall follow the provisions set forth in Paragraph 27, Article 44 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and shall complete the relevant preliminary procedures on the date of the original shareholders' meeting and in accordance with the provisions of such Article.

The Company shall postpone or reconvene the shareholders' meeting in accordance with the provisions of Paragraph 1 within the period stipulated in the second half of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, or that specified in Paragraph 2, Article 44-5, Article 44-15, or Paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

**Article 19** Any matter not prescribed in the Rules shall be handled in accordance with the Company Act, the relevant laws and regulations and the Article of Incorporation.

**Article 20** These rules and procedures shall take effect upon being ratified by a resolution adopted by the Shareholders' meeting and the same shall apply to all amendments thereto.