

HERAN

Stock code: 5283

Heran Co., Ltd.

**2024 Regular Shareholders'
Meeting
Meeting Agenda**

Date of shareholders' meeting: June 24, 2024

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

Table of Contents

One. Meeting Procedure.....	1
Two. Meeting Agenda.....	2
I. Reports	3
II. Acceptance.....	5
III. Discussion items.....	8
IV. Extempore motions.....	9
V. Adjournment	9
Three. Attachments	10
Attachment 1: Business Report.....	11
Attachment 2: Audit Committee’s Review Report.....	16
Attachment 3: Comparison table of amendments to the clauses of Regulations Governing Procedure for Board of Directors Meetings	17
Attachment 4. Independent Auditors' Report; Individual Financial Statements for 2023; Consolidated Financial Statements	20
Attachment 5. Comparison table of amendments to the clauses of Rules of Procedure for Shareholders Meetings	42
Four. Appendixes.....	46
Appendix 1: Rules of Procedure for Shareholders' Meetings (Before revision).....	47
Appendix 2: Articles of Incorporation	62
Appendix 3. Regulations Governing Procedure for Board of Directors Meetings (Before revision).....	70
Appendix 4: Shareholdings of the Company’s directors as a whole.....	78

One. Meeting Procedure

Heran Co., Ltd.

Meeting Procedure of 2024 Shareholders' Meeting

- I Call meeting to order
- II Chair takes seat
- III Chair's speech
- IV Reports
- V Acceptance
- VI Discussions
- VII Extempore Motions
- VIII Meeting adjourned

Two. Meeting Agenda

Heran Co., Ltd. Agenda of 2024 Shareholders' Meeting

- I Time: 9:00 a.m., Monday, June 24, 2024
Place: 1st floor, No. 289 Wenhe Road, Guishan District, Taoyuan City
- II Call meeting to order
- III Chair's speech
- IV Reports
 - (I) 2023 Business Report.
 - (II) Audit Committee's Review Report
 - (III) Report on 2023 distribution of cash dividends from earnings.
 - (IV) Report on distribution of remunerations to employees and directors for 2023.
 - (V) Report on cash distribution from capital surplus.
 - (VI) Report on amendment to the Company's "Regulations Governing Procedure for Board of Directors Meetings".
- V Acceptance
 - (I) Acceptance of the 2023 Business Report and Financial Statements.
 - (II) Earnings Distribution Proposal for 2023.
- VI Discussions
 - (I) Proposal on amendment to the Company's "Rules of Procedure for Shareholders Meetings".
- VII Extempore Motions
- VIII Meeting adjourned

I. Reports

Proposal 1:

Case: 2023 Business Report.

Description: The Company's 2023 Business Report.

[Please refer to Page 11~15 (Attachment 1) of this handbook]

Proposal 2

Case: Audit Committee's Review Report

Description: Audit Committee's review report.

[Please refer to Page 16 (Attachment 2) of this handbook]

Proposal 3

Case: Report on earnings distribution for 2023.

Description: The Earnings Distribution Proposal is stated as follows:

Unit: New Taiwan Dollars

Item	2nd half of 2023	1st half of 2023
Board of Directors resolution date	March 6, 2024	December 13, 2023
Legal reserve	25,246,991	31,558,637
Cash dividend	219,001,275	292,001,700
Cash dividend per share (NT\$)	3	4

Proposal 4

Case: Report on distribution of remunerations to employees and directors for 2023.

Description:

1. Passed at the Board of Directors meeting dated March 6, 2024, the said remunerations to employees and directors have all been recognized as expenses for 2023, as required by Article 29 of the Company's Articles of Incorporation. The amount stated on the accounting book is consistent with the amount intended to be distributed by the Board of Directors. Below is the description of distribution:

Unit: New Taiwan Dollars

Distribution item	Distribution percentage	Amount	Distribution method
Employees' remuneration	3.3%	23,818,357	All distributed in cash
Directors' remuneration	1.2%	8,661,221	

Proposal 5

Case: The report on cash distribution from capital surplus.

Description:

1. In accordance with Article 28 of the Articles of Incorporation and Article 241 of the Company Act, NT\$73,000,425 in cash was distributed from the capital reserve at the premium of common shares issued over the par value, at NT\$1 per share.
2. Shareholders' capital reserve distribution is calculated on the basis of "unconditional round-up of dividends less than NT\$1." The total amount of fractions less than NT\$1 is intended to be converted to other income. After approval by the Board of Directors, the Chairman is authorized to determine the dividend record date and the cash distribution date, among other related matters.
3. If the number of outstanding shares is affected by the repurchase of the Company's shares or other factors subsequently, resulting in a change in the dividend distribution ratio to shareholders and the need to be revised, the chairman is authorized to handle the matter.

Proposal 6

Case: Report on the amendment to the Company's "Regulations Governing Procedure for Board of Directors Meetings".

Description: Some clauses and the corresponding table of the "Regulations Governing Procedure for Board of Directors Meetings" were amended based on the official letter of the Financial Supervisory Committee (FSC) coded Jin- Guan-Zheng-Fa-Zi No. 1120383996 and dated January 11, 2024.

[Please refer to Page 17~19 (Attachment 3) of this handbook]

II. Acceptance

Proposal 1:

Proposed by the Board of Directors

Case: Please accept the 2023 Business Report and Financial Statements.

Description:

I. The Company's 2023 financial statements have been audited by CPA Chih Jui-Chuan and CPA Hsieh Chien-Hsin of Deloitte & Touche.

II. 2023 Independent Auditors' Report and Financial Statements (individual and consolidated financial statements).

[Please refer to Page 20~41(Attachment 4) of this handbook]

III. Hereby submitted for your acceptance.

Resolution:

Proposal 2:

Proposed by the Board of Directors

Case: Adoption of the 2023 earnings distribution proposal.

Description:

- I. The earnings distribution proposal for 2023 stipulates the payment of NT\$219,001,275 in shareholders' dividends and NT\$3 per share in cash, in accordance with Article 28 of the Company's Articles of Incorporation and Article 228 of the Company Act, respectively. This amount is calculated based on the number of outstanding shares as of March 1, 2024.
- II. The 2023 earnings distribution table is as follows:

Heran Co., Ltd.
Earnings Distribution Table
2023

Unit: New Taiwan Dollars

Item	Amount
Undistributed earnings at the beginning of the period	1,648,547,754
Add: Current net profit after tax	252,469,914
Less: Provision of legal reserve	(25,246,991)
Distributable earnings	1,875,770,677
Item of distribution	
Shareholders' bonus (based on 73,000,425 shares) -- Cash dividend (NT\$3 per share)	(219,001,275)
End of period retained undistributed earnings	1,656,769,402
Note 1: The undistributed earnings at the beginning of the period in this distribution table refers to the undistributed balance at the end of the period after the earnings distribution in the first half of 2023. Note 2: Please refer to the 2023 interim earnings distribution for the first half of 2023.	

Chairman: Tsai, Po-Yi President: Lin, Chin-Hong Accounting Supervisor: Lei, Chia-chun

- III. Shareholders' cash dividend distribution is calculated on the basis of "unconditional round-up of dividends less than NT\$1." The total amount of fractions less than NT\$1 is intended to be converted to other income. After approval by the Board of Directors, the Chairman is authorized to determine the dividend record date and the cash distribution date, among other related matters.

IV. If the number of outstanding shares is affected by the repurchase of the Company's shares or other factors subsequently, resulting in a change in the dividend distribution ratio to shareholders and the need to be revised, the chairman is authorized to handle the matter.

V. Hereby submitted for your acceptance.

Resolution:

III. Discussion items

Proposal 1:

Proposed by the Board of Directors

Case: Proposal on amendment to the Company's "Rules of Procedure for Shareholders Meetings", hereby submitted for discussion.

Explanation:

I. Pursuant to Letter Tai-Zheng-Zhi-Li-Zi Order No. 11200041671 issued by the Taiwan Stock Exchange on March 17, 2023, part of the provisions of the "Rules of Procedure for Shareholders Meetings" will be revised.

[Please refer to Page 42~45 (Attachment 5) of this handbook]

II. Hereby submitted for your discussion.

Resolution:

IV. Extempore motions

V. Adjournment

Three. Attachments

Attachments

Attachment 1: Business Report

Heran Co., Ltd. 2023 Business Report

Dear shareholders:

Firstly I'd like to thank you for your taking time to participate in this Regular Shareholders' Meeting, and also for your support for the Company in the past year. I also want to thank all employees and the management team for their endeavor. Below is the report on the 2023 business results and 2024 outlook:

I. 2023 Business Report

(I) 2023 Business Plan Implementation Achievements

In 2023, the Company's consolidated operating revenue reached NT\$6,192,134 thousand, down 9.48% from NT\$6,840,370 thousand in 2022; the post-tax profit stood at NT\$568,055 thousand, down NT\$177,182 thousand from NT\$745,237 thousand in 2022. The decrease in turnover is due to the decrease in the sales volume of air conditioners and small household appliances in 2023. The decrease in profit is caused by the decrease in gross profit due to the decline in revenue, and the significant decrease in non-operating income in the current period.

(II) Budget execution status: The Company did not make a financial forecast for 2023.

(III) Income and expenses and profitability analysis

Unit: NT\$ thousand

Unit: NT\$ thousand

Item		2023	2022	
Income and expenses	Operating revenue	6,192,134	6,840,370	
	Gross profit	2,075,774	2,171,890	
	Pre-tax profit (loss), net	703,812	915,460	
Profitability	Return on assets (%)		9.35	12.48
	Return on equity (%)		13.53	18.07
	As a percentage of paid-in capital (%)	Operating profit	83.35	100.99
		Pretax profit	96.41	125.40
	Net profit (loss) to sales		9.17	10.89
	Earnings (loss) per share (NT\$)		7.78	10.21

(IV) Research and Development Status

In terms of LCDs:

With the growing popularity of connected monitors, they can display across multiple devices and screens, giving movie watching "Me Time" and "We Time." Strengthen the smart home platform, improve the compatibility of home applications, deepen application scenarios and precision, and at the same time meet the market and consumer expectations by launching new products of the Google TV series.

In terms of air conditioners:

1. Continue to develop R32 high-efficiency and environmentally friendly

refrigerant: 2.3kW~16.8kW household air conditioners and expand the development of 28kW air conditioners for light commercial use. The specifications are in line with the new energy efficiency Grade 1 standards of 2025 announced by the country.

2. The development of R32 high-efficiency environmentally friendly refrigerant for both one-to-one and one-to-many configurations continues, with a focus on miniaturizing and enhancing the energy efficiency of outdoor units. The aim is to meet the new energy efficiency Level 1 regulations set to be implemented in 2025. This includes the development of outdoor units ranging from one-to-one to one-to-five using R32 refrigerant, aligning with national energy efficiency standards.
3. Development of 2.3kW and 2.8kW R32 inverter window-type airframe miniature to reduce carbon emissions, easily fit in the market installation space, and ahead of schedule in line with Taiwan's 2025 national new energy efficiency design standard, the design uses high energy efficiency R32 compressor to improve energy efficiency. Achieving the goal of energy conservation and carbon reduction.
4. Development of 14-28 kW light commercial type one to one~one to four miniature side-blown outdoor unit , suitable for domestic and commercial construction projects with longer installation pipelines and more limited installation space. Domestic air conditioners are installed at light commercial pace.
5. In response to the need for the gradual adoption of energy-saving monitoring and communication for the joint government procurement of air-conditioners, the Company has developed a series of one-to-one to one-many models that are equipped with energy-saving monitoring and communication functions to facilitate market energy conservation and meet national energy conservation and carbon reduction requirements.

In terms of household appliances:

Heran's freezers already have a good reputation in the market. In 2024, Heran has introduced both upright and bedroom freezers into inverter products to maintain its leading position in the market. The washing machine product lineup has also been re-adjusted to the supply chain and segmented by market channels. The company has continued to introduce multi-functional pre-foaming washing drum products, which are believed to be helpful to this year's performance. Small home appliances will be operated under multiple brands. HERAN, YAMADA, Scion and other brands will be used to match the needs of different channels. With the honor of the 2022 Boutique Award, the bacteriostatic fan expanded to launch various new types this year, hoping to continue to protect the health of consumers at home in the post epidemic era. A series of independent drying dishwashers with UV sterilization function for kitchen appliances, instant-heat water dispensers with negative hydrogen ion water and quadruple filtration were highly praised as soon as they came into the market. In addition, a series of innovative products, such as fanless fans, multifunctional floor scrubbers, fabric cleaning machines, and other innovative products, continue to bring forth new ideas. At the same time, by developing its own technology to meet the customized requirements and specifications of major channels, it is bound to bring another wave of performance growth to the Company in the future.

II. 2023 Business Plan summary

(I) Business strategy and important production and sale policy

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

(II) Estimated sales; estimation basis

HERAN has been deeply involved in the Taiwan market for many years and has won the favor of consumers. After the company's stock was listed on the stock exchange, the company's brand awareness also increased significantly. Over the years, the sales volume and market share of air conditioners have been continuously increasing. The Company has long been a leading player in the LCD display market, maintaining a significant market share. In addition to sustaining the market share and growth rates of these products, the company has also successfully launched a series of household appliance products, which have achieved commendable sales results. Sales performance has consistently grown annually. Benefiting from the pandemic, the upright-style freezers from Heran have gained a solid reputation. Furthermore, the multi-brand strategy for small appliances has made substantial contributions through various channels, including major retailers and social media influencers. It is expected that the shipment volume and revenue of the Company's products will continue to grow in 2024.

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

(I) Future development strategy

1. Improve product performance and customer experience:
LCD: The Company continues to develop applications for speech recognition. The Company will focus on the GTV series to meet consumers' expectations in its high-end flagship models. As for the non-connected products, the Company will also maintain the general machine and special model to maintain the diversity of LCD products and to meet the needs of various end markets.
In terms of air-conditioning, in response to the sustainability of COP28 (United Nations Framework Convention on Climate Change) and in line with the government's 2050 net zero carbon emissions, the aggressive efforts are as follows:
(1) Improve air-conditioning energy efficiency:
The initiative focuses on developing energy efficiency standards that surpass national benchmarks, integrating smart energy-saving technologies, and innovating new techniques. Additionally, it aims to establish optimized energy efficiency targets for air conditioning

systems.

- (2) Develop and reduce the use of refrigerants: Hydrofluorocarbons (HFCs), which are the primary chemical substances used as refrigerants in air conditioners and air conditioners, are also one of the substances responsible for the greenhouse effect. The Ministry of Environment announced on November 20, 2023, that the government will establish the total quantity of HFCs to be regulated in the drafts of "Measures for the Management of Hydrofluorocarbons" and "Types of Hydrofluorocarbons Scheduled with High Warming Potentials under the "Montreal Protocol." The Company is about to develop a natural refrigerant system. Compared with the current refrigerant system based on CFC, natural refrigerants are competitive in terms of efficiency and cost, and can easily achieve the carbon reduction goal.
 - (3) Residential air conditioners are being developed in smaller sizes to reduce heat emissions, which are more conducive to installation in domestic construction spaces, reduce carbon footprint, environmental protection, energy saving, and carbon reduction, and create new value for the environment and space.
 - (4) The Company will continue to refine and improve the existing hardware technology and provide more diversified models, and strengthen the integrity of the entire product line with the inverter first-class air conditioners. The Company will not only base on the residential air conditioner market, but also continue to cultivate the commercial air conditioner market, and aim to become a domestic air conditioner brand leader in air conditioners with the most complete products.
2. Establish an open-type innovation ecosystem:
In the future, on the basis of the eco-industrial chain of home appliance IoT, integrate and apply multiple chip functions, including sensing technology, intelligent algorithms, and reliable communication technology, so as to complete situational home applications and promote the development of smart homes.
 3. Strengthen information security and privacy protection:
In smart home appliances, there is a large amount of personal data and privacy information involved. In compliance with regulatory policies, security and privacy protection are important considerations for research and development technology strategies.

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

In addition to the competition from local brands, Taiwan's home appliance market must also face the entry of brands from Japan, South Korea, Europe, America, and China. Therefore, the market competition is quite fierce. In addition, we also have to deal with the need for higher awareness towards environmental protection and energy conservation and in line with the government's 2050 net zero carbon emission goal. The only way for the Company to stay true to the market is to keep on innovating and changing. The Company will continue to deliver the

HERAN brand marketing strategy, which aims to evoke a sense of quality and high added value for products; to evolve product quality; and to develop quality, differentiated products to differential the Company from competitors, thereby grasping the key competitive advantages.

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

Chairman: Tsai Po-Yi President: Lin Chin-Hong Accounting manager: Lei Chia-chun

Attachment 2: Audit Committee's Review Report

Heran Co., Ltd. Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2023 Business Report, Financial Statements (Individual and Consolidated Financial Statements), and the Earnings Distribution Proposal, of which the Financial Statements were audited by Deloitte & Touche, which furnished an audit report. The Audit Committee had audited the said Business Report, Financial Statements, and Earnings Distribution Proposal and found them to be compliant, and thus presented the above documents in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review and approval.

To
Heran Co., Ltd.
2024 Regular Shareholders' Meeting

Audit Committee convener: Huang Tien-chang

March 6, 2024

Attachment 3: Comparison table of amendments to the clauses of
Regulations Governing Procedure for Board of Directors Meetings
Heran Co., Ltd.

Comparison table of amendments to the clauses of Regulations Governing
Procedure for Board of Directors Meetings

Article No.	Article before amendment	Article after amendment	Reason for amendment
Article 12	The Chair shall call the meeting when the appointed meeting time is arrived and more than half of the directors are present. If half of the directors are not present, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If two postponements are still insufficient, the Chair shall reconvene according to the procedure stipulated in Paragraph 2, Article 3. All directors mentioned in the preceding paragraph and Subparagraph 2, Paragraph 2, Article 17, shall be counted by the actual incumbents.	The Chair shall call the meeting when the appointed meeting time is arrived and more than half of the directors are present. If half of the directors are not present, the Chair may announce a postponement <u>on that day</u> , provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If two postponements are still insufficient, the Chair shall reconvene according to the procedure stipulated in Paragraph 2, Article 3. All directors mentioned in the preceding paragraph and Subparagraph 2, Paragraph 2, Article 17, shall be counted by the actual incumbents.	In order to avoid disputes caused by the failure to determine the meeting time of the Board meeting, if the number of people in attendance is not sufficient, the Chairman may announce the postponement of the meeting to the same day.
Article 13	The Board of Directors meeting shall conduct in accordance with the procedures scheduled in the notice of the meeting. However, it may be changed if more than half of the directors present agree.	The Board of Directors meeting shall conduct in accordance with the procedures scheduled in the notice of the meeting. However, it may be changed if more than half of the directors present agree.	For practical reasons, in order to avoid affecting the operation of the Board of Directors if the Chairman is unable to preside over the meeting or adjourned the Board of Directors meetings in

Article No.	Article before amendment	Article after amendment	Reason for amendment
	<p>The Chair shall not declare the meeting adjourned without the agreement of more than half of the directors present.</p> <p>During a board meeting, if the Board of Directors does not reach more than half of the directors present, upon the proposal of the directors present, the Chair shall announce the suspension of the meeting and applicable to the Paragraph 1 of the previous provision.</p>	<p>The Chair shall not declare the meeting adjourned without the agreement of more than half of the directors present.</p> <p>During a board meeting, if the Board of Directors does not reach more than half of the directors present, upon the proposal of the directors present, the Chair shall announce the suspension of the meeting and applicable to the Paragraph 1 of the previous provision.</p> <p><u>Paragraph 3 of Article 10 shall apply to the appointment of proxies if the chair is unable to preside over the meeting or adjourns the meeting without complying with the provisions of paragraph 2.</u></p>	<p>progress, the fourth paragraph is added to expressly specify that the third paragraph of Article 10 shall apply to the method of selecting proxies. If there is no vice chairman or the vice chairman is on leave or for any reason unable to exercise the powers of the chair, the chairperson shall appoint a managing director to act as his deputy; where there is no managing director, a director shall be designated. If the Company appoints a deputy, the managing director or the directors shall select one person from among themselves to act as deputy.</p>
Article 20	<p>The formulation of these rules of procedure shall be discussed by the Audit Committee of the Company, and then submitted to the Board of Directors for approval and submitted to the Shareholders' Meeting for reporting. If there are any amendments in the future, the Board of Directors may be authorized to make a resolution. Matters not provided herein shall be handled in accordance with the Company Act, Securities and Exchange Act, the</p>	<p>The formulation of these rules of procedure shall be discussed by the Audit Committee of the Company, and then submitted to the Board of Directors for approval and submitted to the Shareholders' Meeting for reporting. If there are any amendments in the future, the Board of Directors may be authorized to make a resolution. Matters not provided herein shall be handled in accordance with the Company Act, Securities and Exchange Act, the</p>	Amendment History

Article No.	Article before amendment	Article after amendment	Reason for amendment
	<p>Company's Articles of Incorporation, and other applicable laws and regulations.</p> <p>The Regulation was established on June 18, 2010.</p> <p>The 1st amendment was made on March 20, 2012.</p> <p>(omitted)</p> <p>The 7th amendment was approved by the Board of Directors on November 9, 2022, and the Shareholders' Meeting report on June 2, 2023.</p>	<p>Company's Articles of Incorporation, and other applicable laws and regulations.</p> <p>The Regulation was established on June 18, 2010.</p> <p>The 1st amendment was made on March 20, 2012.</p> <p>(omitted)</p> <p>The 7th amendment was approved by the Board of Directors on November 9, 2022, and the Shareholders' Meeting report on June 2, 2023.</p> <p><u>The 8th amendment was approved by the Board of Directors on March 6, 2024, and the Shareholders' Meeting report on June xx, 2024.</u></p>	

Attachment 4. Independent Auditors' Report; Individual Financial Statements for 2023; Consolidated Financial Statements



勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Heran Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the company financial statements for the year ended December 31, 2023 is stated as follows:

Occurrence of Operating Income

For 2023, operating income of the Company is a key indicator used by management to evaluate business performance, the products for sale include air-conditioning system, LCD monitors and other electrical equipment. Among various products for sale, the sales of air-conditioning system to specific clients occur frequently and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that there may be a risk of the authenticity of revenue from sales of air-conditioning system to specific clients and considered the occurrence of operating income to be a key audit matter. The related accounting policies are described in Note 4(n) to the financial statements.

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

1. We understood and evaluated the procedure and the internal control system related to revenue from sales of air-conditioning system to specific clients.
2. We tested the effectiveness of the internal control system related to the occurrence of revenue from sales of air-conditioning system to specific clients.
3. In order to confirm no material difference, we obtained the sales revenue details of the air-conditioning system to specific clients in 2023, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.
4. We verified and confirmed the existence of material sales return and discount after the balance sheet date.

Responsibilities of Management for the Parent Company Only Financial Statements

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures parent company only in the 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, 2023, 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 Jui-Chuan Chih and Chien-Hsih Hsieh.

Chih Jui Chuan Chien-Hsih Hsieh

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

The accompanying 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 financial statements are those generally applied in the Republic of China.

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

HERAN CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 341,991	6	\$ 882,180	15
Financial assets at fair value through profit or loss - current (Note 7)	32,020	1	-	-
Financial assets at fair value through other comprehensive income - current (Note 8)	44,045	1	-	-
Note receivables from unrealized parties (Note 10)	304,046	5	264,679	5
Trade receivables from unrealized parties (Note 10)	707,962	11	776,191	14
Trade receivables from related parties (Notes 10 and 31)	23,024	-	25,214	-
Other receivables (Note 10)	8,022	-	2,870	-
Other receivables from related parties (Notes 10 and 31)	3,898	-	566	-
Current income tax assets (Note 26)	156	-	-	-
Inventories (Note 11)	1,205,823	19	1,359,997	24
Prepayments (Note 17)	74,472	1	66,714	1
Right to recover products - current (Note 17)	65,347	1	68,693	1
Other current assets	45	-	-	-
Total current assets	2,810,851	45	3,447,104	60
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	849,902	14	-	-
Investments accounted for using equity method (Note 12)	734,724	12	682,154	12
Property, plant and equipment (Note 13)	1,405,200	23	1,357,121	24
Right of use assets (Note 14)	184,573	3	12,931	-
Investment property (Note 15)	91,643	2	93,714	2
Intangible assets (Note 16)	9,913	-	14,857	-
Deferred tax assets (Note 26)	67,265	1	68,138	1
Prepayments for equipment	22,180	-	34,740	1
Refundable deposits	29,072	-	13,399	-
Net defined benefit asset, non-current (Note 22)	5,253	-	4,840	-
Other financial assets - non-current (Note 17)	5,000	-	-	-
Total non-current assets	3,404,725	55	2,281,894	40
TOTAL	\$ 6,215,576	100	\$ 5,728,998	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 281,883	5	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	624	-	6,462	-
Notes payable (Note 19)	36,367	1	91,400	2
Trade payables to unrelated parties (Note 19)	305,745	5	249,130	5
Trade payables to related parties (Notes 19 and 31)	195,582	3	89,016	2
Other payables to unrelated parties (Note 20)	571,481	9	581,663	10
Other payables to related parties (Notes 20 and 31)	10,440	-	11,017	-
Current tax liabilities (Note 26)	41,788	1	61,095	1
Provisions - current (Note 21)	7,972	-	8,562	-
Lease liabilities - current (Notes 14 and 31)	93,804	1	7,170	-
Refund liabilities - current (Note 21)	320,073	5	351,161	6
Other current liabilities (Note 21)	2,064	-	1,979	-
Total current liabilities	1,867,823	30	1,458,655	26
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 21)	38,448	1	35,591	1
Deferred tax liabilities (Note 26)	19,252	-	18,191	-
Lease liabilities - non-current (Notes 14 and 31)	93,418	2	5,839	-
Guaranteed deposits received	4,391	-	4,658	-
Total non-current liabilities	155,509	3	64,279	1
Total liabilities	2,023,332	33	1,522,934	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital	730,004	12	730,004	13
Capital surplus	825,306	13	825,306	14
Retained earnings				
Legal reserve	733,788	12	669,657	12
Unappropriated earnings	1,901,018	30	1,981,097	34
Other equity	2,128	-	-	-
Total equity	4,192,244	67	4,206,064	73
TOTAL	\$ 6,215,576	100	\$ 5,728,998	100

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

HERAN CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)				
Sales	\$ 7,457,884	122	\$ 7,618,994	121
Sales returns	(266,653)	(4)	(303,803)	(5)
Sales discounts and allowances	(1,101,859)	(18)	(988,021)	(16)
Total operating revenue	6,089,372	100	6,327,170	100
OPERATING COSTS (Notes 11, 25 and 31)	(4,389,991)	(72)	(4,528,497)	(72)
GROSS PROFIT	1,699,381	28	1,798,673	28
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	(844)	-	(412)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES	412	-	34,127	1
REALIZED GROSS PROFIT	1,698,949	28	1,832,388	29
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	(1,008,648)	(17)	(938,855)	(15)
General and administrative expenses	(110,143)	(2)	(112,953)	(2)
Research and development expenses	(54,164)	(1)	(46,178)	(1)
Expected credit losses	(340)	-	(6,554)	-
Total operating expenses	(1,173,295)	(20)	(1,104,540)	(18)
PROFIT FROM OPERATIONS	525,654	8	727,848	11
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	11,790	-	4,469	-
Other income	40,844	1	26,980	-
Other gains and losses	5,752	-	48,955	1
Finance costs	(8,304)	-	(1,333)	-
Share of profit or loss of associates and subsidiaries accounted for using the equity method	113,552	2	94,486	2
Total non-operating income and expenses	163,634	3	173,557	3

(Continued)

HERAN CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 689,288	11	\$ 901,405	14
INCOME TAX EXPENSE (Note 26)	<u>(121,233)</u>	<u>(2)</u>	<u>(156,168)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>568,055</u>	<u>9</u>	<u>745,237</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	664	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,226	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(133)	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>(98)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>2,128</u>	<u>-</u>	<u>531</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 570,183</u>	<u>9</u>	<u>\$ 745,768</u>	<u>12</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 7.78</u>		<u>\$ 10.21</u>	
Diluted	<u>\$ 7.75</u>		<u>\$ 10.16</u>	

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

HERAN CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings		Other Equity	Total
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Unrealized Gains or Loss on Investment at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	73,000	\$ 730,004	\$ 825,306	\$ 593,092	\$ 1,895,898	\$ -	\$ 4,044,300
Appropriation of 2021 earnings							
Legal reserve	-	-	-	76,565	(76,565)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,004)	-	(584,004)
Net profit for the year ended December 31, 2022	-	-	-	-	745,237	-	745,237
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	531	-	531
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	745,768	-	745,768
BALANCE AT DECEMBER 31, 2022	73,000	730,004	825,306	669,657	1,981,097	-	4,206,064
Appropriation of 2022 earnings							
Legal reserve	-	-	-	64,131	(64,131)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,003)	-	(584,003)
Net profit for the year ended December 31, 2023	-	-	-	-	568,055	-	568,055
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,128	2,128
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	568,055	2,128	570,183
BALANCE AT DECEMBER 31, 2023	73,000	\$ 730,004	\$ 825,306	\$ 733,788	\$ 1,901,018	\$ 2,128	\$ 4,192,244

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

HERAN CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 689,288	\$ 901,405
Adjustments for:		
Expected credit loss recognized on trade receivables	146,233	61,934
Depreciation expense	13,776	8,851
Amortization expense	340	6,554
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,938	(49,122)
Finance costs	8,304	1,333
Interest income	(11,790)	(4,469)
Share of profit of associates and subsidiaries accounted for using the equity method	(113,552)	(94,486)
Gain on disposal of property, plant and equipment	(26)	-
Loss on decline in value of inventories and slow moving	33,315	20,119
Unrealized gain on transactions with associates and subsidiaries	844	412
Realized gain on transactions with associates and subsidiaries	(412)	(34,127)
Net gain on lease modification	-	(26)
Recognition of provisions	21,868	32,098
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	56,189
Notes receivables	(39,367)	100,998
Trade receivables	67,889	9,456
Trade receivables from related parties	2,190	35,524
Other receivables	(5,152)	(474)
Other receivables from related parties	(3,332)	113
Inventories	120,859	162,915
Contract assets	-	284,599
Prepayments	(7,758)	13,256
Other current assets	(45)	51
Net defined benefit assets	(413)	(400)
Right to recover products	3,346	(10,890)
Financial liabilities held for trading	(9,796)	(986)
Contract liabilities	-	(15,292)
Notes payable	(55,033)	(5,911)
Trade payables	56,615	(133,243)
Trade payables to related parties	106,566	(152,395)
Other payables	(18,028)	28,784
Other payables to related parties	(577)	77
Provisions - current	(19,601)	(18,953)
Refund liabilities - current	(31,088)	(73,179)
Other current liabilities	85	83
		(Continued)

HERAN CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Cash generated from operations	\$ 957,486	\$ 1,130,798
Interest paid	(8,134)	(1,333)
Income tax paid	<u>(138,762)</u>	<u>(166,274)</u>
Net cash generated from operating activities	<u>810,590</u>	<u>963,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(891,819)	-
Purchases of financial assets at fair value through profit or loss	(30,000)	-
Increase in other financial assets	(5,000)	-
Proceeds from sale of financial assets at amortized cost	-	128
Proceeds from capital reduction of subsidiaries	-	120,000
Payments for property, plant and equipment	(36,769)	(5,782)
Proceeds from disposal of property, plant and equipment	310	-
Increase in refundable deposits	(15,673)	(1,091)
Payments for intangible assets	(8,832)	(17,135)
Increase in prepayments for equipment	(34,762)	(41,827)
Increase in prepayments for land	-	(12,305)
Interest received	11,790	4,469
Dividends received from associates and subsidiaries	<u>60,550</u>	<u>59,308</u>
Net cash used in investing activities	<u>(950,205)</u>	<u>105,765</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	281,883	-
Increase in guarantee deposits received	-	815
Decrease in guarantee deposits received	(267)	-
Repayment of the principal portion of lease liabilities	(98,187)	(24,665)
Allocation of cash dividends	<u>(584,003)</u>	<u>(584,004)</u>
Net cash used in financing activities	<u>(400,574)</u>	<u>(607,854)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(540,189)</u>	<u>461,102</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>882,180</u>	<u>421,078</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 341,991</u>	<u>\$ 882,180</u>

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Heran Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Heran Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

HERAN CO., LTD.

By

BO-YI TSAI
Chairman

March 6, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Heran Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Operating Income

For 2023, operating income of the Group is a key indicator used by management to evaluate business performance, the products for sale include air-conditioning system, LCD monitors and other electrical equipment. Among various products for sale, the sales of air-conditioning system occur frequently and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that there may be a risk of the authenticity of revenue from sales of air-conditioning system and considered the occurrence of operating income to be a key audit matter. The related accounting policies are described in Note 4(n) to the consolidated financial statements.

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

1. We understood and evaluated the procedure and the internal control system related to revenue from sales of air-conditioning system.
2. We tested the effectiveness of the internal control system related to the occurrence of revenue from sales of air-conditioning system.
3. In order to confirm no material difference, we obtained the sales revenue details of the air-conditioning system in 2023, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.
4. We verified and confirmed the existence of material sales return and discount after the balance sheet date.

Other Matters

We have also audited the separate financial statements of Heran Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report are Jui-Chuan Chih and Chien-Hsin Hsieh.

Chih Jui Chuan Chien-Hsin Hsieh

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

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

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

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 580,195	9	\$ 1,292,253	22
Financial assets at fair value through profit or loss - current (Note 7)	32,020	-	-	-
Financial assets at fair value through other comprehensive income - current (Note 8)	44,045	1	-	-
Note receivable (Note 10)	308,839	5	266,142	4
Trade receivables (Note 10)	737,583	12	788,817	13
Trade receivables from related parties (Notes 10 and 32)	-	-	101	-
Other receivables (Note 10)	8,388	-	7,881	-
Other receivables from related parties (Notes 10 and 32)	48	-	43	-
Current tax assets (Note 27)	2,468	-	8,575	-
Inventories (Note 11)	1,420,363	22	1,541,260	26
Prepayments (Note 18)	127,992	2	90,747	2
Right to recover a product - current (Note 18)	65,347	1	68,693	1
Other current assets	909	-	830	-
Total current assets	3,328,197	52	4,065,342	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	849,902	13	-	-
Investments accounted for using equity method (Note 13)	233,327	4	191,541	3
Property, plant and equipment (Note 14)	1,473,914	23	1,369,108	23
Right-of-use assets (Note 15)	240,525	4	12,931	-
Investment property (Note 16)	91,643	2	93,714	2
Intangible assets (Note 17)	9,925	-	15,480	-
Deferred tax assets (Note 27)	76,627	1	77,392	2
Prepayments for equipment	22,429	-	74,699	1
Refundable deposits	51,830	1	32,546	1
Net defined benefit asset, non-current (Note 23)	5,253	-	4,840	-
Other financial assets - non-current (Note 18)	20,000	-	-	-
Total non-current assets	3,075,375	48	1,872,251	32
TOTAL	\$ 6,403,572	100	\$ 5,937,593	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 357,159	6	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	624	-	9,090	-
Notes payable (Note 20)	36,565	1	91,400	2
Trade payables (Note 20)	468,221	7	447,017	8
Other payables (Note 21)	643,160	10	654,285	11
Other payables to related parties (Notes 21 and 32)	918	-	4,568	-
Current tax liabilities (Note 27)	52,796	1	76,334	1
Provisions - current (Note 22)	7,972	-	8,562	-
Lease liabilities - current (Notes 15 and 32)	121,722	2	7,170	-
Refund liabilities - current (Note 21)	325,456	5	351,176	6
Other current liabilities (Note 21)	3,859	-	5,018	-
Total current liabilities	2,018,452	32	1,654,620	28
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 22)	38,448	1	35,591	1
Deferred tax liabilities (Note 27)	21,136	-	18,911	-
Lease liabilities - non-current (Notes 15 and 32)	122,277	2	5,839	-
Refund liabilities - non-current (Note 21)	2,171	-	2,611	-
Deposit received	8,844	-	13,957	-
Total non-current liabilities	192,876	3	76,909	1
Total liabilities	2,211,328	35	1,731,529	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital	730,004	11	730,004	12
Capital surplus	825,306	13	825,306	14
Retained earnings				
Legal reserve	733,788	11	669,657	11
Unappropriated earnings	1,901,018	30	1,981,097	34
Other equity	2,128	-	-	-
Total equity	4,192,244	65	4,206,064	71
TOTAL	\$ 6,403,572	100	\$ 5,937,593	100

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

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)				
Sales	\$ 7,591,544	123	\$ 8,134,358	119
Sales returns	(279,671)	(5)	(305,501)	(5)
Sales discounts and allowances	(1,119,739)	(18)	(988,487)	(14)
	6,192,134	100	6,840,370	100
OPERATING COSTS (Notes 11, 26 and 32)				
Cost of goods sold	(4,116,360)	(66)	(4,668,480)	(68)
GROSS PROFIT	2,075,774	34	2,171,890	32
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	-	-	(26)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	-	-	26	-
REALIZED GROSS PROFIT	2,075,774	34	2,171,890	32
OPERATING EXPENSES (Notes 26 and 32)				
Selling and marketing expenses	(1,281,370)	(21)	(1,248,804)	(18)
General and administrative expenses	(121,431)	(2)	(126,343)	(2)
Research and development expenses	(64,142)	(1)	(52,942)	(1)
Expected credit losses	(340)	-	(6,554)	-
Total operating expenses	(1,467,283)	(24)	(1,434,643)	(21)
PROFIT FROM OPERATIONS	608,491	10	737,247	11
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 32)				
Interest income	14,252	-	6,189	-
Other income	29,609	-	24,856	-
Other gains and losses	(12,422)	-	95,010	1
Finance costs	(11,094)	-	(1,668)	-
Share of profit or loss of associates/and joint ventures	74,976	1	53,826	1
Total non-operating income and expenses	95,321	1	178,213	2

(Continued)

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 703,812	11	\$ 915,460	13
INCOME TAX EXPENSE (Note 27)	<u>(135,757)</u>	<u>(2)</u>	<u>(170,223)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>568,055</u>	<u>9</u>	<u>745,237</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	664	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,226	-	-	-
Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	(133)	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>(98)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>2,128</u>	<u>-</u>	<u>531</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 570,183</u>	<u>9</u>	<u>\$ 745,768</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner(s) of the Company	\$ 568,055	9	\$ 745,237	11
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 568,055</u>	<u>9</u>	<u>\$ 745,237</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner(s) of the Company	\$ 570,183	9	\$ 745,768	11
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 570,183</u>	<u>9</u>	<u>\$ 745,768</u>	<u>11</u>

(Continued)

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$7.78</u>		<u>\$10.21</u>	
Diluted	<u>\$7.75</u>		<u>\$10.16</u>	

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

(Concluded)

HERAN CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital			Retained Earnings		Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value at Fair Value Through Other Comprehensive Income	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings		Total
BALANCE AT JANUARY 1, 2022	73,000	\$ 730,004	\$ 825,306	\$ 593,092	\$ 1,895,898	\$ -	\$ 4,044,300
Appropriation of 2021 earnings							
Legal reserve	-	-	-	76,565	(76,565)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,004)	-	(584,004)
Net profit for the year ended December 31, 2022	-	-	-	-	745,237	-	745,237
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	531	-	531
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	745,768	-	745,768
BALANCE AT DECEMBER 31, 2022	73,000	730,004	825,306	669,657	1,981,097	-	4,206,064
Appropriation of 2022 earnings							
Legal reserve	-	-	-	64,131	(64,131)	-	-
Cash dividends distributed by the Company	-	-	-	-	(584,003)	-	(584,003)
Net profit for the year ended December 31, 2023	-	-	-	-	568,055	-	568,055
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,128	2,128
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	568,055	2,128	570,183
BALANCE AT DECEMBER 31, 2023	73,000	\$ 730,004	\$ 825,306	\$ 733,788	\$ 1,901,018	\$ 2,128	\$ 4,192,244

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

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 703,812	\$ 915,460
Adjustments for:		
Depreciation expense	187,782	71,910
Amortization expense	14,151	9,609
Expected credit loss recognized on trade receivables	340	6,554
Net loss/(gain) or fair value changes of financial assets and liabilities at fair value through profit or loss	3,170	(123,987)
Finance costs	11,094	1,668
Interest income	(14,252)	(6,189)
Share of profit of associates and subsidiaries accounted for using the equity method	(74,976)	(53,826)
(Gain)/loss on disposal of property, plant and equipment	(388)	8
Gain on lease modification	-	(26)
Write-down of inventories	40,653	28,724
Unrealized gain on transactions with associates	-	26
Realized gain on transactions with associates	-	(26)
Provisions	21,868	32,098
Changes in operating assets and liabilities		
Financial assets mandatorily as at fair value through profit or loss	-	133,630
Note receivables	(42,697)	102,149
Trade receivables	50,894	13,176
Trade receivables to related parties	101	(99)
Other receivables	(507)	(5,325)
Other receivables from related parties	(5)	(39)
Inventories	80,244	368,596
Prepayments	(37,245)	101,378
Other current assets	(79)	(144)
Right to recover a product	3,346	(10,890)
Net defined benefit asset	(413)	(400)
Financial liability held for trading	(13,656)	(988)
Contract liabilities	-	(15,292)
Notes payable	(54,835)	(5,911)
Account payables	21,204	(182,082)
Other payables	(7,702)	(2,840)
Other payables to related parties	(3,650)	2,696
Provisions	(19,601)	(18,953)
Other current liabilities	(1,159)	2,237
Refund liabilities	(26,160)	(70,569)
Cash generated from operations	841,334	1,292,333
Interest paid	(10,858)	(1,668)
Income tax paid	(150,198)	(172,301)
Net cash generated from operating activities	680,278	1,118,364

(Continued)

HERAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (891,819)	\$ -
Purchase of financial assets at fair value through profit or loss	(30,000)	-
Increase in other financial assets	(20,000)	-
Proceeds from sale of financial assets at amortized cost	-	128
Payments for property, plant and equipment	(67,885)	(6,639)
Proceeds from disposal of property, plant and equipment	1,105	1
Increase in guarantee deposits received	(19,284)	-
Decrease in guarantee deposits received	-	8,475
Payments for disposal of intangible assets	(8,596)	(16,487)
Increase in prepayments for equipment	(46,320)	(57,519)
Increase in prepayments for land	-	(12,305)
Interest received	14,252	6,189
Dividends received from associates	<u>33,190</u>	<u>33,756</u>
Net cash used in investing activities	<u>(1,035,357)</u>	<u>(44,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	357,159	-
Increase in guarantee deposits received	-	10,114
Decrease in guarantee deposits received	(5,113)	-
Repayment of the principal portion of lease liabilities	(125,022)	(30,028)
Dividends paid to owners of the Company	<u>(584,003)</u>	<u>(584,004)</u>
Net cash used in financing activities	<u>(356,979)</u>	<u>(603,918)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(712,058)	470,045
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,292,253</u>	<u>822,208</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 580,195</u>	<u>\$ 1,292,253</u>

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

(Concluded)

Attachment 5. Comparison table of amendments to the clauses of Rules of Procedure for Shareholders Meetings

Heran Co., Ltd.

Comparison table of amendments to the clauses of Rules of Procedure for Shareholders Meetings

Article No.	Article before amendment	Article after amendment	Reason for amendment
Article 3	<p>Unless otherwise provided by laws or regulations, the Company's Shareholders' Meeting shall be convened by the Board of Directors.</p> <p>(Omitted below).</p>	<p>Unless otherwise provided by laws or regulations, the Company's Shareholders' Meeting shall be convened by the Board of Directors.</p> <p><u>When conducting a shareholders' meeting via video conference, a company, unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies, must include provisions in its articles of incorporation. Additionally, such a meeting must be resolved by the Board of Directors with the attendance of at least two-thirds of the directors and the approval of more than half of the attending directors.</u></p> <p>(Omitted below).</p>	<p>Due to the limitations on shareholders' rights when only video conferencing is available for shareholders' meetings, to ensure the protection of shareholders' rights, a provision is added. It stipulates that the conduct of video conference shareholders' meetings, unless otherwise provided by the Regulations Governing the Administration of Shareholder Services of Public Companies, must be specified in the articles of incorporation and resolved by the board of directors. Furthermore, the decision to hold a video conference shareholders' meeting must be approved by a supermajority resolution, which requires the attendance of at least two-thirds of the directors and approval by a majority of those attending directors.</p>
Article 6-1	<p>When the Company convenes a video conference of the Shareholders' Meeting, the following items shall be stated in the notification of convening the Shareholders' Meeting: Subparagraphs 1 and 2 omitted.</p> <p>III. The Company shall convene a Shareholders' Meeting through video</p>	<p>When the Company convenes a video conference of the Shareholders' Meeting, the following items shall be stated in the notification of convening the Shareholders' Meeting: Subparagraphs 1 and 2 omitted.</p> <p>III. The Company shall convene a Shareholders' Meeting through video</p>	<p>I. With regard to the implementation of a video conference format for the shareholders' meeting, which restricts participation to video, an additional provision has been appended to ensure that shareholders who encounter difficulties participating in this</p>

Article N o .	Article before amendment	Article after amendment	Reason for amendment
	<p>conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty in participating in the Shareholders' Meeting via video conferencing.</p>	<p>conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty in participating in the Shareholders' Meeting via video conferencing. <u>Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters.</u></p>	<p>way have access to suitable alternative measures and the required equipment and support. As per this stipulation, the Company coordinating the video conference shareholders' meeting is obligated to furnish essential connectivity equipment and facilities, assign personnel to aid shareholders at the location, and indicate in the meeting notice the timeframe within which shareholders may submit requests to the Company for such provisions, in addition to any other pertinent information that may be deemed significant.</p> <p>II. In consideration of the provisions under Article 44-9, Paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, which specify that in cases of natural disasters, accidents, or other force majeure events, as announced by the Ministry of Economic Affairs, companies may hold shareholder meetings via video conference without explicit stipulation in the bylaws for a certain period. To</p>

Article N o .	Article before amendment	Article after amendment	Reason for amendment
			accommodate the required measures for such situations, an additional clause has been appended. This clause clarifies that in the occurrence of situations described in Article 44-9, Paragraph 6, the stipulations of the latter part of Paragraph 3 need not apply.
Article 22	The Company shall convene a Shareholders' Meeting through video conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty participating in the Shareholders' Meeting via video conferencing.	The Company shall convene a Shareholders' Meeting through video conferencing, and shall specify appropriate alternative measures for shareholders who have difficulty participating in the Shareholders' Meeting via video conferencing. <u>Except for the situations specified in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, at least connection equipment and necessary assistance shall be provided to shareholders, and the period during which shareholders may apply to the Company and other relevant matters.</u>	The reason for amendment is the same as Article 6-1.
Article 24	Supplementary Provisions Matters not provided in there Rules shall be handled in the manner prescribed by applicable law. These Rules were established on June 18, 2010. (omitted)	Supplementary Provisions Matters not provided in there Rules shall be handled in the manner prescribed by applicable law. These Rules were established on June 18, 2010. (omitted)	Amendment History

Article N o .	Article before amendment	Article after amendment	Reason for amendment
	The 7th amendment was made on June 2, 2023.	The 7th amendment was made on June 2, 2023. <u>The 8th amendment was made on June XX, 2024.</u>	

Four. Appendixes

Appendixes

Appendix 1: Rules of Procedure for Shareholders' Meetings (Before revision)

Heran Co., Ltd.

Rules of Procedure for Shareholders' Meetings

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

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

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

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

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a Regular Shareholders' Meeting or 15 days before the date of a extraordinary shareholders meeting. The Company shall prepare electronic versions of the Meeting Handbook and supplementary information of the Shareholders' Meeting and upload them to the MOPS 21 days before the date of the Regular Shareholders' Meeting or 15 days before the date of extraordinary shareholders meeting. However, if the paid-in capital of the Company at the end of the latest fiscal year is more than NT\$10 billion or the total shareholding ratio of foreign capital and continental capital recorded in the shareholders list of the Regular Shareholders' Meeting in the latest fiscal year is more than 30%, the electronic files shall be transmitted 30 days before the meeting of the Regular Shareholders' Meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the Meeting Handbook and supplementary information of the Shareholders' Meeting and made them available for review by shareholders at any time. The Meeting Handbook and supplemental materials shall

be displayed at the Company and the professional shareholder services agent designated by the Company.

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

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

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

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction in capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, recapitalization of earnings, recapitalization of capital surplus, the dissolution, merger, or demerger of the Company, or any matter under Paragraph 1, Article 185 of the Company Act, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extempore motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a Regular Shareholders' Meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article

172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a Regular Shareholders' Meeting is held, the Company shall publicly announce its acceptance of submission of shareholder proposals, the manner in which a submission in writing or electronic form will be accepted, and the location and time period for their submission; the period for acceptance of submission of shareholder proposals may not be less than 10 days.

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals from the agenda.

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

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

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the Shareholders' Meeting via video conferencing, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5:(Principle of place and time for convening Shareholders' Meetings)

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

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

Article 6:(Preparation of attendance books, etc.)

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

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

Shareholders or shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish a attendance book for attending shareholders to sign in, or the attending shareholders shall hand in their sign-in cards in lieu of signing in. The Company shall furnish attending Shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election for directors and supervisors, pre-printed ballots shall also be furnished.

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

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

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

Article 6-1: (Convening a video conference of the Shareholders' Meeting, and matters to be included in the notice of the convening)

When the Company convenes a video conference of the Shareholders' Meeting, the following items shall be stated in the notification of convening the Shareholders' Meeting:

I. Methods for shareholders to participate in video conference and exercise their rights.

II. The handling methods for obstacles caused by natural disasters, incidents or other force majeure on the video conference platform or participation by video means shall at least include the following items:

(I) The duration of the obstacles before the occurrence cannot be ruled out, resulting in the need to postpone or resume the meeting, and the date when the meeting needs to be postponed or resumed.

(II) Shareholders who have not registered to participate in the original Shareholders' Meeting through video conferencing shall not participate in the postponed or resumed meeting.

(III) Hold video-assisted Shareholders' Meeting. If the video conference cannot be resumed, after deducting the number of shares attending the meeting by video conferencing, the total number of shares attending the meeting reaches the statutory quota for the meeting, and the number of shares attending the meeting by video conferencing shall be counted into the total number of shares of shareholders present. All proposals for the Shareholders' Meeting shall be deemed as waivers.

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

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

Article 7: If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be Chaired by the Chairman of the Board. When the Chairman of the Board is on leave or for any reason unable to exercise the powers as Chairman, the Vice Chairman shall act in place of the Chairman; if there is no vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers as vice Chairman, the Chairman shall appoint one of the managing directors to act as Chair, or, if there are no managing directors, one of the directors shall be appointed to act as Chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as Chair. It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman of the Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall Chair the meeting. When there are two or more such convening parties, they shall mutually select a Chair from among themselves. The Company may appoint its attorneys, Certified Public Accountants, or related persons designated by it to attend a shareholders' meeting in a non-voting capacity.

Article 8: (Depository proof of audio or video recording of the meeting process of Shareholders' Meeting)

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

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

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

If the Shareholders' Meeting is held by video conference, the Company shall conduct

audio and video recordings of the background operation interface of the video conference platform.

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

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

However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned; If the Shareholders' Meeting is held by video conference, the Company shall announce the adjournment of the meeting on the video conference platform of the Shareholders' Meeting.

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

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

Article 10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set out in the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

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

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

Article 11: (Speech by shareholders)

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

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

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

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

If the Shareholders' Meeting is held through video conferencing, shareholders who

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

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

- Article 12: Voting at shareholders' meetings shall be calculated based on number of shares. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

- Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.
- When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person; however, such a shareholder is deemed to have waived his/her rights with respect to the extempore motions and

amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extempore motions and amendments to original proposals.

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

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

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

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

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

Vote counting shall be conducted in public at the place of the shareholders' meeting.

Immediately after vote counting has been completed, the results of the voting, shall be announced on-site at the meeting, and a record made of the vote.

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

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

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

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

Article 14: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of directors and supervisors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a shareholder files a litigation in accordance with Article 189 of the Company Act, such materials shall be kept until such litigation is settled.

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

The Company may distribute the meeting minutes mentioned in the preceding

paragraph by means of a public announcement made through the Market Observation Post System.

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

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

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

Article 16: (Public announcement)

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

The Company holds a Shareholders' Meeting via video conference. When announcing the meeting, the total number of attending shareholders' shares shall be disclosed on the video conference platform. If there is another record of the total number of shares and voting rights of the attending shareholders during the meeting, the same applies.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange

Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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

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

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

Article 18: When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19: (Information disclosure of video conference)

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

Article 20: (Location of the chairperson of the videoconference and the person taking note)
When the Company holds a video Shareholders' Meeting, the Chair and recorder shall be at the same location in China, and the Chair shall announce the address of that location during the meeting.

Article 21: (Handling of disconnection)

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

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

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

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

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

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

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

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

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

Article 22: (Processing of digital divide)

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

Article 23: These Rules shall take effect after having been submitted to and approved by the

Board of Directors, and then by the shareholders' meeting. Subsequent amendments

thereto shall be effected in the same manner.

Article 24: Supplementary Provisions

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

These Rules were established on June 18, 2010.

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

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

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

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

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

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

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

Appendix 2: Articles of Incorporation

Heran Co., Ltd. Articles of Incorporation

Chapter 1: General Provisions

Article 1: The Company is a corporation duly established under the Company Act, and shall have the name as Heran Co., Ltd. The Company's name in English shall be "Heran Co., Ltd."

Article 2: The Company's operations cover the following industries:

- 1.C805030 Plastic Daily Necessities Manufacturing
- 2.C805050 Industrial Plastic Products Manufacturing
3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- 4.CC01080 Electronics Components Manufacturing
- 5.CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- 6.CC01110 Computer and Peripheral Equipment Manufacturing
- 7.CC01120 Data Storage Media Manufacturing and Duplicating
- 8.D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry
- 9.E602011 Refrigeration and Air Conditioning Engineering
- 10.E606010 Power Consuming Equipment Inspecting and Maintenance
- 11.E607010 Solar Thermal Energy Equipment Installation Engineering
- 12.F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
13. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
14. F106020 Wholesale of Daily Commodities
15. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- 16.F113020 Wholesale of Electrical Appliances
- 17.F118010 Wholesale of Computer Software
18. F119010 Wholesale of Electronic Materials
- 19.F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- 20.F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
- 21.F206020 Retail Sale of daily commodities

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

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

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

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

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

Chapter 2: Shares

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

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

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

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

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

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

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

Chapter 3: Shareholders' Meeting

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

Article 13: A shareholder who cannot attend shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a proxy form indicating his signature or seal and stating the scope of authorization. Delegation of a proxy to attend a shareholders' meeting may be made only if it is conducted in the manner specified in Article 177 of

the Company Act, as well as in the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority.

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

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

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

Article 16: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

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

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

Chapter 4: Directors and the Audit Committee

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

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

Article 19: Of the number of directors stated above, the number of independent directors shall not

be less than 2, or constitutes less than one fifth of total director seats. The professional qualifications, restrictions on both shareholding and concurrent positions held, methods of nomination and election, and other requirements with respect to independent directors shall be set forth in accordance with the regulations of the securities competent authority.

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

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

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

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

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

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

Article 21: If the vacancy in the Board of Directors reaches one third, or all independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders meeting within 60 days to fill the vacancy; the directors so elected shall serve a term

equal to the remaining term of the original directors.

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

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

Article 24: Deleted.

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

Chapter 5: Manager

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

Chapter 6: Accounting

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

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

paragraph are to be distributed in cash, such a distribution shall be resolved by a majority vote at a Board of Directors meeting attended by more than two thirds of the Directors , and shall be reported at the shareholders' meeting.

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

Article 28-1: The Company shall distribute earnings or compensate for losses every half fiscal year. To do so, the Board of Directors shall prepare the documents and proposal stated in Article 27, which shall be submitted to and audited the Audit Committee, and then be submitted to the Board of Directors for resolution. Before distributing earnings, taxes and duties and employee remuneration and director remuneration shall be estimated and reserved in the first place, and then losses shall be compensated for, a legal reserve provided, and a special reserve provided or reversed according to law. The provision of a legal reserve may be exempted if the current legal reserve has reached the paid-in capital. As for earnings mentioned in this paragraph, they are subject to a resolution, either from the Board of Directors if they are to be distributed in cash, or from the Shareholders' Meeting if they are to be distributed in shares.

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

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

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

Chapter 7 Supplementary Provisions

Article 30: Matters not specified in this Articles of Incorporation shall be handled in the manner

specified in the Company Act and applicable laws.

Article 31: Deleted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Heran Co., Ltd.

Chairman: Tsai Chin-tu

Appendix 3. Regulations Governing Procedure for Board of Directors Meetings (Before revision)

Heran Co., Ltd.

Regulations Governing Procedure for Board of Directors Meetings

- Article 1: To establish the governance system of the Board of Directors of the Company, to improve the supervisory function and to strengthen the management function, these Rules are established in accordance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for employees to abide by.
- Article 2: Regulations Governing Procedure for Board of Directors Meetings of Company, which shall follow the provisions of these Rules with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.
- Article 3: The Board of Directors of the Company shall meet at least once every quarter. The convening of the Board of Directors shall specify the reasons and notify the directors before seven days, but in case of emergency, it shall be convened at any time. The notification of the convening referred to in the preceding paragraph may be made electronically with the consent of the addressee. The matters specified in Article 7, Paragraph 1 shall be listed in the reasons for convening the meeting and shall not be proposed as extemporary motion.
- Article 4: Meetings of the Board of Directors shall be held at the place and time of the Company's location and office hours or at such place and time as is convenient for the directors to attend and appropriate for the holding of such meetings.
- Article 5: The procedure unit designated by the Board of Directors of the Company is the finance department. The procedure unit shall formulate the content of the Board of Directors and provide sufficient meeting information, which shall be sent together at the time of the notification of the convening. If the meeting materials are deemed inadequate, the director may request the procedure unit to provide more information. If the proposal materials are deemed inadequate, the director may request a postponement of the meeting with the consent of the Board of Directors.

Article 6: The proposal content of the regular Board of Directors meeting shall include at least the following items:

Report items:

1. Minutes of the last meeting and the status of implementation.
2. Important financial business reports.
3. Internal audit business report.
4. Other important report items.

Discussions items:

1. Discussion items retained at the last meeting.
2. This meeting discusses items.

Extempore Motions

Article 7: The Company shall submit the following matters to its Board of Directors for discussion:

1. Corporate business plans.
2. The annual financial report and the second quarterly financial report attested and audited by CPAs.
3. Establish or amend the internal control system and evaluate the effectiveness of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to the SEA).
4. Adoption or amendment, pursuant to Article 36-1 of the SEA, of 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, or endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. If the Board of Directors does not have a managing director, the Chairman of the Board shall be elected or dismissed.
7. The appointment or discharge of a financial, accounting, or internal auditing officer.
8. A donation to a related party or a major donation to a non-related party; Nonetheless, a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the SEA or any other law, regulations, or bylaw to be approved by resolution at a shareholders' meeting or to be approved by resolution at a meeting of the Board of Directors, or any such significant matter as may be prescribed by the competent authority.

The term 'related parties' referred to in Paragraph 7 of the preceding paragraph refers

to the related parties regulated by the financial report preparation standards of securities issuers; The term 'significant donations to non related parties' refers to donations of NT\$100 million or more for each donation amount or cumulative amounts to the same recipient within a year, or amounts to 1% of the net operating income or 5% or more of the paid in capital certified by a CPA for the most recent fiscal year.

The term 'within one year' referred to in the preceding paragraph is based on the date of the current Board of Directors, and is retroactively calculated for one year. The portion that has been approved by the Board of Directors resolution is exempt from re counting.

Where there is no par value of the shares of a foreign company or the par value of each share is not NT\$10, the amount of 5% of the paid in capital referred to in Paragraph 2 shall be calculated as 2.5% of shareholders' equity.

If the Company has independent directors, at least one independent director shall personally attend the Board of Directors; For the matters to be resolved by the Board of Directors in Paragraph 1, all independent directors shall attend the Board of Directors. If independent directors are unable to attend, they shall appoint other independent directors to attend on their behalf. 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 shall 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.

Article 8: Except for matters that must be submitted to the Board of Directors for discussion under Paragraph 1 of 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 9: When a meeting of the Board of Directors is held, a attendance book shall be set up for the directors present to sign in and for inspection.

The directors shall attend the Board of Directors meeting in person. If the directors are unable to attend in person, they shall appoint other directors to attend on their behalf in according to the provisions of Articles of Incorporation; if who participate in the meeting through video shall be deemed to have personally attended the meeting.

When the director designated another director to attend the meeting on his/her behalf by executing a proxy form, which shall indicate the subject matters of the meeting and the scope of authorization and shall be presented at each instance of meeting.

The first two items proxy may act as a proxy for only one person.

Article 10: The Board of Directors of the Company shall be convened by the Chairman of the Board of Directors, who shall serve as the Chair. However, for each first meeting of the Board of Directors, the Chair of the meeting shall be the one who has the most votes representing the right to vote, when there are more than two persons who have the right to convene the meeting, one shall be appointed by the other.

According to the provisions of Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, the Board of Directors shall be convened by more than half of the directors themselves, and one of the directors shall act as Chair.

When the Chairman of the Board is on leave or for any reason unable to exercise the powers as chairman, the Vice Chairman shall act in place of the Chairman; if there is no vice chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers as vice chairman, the Chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

Article 11: When a meeting of the Board of Directors of the Company is convened, the Procedures unit designated by the Board of Directors shall prepare relevant information for the directors to inspect at any time.

The Board of Directors shall be convened, and the relevant departments or subsidiaries personnel may attend according to the content of the proposal. If necessary, CPAs, lawyers or other professionals may also be invited to attend the meetings and explanations. But the discussion and voting shall leave.

Article 12: The Chair shall call the meeting when the appointed meeting time is arrived and more than half of the directors are present. If half of the directors are not present, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If two postponements are still insufficient, the Chair shall reconvene according to the procedure stipulated in Paragraph 2, Article 3. All directors mentioned in the preceding paragraph and Subparagraph 2, Paragraph 2, Article 17, shall be counted by the actual incumbents.

Article 13: The Board of Directors meeting shall conduct in accordance with the procedures scheduled in the notice of the meeting. However, it may be changed if more than half of the directors present agree.

The Chair shall not declare the meeting adjourned without the agreement of more than half of the directors present.

During a board meeting, if the Board of Directors does not reach more than half of the directors present, upon the proposal of the directors present, the Chair shall announce the suspension of the meeting and applicable the previous provision.

Article 14: When the Chair considers that the discussion of a proposal has reached the level of payable vote, he/she may announce to stop the discussion and the proposal is put to vote.

When the Board of Directors votes on a proposal, which approved as proposed after the Chair inquired about the opinion from all director present. Except for those approved as proposed after the Chair inquired about the opinion from all director present, the voting method shall be determined by the Chair on the following provisions, but if any participant disagrees, the majority opinion shall be solicited to decide:

1. Voting by a show of hands or voting machines.
2. Voting by roll call.
3. Voting by ballot.
4. Voting at the company's own discretion.

The directors present in the first two items do not include directors who are not allowed to exercise their voting rights under Paragraph 1, Article 16.

Article 15: Unless provided otherwise by SEA and Company Act, any resolutions of the Board of Directors proposal, shall be attended more than half of the directors and more than half of the directors present agree.

When there is an amendment or an alternative to a proposal, the Chair shall present

the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. If it is necessary to set up scrutineer and counting personnel in the voting of proposals, it shall be appointed by the Chair, but the scrutineer shall be a director. The results of the voting shall be reported on the scene and recorded.

Article 16: 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.

The spouse, second parents and other relatives of the director, or the Company with a subordinate relationship with the director, who has an interest in the matter of the previous meeting, are deemed to have their own interest in the matter.

The resolution of the Board of Directors of the Company shall be in accordance with the provisions of Paragraph 4, Article 206 and applicable Paragraph 2, Article 180 of the Company Act for directors who are not allowed to exercise their voting rights according to the provisions.

Article 17: The procedures of the Board of Directors of Company shall be made into a minute, which shall record the following matters in detail:

1. The meeting session (or year) and time and place.
2. Name of the Chair.
3. The attendance status of directors, including the names and numbers of those present, absent and on leave.
4. The name and title of the attendee.
5. Name of the recorder.
6. Report items.
7. Discussions: The resolution method and results of each proposal, the summary of the speeches of directors, experts and other personnel, the names of directors who are interested in accordance with the provisions of Paragraph 1 of the preceding Article, the description of the important contents of interest, the reasons for their recusal or non-recusal and the circumstances of recusal, dissenting or qualified

opinion with records or written statements, and the written opinions of independent directors in accordance with the provisions of Paragraph 5, Article 7.

8. Extempore Motions: The name of proposer, the resolution method and results of each proposal, the summary of the speeches of directors, experts and other personnel, the names of directors who are interested in accordance with the provisions of Paragraph 1 of the preceding Article, the description of the important contents of interest, the reasons for their recusal or non-recusal and the circumstances of recusal, and dissenting or qualified opinion with records or written statements.

9. Other information required to be disclosed.

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 which designated by the competent authority within two days from the date of the Board of Directors:

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 (if the Company has set up an Audit Committee), but had the consent of more than two-thirds of all directors.

The director attendance records shall be made part of the meeting minutes, and kept safe permanently during the life of the Company.

The minutes shall be signed by the Chair and minutes taker of the meeting and sent to each director within 20 days after the meeting. And shall be included in the Company's important records and kept safe permanently during the life of the Company.

The meeting minutes of Paragraph 1 may be produced and distributed in electronic form.

Article 18: The Company shall record on audio or video tape the entire proceedings of a board 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 until such litigation is settled.

Where a Board of Directors meeting is held via teleconference or video conference, the video and audio recordings of the meeting form a part of the meeting minutes and shall be properly preserved during the life of the Company.

Article 19: Where the Board of Directors has a managing director, the provisions of Article 2,

Paragraph 2 of Article 3, Articles 4 to 6, Article 9 and Article 11 to the preceding article shall apply to the procedures of the Managing Board of Directors; Paragraph 4 of Article 3 shall apply to the election or dismissal of the Chairman. However, if the Managing Board of Directors is convened regularly within seven days, it may notify each managing director two days in advance.

Article 20: The formulation of these rules of procedure shall be discussed by the Audit Committee of the Company, and then submitted to the Board of Directors for approval and submitted to the Shareholders' Meeting for reporting. If there are any amendments in the future, the Board of Directors may be authorized to make a resolution. Matters not provided herein shall be handled in accordance with the Company Act, Securities and Exchange Act, the Company's Articles of Incorporation, and other applicable laws and regulations.

The Regulation was established on June 18, 2010.

The 1st amendment was made on March 20, 2012.

The 2nd amendment was made on September 18, 2012.

The 3rd amendment was made on March 28, 2013.

The 4th amendment was made on March 21, 2017; and enforced after being reported at the Regular Shareholders' Meeting for 2017.

The 5th amendment was approved by the Board of Directors on November 8, 2017, and the Shareholders' Meeting report on June 13, 2018.

The 6th amendment was approved by the Board of Directors on March 13, 2020, and the Shareholders' Meeting report on June 2, 2020.

The 7th amendment was approved by the Board of Directors on November 9, 2022, and the Shareholders' Meeting report on June 2, 2023.

Appendix 4: Shareholdings of the Company's directors as a whole

Heran Co., Ltd.

Shareholdings by all Directors as a Whole

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

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

III. The shareholdings by all directors as of the book closure date on April 26, 2024 for the 2024 Regular Shareholders' Meeting:

Title	Name	Number of shares currently held	
		Shares	Shareholding (%)
Chairman of the Board	Heran Tech Co., Ltd. Representative: Tsai Po-Yi	6,529,446	8.94
Director	Heran Tech Co., Ltd. Representative: (Note 2)	6,529,446	8.94
Director	Hefa Enterprise Co., Ltd. Representative: Lin Chin-Hong	9,500,000	13.01
Director	Hefa Enterprise Co., Ltd. Representative: Tiao Chien-Sheng	9,500,000	13.01
Director	Xiezhi Investment Co., Ltd. Representative: Wu Ching-hu	661,815	0.91
Director	Xiezhi Investment Co., Ltd. Representative: Chan Chien-lung	661,815	0.91
Independent Director	Huang Tien-chang	0	0
Independent Director	Chen Jung-lung	0	0
Independent Director	Lin Chien-Cheng	0	0
Shareholdings by all directors as a whole		16,691,261	22.86

Note1: The requirement that shareholdings by supervisors shall not be less than a certain percentage does not apply to the Company because the Company has set up an Audit Committee.

Note2: The original representative, Tsai Chin-tu, passed away on March 2, 2024 and no representative has been appointed.