Stock code: 6432



# Arlitech Electronic Corp.

## 2025 Annual Meeting of Shareholders

Handbook for the 2025 Annual Meeting of Shareholders

Meeting Time: June 19, 2025 (Thursday) at 9:00 AM

Meeting Location: Hyatt Regency Xinzhuang Hotel (No. 79, Section 3, New Taipei Blvd., Xinzhuang

Dist., New Taipei City)

Meeting Format: In-person Shareholders' Meeting

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# Arlitech Electronic Corp.

# Procedure for the 2025 Annual Meeting of Shareholders

- 1. Call the Meeting to Order
- 2. Chairperson Remarks
- 3. Report Items
- 4. Matters for Acknowledgment
- 5. Matters for Discussion
- 6. Matters for Election
- 7. Other Motions
- 8. Questions and Motions
- 9. Adjournment

# **Arlitech Electronic Corp. Agenda of 2025 Annual Meeting of Shareholders**

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Meeting Location: Hyatt Regency Xinzhuang Hotel (No. 79, Section 3, New Taipei Blvd.,

Xinzhuang Dist., New Taipei City)

Meeting Format: In-person Shareholders' Meeting

#### 1. Chairperson Remarks

#### 2. Report Items

- (1) 2024 Business Report
- (2) Audit Committee's Review Report on the 2024 Financial Statements
- (3) Report on the Total Remuneration for Directors and Employees for 2024
- (4) Report on the Execution Status of the Company's Convertible Bonds
- (5) Report on the Amendments to Certain Articles of "Corporate Governance Best Practice Principles"

#### 3. Matters for Acknowledgment

- (1) Adoption of the 2024 Business Report and Financial Statements
- (2) Adoption of the 2024 Earnings Distribution Proposal

## 4. Matters for Discussion

(1) Proposal for Amendments to Certain Articles of the Company's "Articles of Incorporation"

#### 5. Matters for Election

(1) Re-election of the Entire Board of Directors (Including Independent Directors)

#### 6. Other Motions

(1) Proposal to Release the Newly Elected Directors from Non-Competition Restrictions

#### 7. Questions and Motions

## 8. Adjournment

## **Report Items**

## 1. 2024 Business Report

### **Explanation:**

Please refer to pages 9–12 of this handbook [Attachment 1] for the 2024 Business Report.

## 2. Audit Committee's Review Report on the 2024 Financial Statements

## **Explanation:**

Please refer to page 13 of this handbook [Attachment 2] for the Audit Committee's Review Report.

# 3. Report on the Total Remuneration for Directors and Employees for 2024 Explanation:

- (1) Pursuant to Article 26 of the Company's Articles of Incorporation, if the Company has earnings for the year, no less than 3% of the pre-tax net profit shall be allocated as employees' remuneration, and no more than 3% shall be allocated as directors' remuneration.
- (2) For the year 2024, the Company recorded a profit of NT\$52,719,342. In accordance with the Articles of Incorporation, NT\$7,332,228 has been allocated as employees' remuneration, and NT\$1,833,060 as directors' remuneration. All payments will be made in cash, and no employees of subsidiaries are included in the recipients.

# 4. Report on the Execution Status of the Company's Convertible Bonds Explanation:

A report on the execution of the Company's convertible bonds is hereby submitted for shareholders' reference.

Type of Corporate Bonds	The Fourth Domestic Issuance of Unsecured Convertible Bonds (Taiwan)
Issue (transaction) date	August 16, 2024
Face value	NT\$100,000
Place of issue and trading	Taiwan
Issue price	100% of the par value
Issue amount	NT\$250,000,000
Coupon rate	0%
Term	3 years Maturity Date: August 16, 2027
Guarantor	Not applicable
Trustee	BANK SINOPAC COMPANY LIMITED
Underwriter	Lead Underwriter: President Securities Corporation Co-Trustee: CONCORD INTERNATIONAL SECURITIES CO. LTD.
Attesting lawyer	N/A

	Type of Corporate Bonds	The Fourth Domestic Issuance of Unsecured Convertible Bonds (Taiwan)
Attesti	ng CPA	N/A
Redemption method		Unless bondholders exercise their conversion or put rights, or unless the Company redeems early or the bonds are repurchased and cancelled by securities brokers at their branches, the Company shall repay the bonds in full in cash at par value within ten business days from the day following the maturity date.
Unrede	eemed balance	NT\$250,000,000
Condit redemp	ions for redemption or early otion	Please refer to the "Regulations Governing the Issuance and Conversion of the Fourth Domestic Unsecured Convertible Corporate Bonds."
Restric	tive covenants	None
Name of ratin	of rating agency, date and result	None
Other rights	The monetary number of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	None
	Terms and Conditions of Issuance	Please refer to the "Regulations Governing the Issuance and Conversion of the Fourth Domestic Unsecured Convertible Corporate Bonds."
influen the issu	ssible dilution of shareholding and ce on shareholder equity caused by nance and conversion, exchange, or ption rules and the terms of	Based on the outstanding balance currently in circulation, if all bonds are fully converted into common shares, the maximum dilution to existing shareholders' equity would be 19.45%. However, as bondholders have not yet exercised their conversion rights, there is no immediate dilution to shareholder equity. This implies a deferred dilution effect, which is considered to have a minimal long-term impact on the rights of existing shareholders.
	of the custodian institution of the geable underlyings	N/A

# 5. Report on the Amendments to Certain Articles of "Corporate Governance Best Practice Principles"

## **Explanation:**

According to the letter numbered 1130348897 issued by the Financial Supervisory Commission in order to guide listed and OTC companies to enhance their corporate value, promote their emphasis on shareholder value, and actively communicate with shareholders and stakeholders, it is proposed to amend the "Corporate Governance Best Practice Principles" of the Company. For details, please refer to pages 14–16 of this handbook [Attachment 3].

## **Matters for Acknowledgment**

**Proposal 1 (Proposed by the Board of Directors)** 

# **Subject : Adoption of the 2024 Business Report and Financial Statements Explanation:**

- 1. The Company's individual and consolidated financial statements for the year 2024 have been prepared and audited by CPA Chien-Liang Liu and CPA Wen-Chin Lin of Deloitte & Touche.
  - The Business Report, Independent Auditors' Reports, and Financial Statements are provided for reference on pages 9–12 [Attachment 1], and pages 17–34 [Attachment 4 and Attachment 5] of this handbook.
- 2. The proposal is hereby submitted to the Annual General Shareholders' Meeting for approval.

Resolution:

#### **Proposal 2 (Proposed by the Board of Directors)**

#### **Subject: Adoption of the 2024 Earnings Distribution Proposal**

#### **Explanation:**

- 1. The Company's net income after tax for the year 2024 amounted to NT\$52,719,342. The earnings distribution table has been prepared accordingly.
- 2. A cash dividend of NT\$1.4 per share is proposed.
- 3. The earnings distribution table is as follows:

Arlitech Electronic Corp.	
Earnings Distribution Table	
2024	
	Unit: NT\$ Thousand
Item	Amount
Unappropriated Retained Earnings at the Beginning of the Period	92,952,390
Add: Net Income After Tax (2024)	52,719,342
Less: Appropriation for Legal Reserve (10%)	(5,271,934)
Add: Reversal of Special Reserve	18,599,852
Distributable Earnings for the Current Period	158,999,650
Distribution Items (Note)	
Cash Dividend to Shareholders: NT\$1.4 per Share	45,138,479
Unappropriated Retained Earnings at the End of the Period	113,861,171

Chairman: Qin-Xian Wang Manager: Qin-Xian Wang

Accounting Supervisor: Ruo-Lin Ren

#### Note:

- (1) The distribution of earnings for the current year will first prioritize the allocation of the 2024 earnings. If there is a shortfall, the remaining amount will be distributed from previous years' earnings.
- (2) This distribution proposal is temporarily calculated based on the outstanding shares of 32,241,771 as of March 6, 2025. Upon approval by the Annual General Meeting, the Board of Directors is authorized to set the ex-dividend date, payment date, and other related matters.
- (3) Any fractional amounts of the cash dividend distribution that are less than one dollar will be transferred to the Company's Employee Welfare Committee.
- (4) Should there be any changes in the number of outstanding shares in the future, such as through the repurchase of the Company's shares, conversion of convertible bonds into common stock, or issuance of common stock through cash capital increase, which affect the stockholder's distribution ratio, it is proposed to authorize the Board of Directors to handle any necessary adjustments related to these changes.

#### Resolution:

## **Matters for Discussion**

**Proposal 1 (Proposed by the Board of Directors)** 

Subject: Proposal for Amendments to Certain Articles of the Company's "Articles of Incorporation"

## **Explanation:**

- 1. Pursuant to the Financial Supervisory Commission's letter No. 1130385442 and Article 14, Paragraph 6 of the Securities and Exchange Act, the Articles of Association shall expressly stipulate that a certain percentage of annual profits be allocated for salary adjustment or remuneration distribution to grassroots employees.
- 2. It is proposed to amend certain provisions of the Company's Articles of Association. Please refer to pages 35-36 of this manual for the comparison table of the proposed amendments (Attachment 6).

Resolution:

## **Matters for Election**

**Proposal 1 (Proposed by the Board of Directors)** 

**Subject: Re-election of the Entire Board of Directors (Including Independent Directors)** 

#### **Explanation:**

- 1. The term of the 5th term of the Company's Board of Directors (including Independent Directors) will expire on June 8, 2025. A full re-election is proposed at this year's Annual General Meeting of Shareholders.
- 2. According to Article 18 of the Company's Articles of Incorporation, a total of 8 directors (including four independent directors) will be elected. The term of the newly elected directors will begin on June 19, 2025, and end on June 18, 2028, for a three-year term.
- 3. The election of directors will be conducted through a candidate nomination system, where shareholders will elect from the list of director and independent director candidates. The term for all elected directors will be three years.
- 4. Pursuant to Article 195 of the Company Act, if the re-election is not conducted before the term expires, the current directors may extend their duties until the newly elected directors assume their positions.
- 5. The list of candidates for directors (including independent directors) was reviewed and approved by the Company's Board of Directors on March 6, 2025. Shareholders will elect from the list of candidates. Please refer to pages 37-38 of this manual for the list of candidates and relevant information (Attachment 7).
- 6. We respectfully request the election.

#### **Election Results:**

## **Other Motions**

**Proposal 1 (Proposed by the Board of Directors)** 

Subject: Proposal to Release the Newly Elected Directors from Non-Competition Restrictions

## **Explanation:**

- 1. According to Article 209, Paragraph 1 of the Company Act, if a director engages in any activity within the scope of the company's business for themselves or others, they must disclose the important details of such activity to the shareholders' meeting and obtain approval.
- 2. To leverage the expertise and relevant experience of the newly appointed director, it is proposed to seek approval from the Annual General Meeting of Shareholders to lift the non-compete restriction for the newly appointed director.

Position in the	Name	Positions Held in Other Companies
Company		
		Chairman of Jin Ya Zhong Corp.
Chairman	Qin-Xian Wang	Chairman of Winlux Corp.
		Chairman of Arlitech Technology Corp.
Dimenter	V- W Oi	Partner Lawyer, HANDSOME ATTORNEYS -AT-LAW
Director	Ya-Wen Qiu	Independent Director of Vizionfocus Inc.
Dimenter	C I : C-:	Owner of Er-Jie Organic Farm
Director	Cong-Lin Cai	Independent Director of Lagis Enterprise Co., Ltd.
Independent Director	Zhon-Qi Ruan	Senior Manager, Finance Department, P-TWO Industries Inc.
	Shun-Chiao	Professor, Department of Business Administration, National Taiwan
Independent Director		University of Science and Technology
	Chang	Director, Central Deposit Insurance Corporation
	Cl. V	Chairman of Fineline (Taiwan) CO., LTD.
Independent Director	Chung-Yu	Vice President, Automotive Division, HUIZHOU GLORYSKY
<b>_</b>	Hsieh	ELECTRONICS CO.,LTD
Independent Director	Wan-Jung Lee	Partner Certified Public Accountant, Reanda International

Resolution:

## **Questions and Motions**

## Adjournment

III. Attachments [Attachment 1]



## 1. Operating results for 2024

## (1) Implementation of business plan

The Company's net consolidated operating revenue in 2024 was NT\$1,019,945 thousand, with the net profit after tax at NT\$52,719 thousand and the earnings per share at NT\$1.68. Compared with 2023, where the net profit after tax was recorded at NT\$36,387 thousand, the net profit after tax increased NT\$16,332 thousand with a growth rate of 44.88%.

(2) Receipts, expenditures, and profitability

Unit: NT\$ Thousand

Financial Income/Expense	Analyzed Items		2024	2023	Increase/Decrease %
	Operating Revenue		1,019,945	1,080,542	-5.61
	Operating Margin		264,985	258,807	2.39
	Interest Expense		5,468	3,258	67.83
	Net Profit After Tax		52,719	36,387	44.88
	Debt Ratio		36.04	39.30	-8.30
	Long-term Capital to Fixed Asset Ratio		898.79	538.19	67.00
Profitability	Return on Assets		4.29	3.10	38.39
Analysis	Return on Equity		6.36	4.63	37.37
(%)	Ratio Accounting for	Operating Income	7.48	6.44	16.15
	Paid-up Capital	Income Before Tax	20.14	11.52	74.83
	Earnings per Share (NT\$)		1.68	1.19	41.18

## (3) Research and development work

A. In the current era of ever-changing technology, AI and Data Center have become the important pushing hands for social progress. The unremitting evolution of manufacturing and the constant advance in the number of transistors per unit of area have resulted in the gradual reduction of voltage that can be withstood in transistors. The escalating power consumption of CPU and GPU chips have led to a continuous rise in the electricity current of power supply. While bringing quite a challenge to the VRM power network as well as the Data Center, it has also driven the demand for high-performance VRM power inductors in the AI markets.

The existing molding inductors with cold-pressing or hot- pressing bottom electrodes are already capable of operating in high-current environment. However, their insulated layers comprise epoxy resin, which is a typical organic compound. Additionally, the iron powder cores used are mostly FeSiCr alloy or carbonyl iron powder, resulting in low resistivity. In high-current conditions, the temperature of inductors arises while operating continuously in charging and discharging cycles. The temperature variation can easily cause the epoxy adhesive as well as the insulation to age. The ineffective adhesive function results in the thermal aging of the ferrite core, which further leads to a sudden drop of inductance RS value. Once the insulation fails, it may result in CPUs or GPUs to be burned out. On the other hand, if ferrite core materials are used instead, the ferrite BS value are prone to reach a state of magnetic saturation under large current.

Moreover, ferrites are thermolabile in high-temperature. In applications with switching frequencies exceeding 1 MHz, the power losses would be rapidly increased, making them a suboptimal choice.

Currently, new materials such as super fine iron-nickel combined with nanocrystal or amorphous materials, have a relatively low magnetic permeability, notwithstanding the fact that the materials themselves may be too hard and prone to damage the molds. Though certain alternative formulations can provide improvements, the results are still generally not satisfactory. To address the aforementioned limitations, Arlitech has invested a significant amount of efforts in research and development and has successfully developed a new generation of copper-iron co-fired inductors.

B. The structure of a copper-magnetic co-fired inductor is relatively simple. It usually consists of a piece of copper sheet or a single copper wire with the external core sintered by magnetic particles. In order to reduce DCR, the copper sheet is generally thick or sturdy, making it a challenge to form a 90-degree lead. In response to this dilemma, Arlitech has proposed a cutting method identical to the cutting process of NdFeB magnet to solve the bending problems. That way, we are able to reduce DCR and make lead-forming less difficult. On one hand, molding inductors at present are formed by FeSiCr alloy and resin with the combination of cold-pressing or hot-pressing process. On the other hand, copper-magnetic co-fired inductors mainly adopt the insulation-coating technique using mineral salt and adhesive to mold in low temperature, enabling them to be made thinner with higher energy density. On the contrary, copper-magnetic co-fired inductor are smaller in size than molding inductors under identical inductance. This is mainly on account of the composite alloy materials, such as FeNi50/FeSi4.5/FeSiAL, being used in copper-iron co-fired inductors. Compared with carbonyl iron powder or ferro-silicon-chromium, they have higher energy density, magnetic permeability, resistivity, and therefore better electrical performance.

In recent years, power engineers generally face high-frequency noise problems. Given the situation, Arlitech prioritized this issue while designing the new generation of copper-magnetic co-fired alloy. Distinct from the previous 1.5TS or 2.5T coiling structure of co-fired alloy, we have replaced it with single copper wire and changed the upper and the lower magnetic circuits to a loop in order to avoid resonance point. We have also utilized the new FeSiAL materials, of which the magnetostriction is close to zero, providing an alternative solution for power engineers when facing inductive noise problems.

C. Facing various customer applications, Arlitech can achieve small size, low loss, and large current, which is suitable for medium and high frequency scenarios. The Company shoulders the crucial responsibility of providing stable power supply for CPUs and GPUs and plays an important and necessary role in urging the industry of AI computing power, which is expected to a skyrocketing growth in the next five years. With the wide applications of advanced technologies as well as manufacturing techniques such as traditional metal magnetic powder cores, hot-pressing molding, amorphous nano-crystalline, and copper-magnetic co-fired alloy, the Company will further upgrade the performance and reliability of VCORE as a way to satisfy the extending demand for the computing power of AI and data center.

## 2. Summary of business plan for 2025

#### (1) Business goals

In 2025, the Company has been actively expanding key technology industries, such as cloud computing devices, automotive electronics, artificial intelligence (AI) and deep learning, 5G and high-speed computing, and industrial Internet of Things (IoT). In the meantime, we also continue to focus on our existing markets of panel technology, networking equipment, smart grid, and smart meters. We will construct the most cost-effective marketing and supply chain strategies for our

downstream customers through product design, manufacturing process optimization, and supply chain management so as to assist them in accelerating market entry, increasing market penetration, reducing operating costs, and strengthening competitive edges in response to global market fluctuation. In terms of long-term development, prestigious global brands highly value product research and development and conduct stringent audits on the supply chain of components. Although production is principally outsourced, most of them still require core components and technical specifications. Hence, the Company actively participates in the early development and design of products, expanding our customer base from finished product design factories to upstream design houses (IC and circuit-designing companies). Not only have we grasped the trend of technological development, but also steered our products into innovation in order to promote the intelligence, the diversification, and the customization of products for the purpose of satisfying market demands. In the future, we will continue to develop in the direction of high value-added technologies such as "miniature and thin", "high-frequency and low-latency", "fully automated", "green energy and low-power-loss", and "reduced impedance and improved efficiency", so as to strengthen the international competitiveness of our products, proactively explore emerging markets as well as blue ocean strategies, and create long-term development advantages.

- (2) Important production and sales policy
  - A. Optimizing and streamlining factories and integrating strategic OEMs to enhance the cost competitiveness of products.
- B. Continuously upgrading the capabilities of manufacturing to achieve fast delivery and satisfy customer needs.
- C. Proactively developing new products to meet customers' diversified needs with the most thorough product line.
- D. Moving towards our brand operations with marketing and product manufacturing with the combination of technology and technique services.

### 3. Future development strategy

- (1) Strengthening core technology and product value
  - Focusing on high value-added and high threshold application fields, accelerating technology research and development and module integration capabilities, and enhancing competitiveness in product differentiation .
- (2) Enhancing customer penetration rate and market diversity
  Deeply cultivating existing customer relationships, expanding overseas and emerging application
  markets, and reducing the risk of single market or industry fluctuations.
- (3) Optimizing operational management and digital transformation
  Promoting smart manufacturing and process reengineering, and introducing data analysis and
  automation tools to improve operational efficiency and response speed.
- (4) Strengthening talent development and organizational resilience Establishing a flexible and innovative team culture, and strengthening medium - and long-term human resource planning and cross departmental collaboration mechanisms.
- (5) Implementing sustainable development and corporate governance Guided by ESG principles, strengthening efforts in environmental protection, social participation, and integrity governance, demonstrating the Company's commitment to stakeholders.

4. Effect of external competition, legal environment, and overall business environment

The operations of Arlitech are conducted in compliance with the relevant laws and regulations governing domestic and foreign investor countries. The management team will also continue to be attentive to any changes in policies and laws that may affect the Company's finance and business. We will persistently promote the compliance of products and quality systems and obtain certifications in accordance with the requirements of the laws and regulations of various countries in order to enhance the positive effects on the operations.

Arlitech adheres to a customer-oriented mindset to build an excellent working environment, become the most trustworthy partner to customers, suppliers, shareholders, and employees, and create the optimal value for customers, shareholders, and employees.

Sincerely,

Good health and best of luck

Chairman Qin-Xian Wang

Managerial Officer Qin-Xian Wang

Accounting Supervisor Ruo-Lin Ren

## Arlitech Electronic Corp.

## Audit Committee Review Report

To: 2025 Annual General Meeting of Arlitech Electronic Corp.

The Board of Directors has submitted the 2024 Business Report, Financial Statements, and the Earnings Distribution Proposal. The individual and consolidated financial statements have been audited by CPA Chien-Liang Liu and CPA Wen-Chin Lin of Deloitte & Touche.

The aforementioned documents submitted by the Board of Directors have been reviewed by the Audit Committee, and no discrepancies were found. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted for your review.

Sincerely, Audit Committee Arlitech Electronic Corp.

Arlitech Electronic Corp.

Neng-Jie Yang

Convener, Audit Committee

Date: March 6, 2025

## Arlitech Electronic Corp.

## Comparison Table of Amendments to the Corporate Governance Best Practices

Before Amendment	After Amendment	
Article 3-1	Article 3-1	Explanation  In line with the Corporate
Paragraph 1 omitted.	Paragraph 1 omitted.	Governance 3.0 – Sustainable
The Company affairs related to corporate	The Company affairs related to corporate	Development Roadmap and based
governance as mentioned in the preceding	governance as mentioned in the preceding	on the results of external
paragraph shall at least include the	paragraph shall at least include the following:	consultation, matters relating to
following:	4 ** 111 1	legal and regulatory compliance regarding the qualifications of
1. Handling matters relating to	Handling matters relating to meetings of the board of directors and	independent directors (including
meetings of the board of directors	shareholders in accordance with the	independent director candidates and
and shareholders in accordance with	law.	incumbent independent directors)
the law.	2. Preparing minutes of board meetings	have been incorporated into the
2. Preparing minutes of board meetings	and shareholders meetings.	functions of the corporate governance officer.
and shareholders meetings.	3. Assisting directors with their	Additionally, in order to strengthen
3. Assisting directors with their appointment and continuing	appointment and continuing education.	the functions of the corporate
education.	4. Providing directors with the	governance officer, handling
4. Providing directors with the	information necessary for the	matters related to changes in
information necessary for the	execution of their duties.	directors— including, but not
execution of their duties.	5. Assisting directors in complying with	limited to, actions required when the corporate governance officer
5. Assisting directors in complying	applicable laws and regulations.	receives a notice of resignation or a
with applicable laws and regulations.	6. Reporting to the board of directors the results of the review on whether	reappointment pursuant to Article
6 Other metters as atimulated in the	the independent directors meet	27, Paragraph 3 of the Company
6 Other matters as stipulated in the Company's Articles of Incorporation	relevant legal and regulatory	Act—has also been included as part
or by contractual agreements.	qualifications at the time of	of the corporate governance officer's responsibilities.
, ,	nomination, appointment, and during	Accordingly, Items 6 and 7 have
	their tenure.  7. Handling matters related to changes	been newly added.
	in directors.	•
	8. Other matters as stipulated in the	
	Company's Articles of Incorporation	
	or by contractual agreements.	
Chapter II – Protection of Shareholders' Rights and Interests	Chapter II – Protection of Shareholders' Rights and Interests	<ol> <li>This article is newly added.</li> <li>To enhance corporate value,</li> </ol>
Rights and interests	Rights and interests	listed companies shall
	Section 2 Establishment of a Machanism	formulate and disclose their
	Section 2 – Establishment of a Mechanism for Shareholder Engagement	operational strategies and
	ior shareholder Engagement	business plans. They shall
	Article 13-1	annually analyze and update capital costs, profitability,
	The board of directors of the Company shall	market valuation, and
	have the responsibility to establish a	corporate governance,
	mechanism for engagement with	appropriately allocating
	shareholders to enhance mutual	resources to promote specific
	understanding regarding the Company's development objectives.	measures aimed at enhancing
	act stopment objectives.	corporate value, such as investment in research and
	Article 13-2	development or human
	In addition to communicating with	capital. The Company shall
	shareholders through shareholders' meetings	also actively engage with
	and encouraging their participation, the board	shareholders and stakeholders to enhance
	of directors shall engage with shareholders	corporate value and ensure
	efficiently, work with management and independent directors to understand	sustainable development.
	shareholders' views and concerns, and	·
	clearly explain the Company's policies to	
	gain shareholder support.	
	Article 13-3	
	The Company shall formulate and disclose its operational strategies and business plans,	
	clearly articulating specific measures aimed	
	at enhancing corporate value. These matters	
	1.4	

Before Amendment	After Amendment	Explanation	
	should be submitted to the board of directors for approval and actively communicated with shareholders.		
Chapter II – Protection of Shareholders' Rights and Interests Section 2 – Corporate Governance Relationships Between the Company and Its Affiliated Enterprises	Chapter II – Protection of Shareholders' Rights and Interests Section 3 – Corporate Governance Relationships Between the Company and Related Parties	In consideration of the fact that the provisions of this section encompass not only the governance relationships between listed companies and their affiliated enterprises, but also the management of interactions with related parties, the title of this section has been amended accordingly.	
Article 17 Where the Company and its affiliated enterprises have business transactions, written guidelines shall be established based on the principle of fairness and reasonableness to govern the financial and operational interactions between them. The terms of the contract should clearly specify pricing conditions and payment methods, and any irregular transactions should be strictly prohibited.  Transactions or contractual matters between the Company and its related parties or shareholders shall also be handled in accordance with the principles stated above, with a strict prohibition on the transfer of improper benefits.	Article 17 Where the Company and its related parties have financial or business transactions and shareholders, written guidelines shall be established based on the principle of fairness and reasonableness to govern the financial and operational interactions between them. The terms of the contract should clearly specify pricing conditions and payment methods, and any irregular transactions or improper benefits should be strictly prohibited.  The content of the written guidelines mentioned in the preceding paragraph shall include management procedures for transactions such as sales and purchases, acquisition or disposal of assets, fund lending, and endorsements or guarantees. In addition, significant transactions shall be subject to approval by the board of directors, approval by the shareholders' meeting, or reported to the shareholders' meeting.	1. Amendment to Paragraph 1: The current provision only stipulates that written guidelines should be established for transactions between the Company and its affiliated enterprises. To strengthen the Company's management of related party transactions, written guidelines should also be established for transactions between the Company and its related parties and shareholders. Since the definition of related parties already includes affiliated enterprises, the current Paragraph 2 is merged into Paragraph 1 with minor revisions to the wording. 2. Addition of Paragraph 2: The content of the written guidelines as mentioned in the preceding paragraph shall include management procedures for relevant transactions, and significant transactions shall be subject to approval by the board of directors, approval by the shareholders' meeting, or reported to the shareholders' meeting.	
Article 31 Paragraphs 1 to 3 omitted. The Company shall periodically (at least once a year) evaluate the independence and suitability of its engaged certified public accountants (CPAs). If the same CPA has served for seven consecutive years, or if the CPA has been subject to disciplinary actions or any circumstances that may impair their independence, the Company shall assess whether it is necessary to replace the CPA and report the results of such evaluation to the board of directors.	Article 31 Paragraphs 1 to 3 omitted. The Company shall periodically (at least once a year) evaluate the independence and suitability of its engaged certified public accountants (CPAs) with reference to Audit Quality Indicators (AQIs). If the same CPA has served for seven consecutive years, or if the CPA has been subject to disciplinary actions or any circumstances that may impair their independence, the Company shall assess whether it is necessary to replace the CPA and report the results of such evaluation to the board of directors.	To enhance transparency in audiquality, the Corporate Governance 3.0 – Sustainable Developmen Roadmap promotes the use of AudiQuality Indicators (AQIs) encouraging audit committees o listed companies to refer to AQ information provided by audit firms when evaluating whether to change their external auditors.	
Article 54 The Corporate Governance Code was implemented after being approved by the Board of Directors on December 22, 2017.	Article 54 The Corporate Governance Code was implemented after being approved by the Board of Directors on December 22, 2017.	Revision of Article     Numbers.	

Before Amendment	After Amendment		Explanation	
Any amendments to the code shall follow the same procedure. The first amendment was made on March 29, 2019; the second amendment was on March 20, 2020; the	Any amendments to the code shall follow the same procedure. The first amendment was made on March 29, 2019; the second amendment was on March 20, 2020; the	2.	Addition of Revision Numbers and Dates.	
third amendment was on January 21, 2022; and the fourth amendment was on November 4, 2022.	third amendment was on January 21, 2022; and the fourth amendment was on November 4, 2022. The fifth amendment was made on March 6, 2025.			

#### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Arlitech Electronic Corp.

### **Opinion**

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

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

## **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's financial statements for the year ended December 31, 2024 are described as follows:

## Revenue Recognition

The Company's triangular trade accounts for a significant proportion of its revenue, with sales primarily conducted through overseas logistics and warehousing. The shipping and delivery locations are both outside the country, which may lead to the recognition of revenue before the fulfillment of performance obligations, posing a risk of overstating operating revenue. Therefore, the recognition of such revenue is considered a key audit matter. For accounting policies, please refer to Note 4 of the consolidated financial statements.

The key audit procedures that we performed in respect of the recognition of operating revenue were as follows:

- 1. Conduct internal control testing to assess the design and implementation of the sales revenue process and related control systems at the Company.
- 2. Select samples from the sales revenue detail ledger of triangular trade, review customer orders, shipping details, external shipping documents, or customer receipts, and examine the status of payment collection.
- 3. Send inquiry letters to the overseas warehouse and observe the inventory count, while reconciling the quantities between the overseas warehouse and the recorded inventory.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 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 financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche Taipei, Taiwan Republic of China

March 6, 2025

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

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 379,365	28	\$ 266,100	21
Financial assets at fair value through profit or loss (Note 7)	-	-	19,852	2
Notes receivable (Note 10)	12	-	1,068	-
Accounts receivable (Note 10)	237,873	18	274,064	22
Accounts receivable - related parties (Note 26)	3,552	-	3,582	-
Other receivables (Notes 10 and 25)	4,310	1	6,616	1
Current tax assets	2,457	-	-	-
Inventories (Note 11)	69,148	5	76,904	6
Other current assets	1,901		2,089	
Total current assets	698,618	52	650,275	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	3,171	-	-	-
Financial assets at amortized cost - current (Note 9)	30,000	2	-	-
Investments accounted for using the equity method (Note 12)	546,863	41	530,356	43
Property, plant and equipment (Note 13)	31,776	2	35,081	3
Right-of-use assets (Note 23)	15,245	1	14,250	1
Computer Software	6,661	1	643	-
Deferred tax assets (Note 21)	4,386	-	4,180	-
Prepayments for equipment	200	-	2,472	-
Refundable deposits	1,410	-	1,410	-
Other financial assets (Note 27)	10,839	1	5,562	1
Total non-current assets	650,551	<u>48</u>	593,954	<u>48</u>
TOTAL	\$ 1,349,169	100	\$ 1,244,229	<u>100</u>
CURRENT LIABILITIES Short-term borrowings (Note 14)	\$ 35,000	3	\$ 35,000	3
Financial liabilities at fair value through profit or loss (Note 7)	2,600	-	-	-
Accounts payable (Note 15)	67,207	5	61,043	5
Accounts payable - related parties (Note 26)	62,928	5	70,980	6
Other payables (Note 16)	33,284	2	32,157	3
Current tax liabilities	-	-	9,956	1
Lease liabilities (Note 23)	4,021	-	5,091	-
Current portion of long-term liabilities (Note 17)	-	-	228,566	18
Other current liabilities	<del>-</del>		644	
Total current liabilities	205,040	<u>15</u>	443,437	<u>36</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	231,829	17	-	-
Deferred tax liabilities (Note 21)	16,471	2	12,674	1
Lease liabilities (Note 23)	11,404	1	9,210	1
Net defined benefit liabilities (Note 18)	2,269		2,252	
Total non-current liabilities	261,973		24,136	2
Total liabilities	467,013	<u>35</u>	467,573	<u>38</u>
EQUITY (Note 19)				
Ordinary shares	322,418	24	305,956	24
Capital surplus	328,016	24	270,218	22
Retained earnings				
Legal reserve	67,450	5	63,806	5
Special reserve	32,901	2	23,995	2
Unappropriated earnings	145,671	11	145,582	12
Total retained earnings	246,022	<u>18</u>	233,383	<u>19</u>
Other equity Exchange differences on translation of the financial statement of foreign operations	(14,300)	(1)	(32,901)	(3)
			<del></del> ,	
Total equity	882,156	65	776,656	<u>62</u>
TOTAL	\$ 1,349,169	<u>100</u>	\$ 1,244,229	<u>100</u>

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

Statements of Comprehensive Income Unit: In Thousands of New Taiwan Dollars, except earnings per share in one New Taiwan Dollars

	2024		2023		
	Amount	%	Amount	%	
OPERATING REVENUE (Note 26)	\$ 720,01	9 100	\$ 826,867	100	
OPERATING COSTS (Notes 11 and 26)	539,25	<u>75</u>	624,124	<u>76</u>	
GROSS PROFIT	180,76	<u> 25</u>	202,743	24	
OPERATING EXPENSES (Note 20) Selling and marketing expenses General and administrative expenses Research and development expenses	45,50 81,01 21,59	2 11	57,504 75,956 18,232	7 9 <u>2</u>	
Total operating expenses	148,11	8 20	151,692	<u>18</u>	
PROFIT FROM OPERATIONS	32,65	50 5	51,051	6	
NON-OPERATING INCOME AND EXPENSES Finance costs (Note 20) Share of loss of subsidiaries accounted for using	(4,95	, , ,	(2,827)	-	
equity method Interest income	(2,83 10,41		(11,909) 7,747	(2) 1	
Other income	1,37		620	-	
Gain on disposal of property, plant, and equipment Gain on disposal of investments accounted for using the equity method (Note 12)	4,03	8 -	32	-	
Net gain (loss) on foreign currency exchange (Note 29)	29,51		(118)	_	
Net (losses) gains on disposal of financial assets (liabilities) at fair value through profit or loss	(5,14		1,437	<del>_</del>	
Total non-operating income and expenses	32,42	<u>4</u>	(5,018)	(1)	
PROFIT BEFORE INCOME TAX	65,07	1 9	46,033	5	
INCOME TAX EXPENSE (Note 21)	12,35	<u>2</u>	9,646	1	
NET PROFIT FOR THE YEAR	52,71	9 7	36,387	4	
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss: Remeasurements of defined benefit plans (Note 18) Income tax relating to items that will not be reclassified subsequently to profit or loss			65	-	
(Note 21)			(13)	-	

## Statements of Comprehensive Income Unit: In Thousands of New Taiwan Dollars, except earnings per share in one New Taiwan Dollars

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:  Exchange differences on translating foreign operations	<u>\$ 18,491</u>	3	<u>\$ (8,906)</u>	(1)
Total other comprehensive income (loss)	18,491	3	(8,854)	(1)
TOTAL COMPREHENSIVE INCOME	\$ 71,210	<u>10</u>	\$ 27,533	3
EARNINGS PER SHARE (Note 22) Basic Diluted	\$ 1.68 \$ 1.50		\$ 1.19 \$ 1.02	

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

(Concluded)

Statements of Changes in Equity FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

					Earnings Unappropriated		Exchange Differences on Translating Foreign	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Total	Operations	Total Equity
BALANCE AT JANUARY 1, 2023	\$ 305,928	\$ 270,147	\$ 59,192	\$ 31,626	\$ 152,015	\$ 242,833	\$ (23,995)	\$ 794,913
Appropriation of the 2022 earnings Legal reserve Special reserve Cash dividends - NT\$1.5 per share	- - -	- - -	4,614 - -	(7,631)	(4,614) 7,631 (45,889)	- (45,889)	- - -	- (45,889)
Net profit for the year ended December 31, 2023	-	-	-	-	36,387	36,387	-	36,387
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax		<del>-</del>	<del>-</del>	<del>_</del>	52	52	(8,906)	(8,854)
Total comprehensive income (loss) for the year ended December 31, 2023		<del>_</del>	<del>_</del>	<del>_</del>	36,439	36,439	(8,906)	27,533
Convertible bonds converted to ordinary shares	28	71	<del>_</del>		<del>_</del>	<u> </u>	<u> </u>	99
BALANCE AT DECEMBER 31, 2023	305,956	270,218	63,806	23,995	145,582	233,383	(32,901)	776,656
Appropriation of the 2023 earnings Legal reserve Special reserve Cash dividends - NT\$1.31 per share	- - -	- - -	3,644	8,906 -	(3,644) (8,906) (40,080)	- (40,080)	- - -	- (40,080)
Equity component of convertible bonds issued by the Company	-	15,368	-	-	-	-	-	15,368
Net profit for the year ended December 31, 2024	-	-	-	-	52,719	52,719	-	52,719
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	<del>_</del>	<del>_</del>	<del>_</del>	<del>-</del>	<del>_</del>	<del>_</del>	18,491	18,491
Total comprehensive income (loss) for the year ended December 31, 2024			<del>_</del>	<u>-</u>	52,719	52,719	18,491	71,210
Convertible bonds	16,462	42,430	-	-	-	-	-	58,892
Disposal of subsidiary	<del>_</del>	<del>_</del>	<del>-</del>	<del>_</del>	<del>_</del>	<del>_</del>	110	110
BALANCE AT DECEMBER 31, 2024	\$ 322,418	\$ 328,016	<u>\$ 67,450</u>	<u>\$ 32,901</u>	<u>\$ 145,671</u>	<u>\$ 246,022</u>	<u>\$ (14,300)</u>	<u>\$ 882,156</u>

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

## Statements of Cash Flows FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 65,071	\$ 46,033
Adjustments for:		
Depreciation expense	10,189	9,959
Amortization expense	3,002	440
Expected credit (reversed) loss recognized on trade receivables	(451)	329
Net loss (gain) on fair value change of financial assets and liabilities	, ,	
at fair value through profit or loss	5,140	(1,437)
Finance costs	4,953	2,827
Interest income	(10,415)	(7,747)
Share of profit or loss of associates accounted for using equity	( , ,	( ) ,
method	2,839	11,909
Gain on disposal of property, plant, and equipment	(8)	(32)
Gain on disposal of investments accounted for using the equity	( )	( )
method	(4,039)	_
Write-down of inventories	3,032	466
Net gain on foreign currency exchange	(28,539)	(3,032)
Changes in operating assets and liabilities	(==,===)	(=,==)
Financial assets at fair value through profit or loss	16,459	(17,561)
Notes receivable	1,056	(157)
Trade receivables	53,584	(70,156)
Trade receivables of related parties	155	(367)
Other receivables	2,597	270
Inventories	4,724	(9,524)
Other financial assets	(4,825)	(5,521)
Other current assets	188	2,250
Trade payables	2,550	14,266
Trade payables of related parties	(10,554)	39,526
Other payables	1,707	(431)
Other current liabilities	(644)	(329)
Net defined benefit liabilities	17	(65)
Cash generated from operations	117,788	17,437
Interest received	10,372	7,264
Interest paid	(1,110)	(190)
Income tax paid	(20,148)	(18,074)
income tax paid	(20,146)	(10,074)
Net cash generated from operating activities	106,902	6,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(30,000)	(9,000)
Proceeds from sale of financial assets at amortized cost	(20,000)	70,905
Acquisition of investments accounted for using equity method	(1,607)	(70,556)
Proceeds from disposal of investments accounted for using the equity	(1,007)	(70,550)
method	1,730	_
Payment for property, plant, and equipment	(1,278)	(642)
Proceeds from disposal of property, plant and equipment	(1,278)	32
1 1000003 from disposar of property, plant and equipment	8	(Continued)
		(Commucu)

## Statements of Cash Flows FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of computer software Increase in prepayments for equipment	\$ (6,920) <u>47</u>	\$ (734) (1,178)
Net cash used in investing activities	(38,020)	(11,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings Issuance of bonds Repayment of bonds Repayment of the principal portion of lease liabilities Cash dividends	244,870 (171,000) (5,943) (40,080)	35,000 - (5,289) (45,889)
Net cash generated from (used in) financing activities	27,847	(16,178)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>16,536</u>	(271)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113,265	(21,185)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	266,100	287,285
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 379,365	\$ 266,100
		(C. 1.1.1)

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

#### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Arlitech Electronic Corp.

### **Opinion**

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

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

### **Basis for Opinion**

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

#### **Key Audit Matters**

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are described as follows:

#### Revenue Recognition

The Group's triangular trade accounts for a significant proportion of its revenue, with sales primarily conducted through overseas logistics and warehousing. The shipping and delivery locations are both outside the country, which may lead to the recognition of revenue before the fulfillment of performance obligations, posing a risk of overstating operating revenue. Therefore, the recognition of such revenue is considered a key audit matter. For accounting policies, please refer to Note 4 of the consolidated financial statements.

The key audit procedures that we performed in respect of the recognition of operating revenue were as follows:

- 1. Conduct internal control testing to assess the design and implementation of the sales revenue process and related control systems at the Group.
- 2. Select samples from the sales revenue detail ledger of triangular trade, review customer orders, shipping details, external shipping documents, or customer receipts, and examine the status of payment collection.
- 3. Send inquiry letters to the overseas warehouse and observe the inventory count, while reconciling the quantities between the overseas warehouse and the recorded inventory.

#### **Other Matter**

We have also audited the parent company only financial statements of Arlitech Electronic Corp. as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche Taipei, Taiwan Republic of China

March 6, 2025

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	2024		2023		
ASSETS	Amount	%	Amount	%	
CURRENT ASSETS					
Cash and cash equivalents (Note 6)	\$ 570,312	41	\$ 353,207	28	
Financial assets at fair value through profit or loss (Note 7) Notes receivable (Note10)	1,407	_	106,392 3,997	8	
Trade receivables (Note 10)	348,543	25	364,609	28	
Other receivables (Notes 10 and 26)	6,107	-	7,432	1	
Current tax assets Inventories (Note 11)	2,457 158,059	12	152,775	12	
Other current assets	6,970	1	10,017	12	
Total current assets	1,093,855	<u>79</u>	998,429	<u>78</u>	
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income (Note 8)	3,171	_	-	-	
Financial assets at amortized cost (Note 9)	74,780	5	43,270	3	
Investments accounted for using equity method (Note 12) Property, plant and equipment (Note 14)	127,296	- 9	4,947 150,460	12	
Right-of-use assets (Note 24)	23,821	2	34,252	3	
Computer Software	6,661	1	643	-	
Deferred tax assets (Note 22)	26,607	2	25,516	2	
Prepayments for equipment Refundable deposits	5,944 6,236	1	10,466 5,884	1 1	
Other financial assets (Note 28)	10,839	1	5,562		
Total non-current assets	285,355	21	281,000	_22	
TOTAL	\$ 1,379,210	<u>100</u>	\$ 1,279,429	100	
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings (Note 15)	\$ 35,000	2	\$ 38,081	3	
Financial liabilities at fair value through profit or loss (Note 7) Accounts payable (Note 16)	2,600 120,731	9	- 117,267	9	
Accounts payable - related parties (Note 27)	-	-	246	-	
Other payables (Note 17)	66,160	5	60,228	5	
Current tax liabilities Lease liabilities (Note 24)	- 10,547	- 1	9,956 13,996	1 1	
Current portion of long-term liabilities (Note 18)	-	-	228,566	18	
Other current liabilities	43		1,321		
Total current liabilities	235,081	<u>17</u>	469,661	_37	
NON-CURRENT LIABILITIES					
Bonds payable (Note 18)	231,829	17	-	-	
Deferred tax liabilities (Note 22)	16,471	1	12,674	1	
Lease liabilities (Note 24) Net defined benefit liabilities (Note 19)	11,404 2,269	1 -	18,186 2,252	1 -	
Total non-current liabilities	261,973		33,112	2	
Total liabilities	497,054	<u></u>	502,773	39	
	<u> </u>			<u> </u>	
EQUITY (Note 20) Ordinary shares	322,418	23	305,956	24	
Capital surplus	328,016	<u>24</u>	270,218	21	
Retained earnings	<b>5- 1- 0</b>	_		_	
Legal reserve Special reserve	67,450 32,901	5 2	63,806 23,995	5 2	
Unappropriated earnings	145,671	11	145,582	11	
Total retained earnings	246,022	<u>18</u>	233,383	<u>18</u>	
Other equity Exchange differences on translation of the financial statement of foreign operations	(14,300)	<u>(1</u> )	(32,901)	<u>(2</u> )	
Total equity	882,156	64	776,656	61	
TOTAL	\$ 1,379,210	<u>100</u>	\$ 1,279,429	<u>100</u>	

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

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023		
	Amount	%	Amount	%	
OPERATING REVENUE	\$ 1,019,945	100	\$ 1,080,542	100	
OPERATING COSTS (Notes 11, 21 and 27)	754,960	<u>74</u>	821,735	<u>76</u>	
GROSS PROFIT	264,985	<u>26</u>	258,807	24	
OPERATING EXPENSES (Note 21)					
Selling and marketing expenses	78,552	8	87,037	8	
General and administrative expenses	121,736	12	110,518	10	
Research and development expenses	40,588	4	41,557	4	
Total operating expenses	240,876	<u>24</u>	239,112		
PROFIT FROM OPERATIONS	24,109	2	19,695	2	
NON-OPERATING INCOME AND EXPENSES					
Finance costs (Note 21)	(5,468)	(1)	(3,258)	_	
Share of profit or loss of associates accounted for	(0,100)	(-)	(=,===)		
using equity method	(1,156)	_	(553)	_	
Interest income	14,350	1	12,114	1	
Other income	3,560	_	7,174	1	
Loss on disposal of investments accounted for using	3,300	_	7,174	1	
the equity method (Note 12)	(2,061)				
		1	-	-	
Gain on disposal of subsidiaries (Note 13)	6,100	1	-	-	
Net gain on foreign currency exchange (Note 30)	30,703	3	802	-	
Net (losses) gains on disposal of financial assets	( <b>-</b> 4.40)				
(liabilities) at fair value through profit or loss	(5,140)	-	1,437	-	
Loss on disposal of property, plant and equipment	(69)		(2,155)		
Total non-operating income and expenses	40,819	4	15,561	2	
PROFIT BEFORE INCOME TAX	64,928	6	35,256	4	
INCOME TAX BENEFIT (EXPENSE) (Note 22)	12,209	1	(1,131)		
NET PROFIT FOR THE YEAR	52,719	5	36,387	4	
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans Income tax relating to items that will not be reclassified subsequently to profit or loss (Note	-	-	65	-	
22)	-	-	(13)	-	

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023		
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss:  Exchange differences on translating foreign operations	<u>\$ 18,491</u>	2	<u>\$ (8,906)</u>	(1)	
Total other comprehensive income (loss)	18,491	2	(8,854)	(1)	
TOTAL COMPREHENSIVE INCOME	\$ 71,210	7	\$ 27,533	3	
EARNINGS PER SHARE (Note 23) Basic Diluted	\$ 1.68 \$ 1.50		\$ 1.19 \$ 1.02		

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

				Datainad	Earnings		Exchange Differences on Translating	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2023	\$ 305,928	\$ 270,147	\$ 59,192	\$ 31,626	\$ 152,015	\$ 242,833	\$ (23,995)	\$ 794,913
Appropriation of the 2022 earnings Legal reserve Special reserve Cash dividends - NT\$1.5 per share	- - -	- - -	4,614 - -	(7,631)	(4,614) 7,631 (45,889)	- (45,889)	- - -	- - (45,889)
Net profit for the year ended December 31, 2023	-	-	-	-	36,387	36,387	-	36,387
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax		<del>_</del>	<del>_</del>	<del>_</del>	52	52	(8,906)	(8,854)
Total comprehensive income (loss) for the year ended December 31, 2023					36,439	36,439	(8,906)	27,533
Convertible bonds converted to ordinary shares	28	71						99
BALANCE AT DECEMBER 31, 2023	305,956	270,218	63,806	23,995	145,582	233,383	(32,901)	776,656
Appropriation of the 2023 earnings Legal reserve Special reserve reversed Cash dividends - NT\$1.31 per share	- - -	- - -	3,644	- 8,906 -	(3,644) (8,906) (40,080)	- (40,080)	- - -	- - (40,080)
Equity component of convertible bonds issued by the Company	-	15,368	-	-	-	-	-	15,368
Net profit for the year ended December 31, 2024	-	-	-	-	52,719	52,719	-	52,719
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax		<del>_</del>		<del>_</del>	<del>_</del>	<del>-</del>	18,491	18,491
Total comprehensive income (loss) for the year ended December 31, 2024		<del>_</del>			52,719	52,719	18,491	71,210
Convertible bonds	16,462	42,430	-	-	-	-	-	58,892
Disposal of subsidiary		<del>_</del>					110	110
BALANCE AT DECEMBER 31, 2024	<u>\$ 322,418</u>	<u>\$ 328,016</u>	<u>\$ 67,450</u>	\$ 32,901	<u>\$ 145,671</u>	\$ 246,022	<u>\$ (14,300)</u>	<u>\$ 882,156</u>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

CASH FLOWS FROM OPERATING ACTIVITIES   Income before income tax			2024		2023
Depreciation expense	CASH FLOWS FROM OPERATING ACTIVITIES				
Adjustments for:   Depreciation expense   51,816   51,525     Amortization expense   3,015   440     Expected credit (reversed) loss recognized on trade receivables   (522)   316     Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss   5,468   3,258     Interest income   5,468   3,258     Interest income   5,468   3,258     Interest income   6,468   1,156   553     Net loss on disposal of property, plant and equipment   6,9   2,155     Gain on disposal of subsidiary   6,6100   - 2,155     Gain on disposal of investments accounted for using the equity method   2,061   - 2,061     Loss on disposal of investments accounted for using the equity method   2,061   - 2,061     Loss on inventory valuation falling and obsolescence (gain on recovery)   2,194   (2,260)     Net gain on foreign currency exchange   (14,236)   (6,412)     Changes in operating assets and liabilities   (14,236)   (6,412)     Changes in operating assets and liabilities   1,621     Inventories   3,638   (6)1,968     Other receivables   2,641   1,621     Inventories   4,825   - 2,641   1,621     Inventories   4,825   - 2,641   1,621     Inventories   1,352   905     Other financial assets   1,352   905     Trade payables of related parties   (2,260)   16,086     Other payables   5,702   (7,722)     Other current liabilities   1,7   (65)     Cash generated from (used in) operating activities   232,630   (87,936)    CASH FLOWS FROM INVESTING ACTIVITIES     Purchase of financial assets at amortized cost   (180,000)   (52,405)     Proceeds from sale of financial assets at amortized cost   150,000   10,945     Acquisition of investments accounted for using equity method   - (5,500)     Proceeds from disposal of investments accounted for using equity method   - (5,500)     Proceeds from disposal of investments accounted for using equity method   - (5,500)     Proceeds from disposal of investments accounted for using equity method   - (5,500)     Proceeds from disposal of investments accounted f	Income before income tax	\$	64,928	\$	35,256
Depreciation expense         51,816         51,525           Amortization expense         3,015         440           Expected credit (reversed) loss recognized on trade receivables         (522)         316           Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss         5,468         3,258           Interest income         (14,350)         (12,114)           Share of profit or loss of associates accounted for using equity method         69         2,155           Gain on disposal of property, plant and equipment         69         2,155           Gain on disposal of subsidiary         (6,100)         -           Loss on disposal of investments accounted for using the equity method         2,061         -           Loss on inventory valuation falling and obsolescence (gain on recovery)         2,194         (2,260)           Net gain on foreign currency exchange         (14,236)         (6,412)           Changes in operating assets and liabilities         106,268         (85,717)           Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621		·	,		,
Amortization expense	· ·		51,816		51,525
Expected credit (reversed) loss recognized on trade receivables   Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss   5,140   (1,437)					
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss   5,140   (1,437)			(522)		316
Action	1 , ,		, ,		
Finance costs Interest income Share of profit or loss of associates accounted for using equity method Natre of profit or loss of associates accounted for using equity method Net loss on disposal of property, plant and equipment Official on disposal of subsidiary Loss on disposal of investments accounted for using the equity method Loss on disposal of investments accounted for using the equity method Loss on inventory valuation falling and obsolescence (gain on recovery) Net gain on foreign currency exchange Net gain on foreign currency exchange Changes in operating assets and liabilities Financial assets at fair value through profit or loss Notes receivable Trade receivables Other receivables Other receivables Other receivables Other financial assets Other financial assets Other durrent assets Other quayables of related parties Other payables Other payables Other current liabilities  Trade payables of related parties Other payables Other payables Other payables Other current liabilities  117 Coss on disposal of property, plant and equipment  Net cash generated from (used in) operating activities  CASH FLOWS FROM INVESTING ACTIVITIES Purchase of financial assets at amortized cost Proceeds from slap of investments accounted for using the equity method Proceeds from slap of investments accounted for using the equity method Propected from poperty, plant and equipment  (6,667)  Payments for property, plant and equipment  (6,667)  (20,119)			5,140		(1,437)
Share of profit or loss of associates accounted for using equity method   1,156   553   Net loss on disposal of property, plant and equipment   69   2,155   Gain on disposal of subsidiary   (6,100)     Loss on disposal of investments accounted for using the equity method   2,061     Loss on inventory valuation falling and obsolescence (gain on recovery)   2,194   (2,260)   Net gain on foreign currency exchange   (14,236)   (6,412)   Changes in operating assets and liabilities			5,468		
method         1,156         553           Net loss on disposal of subsidiary         69         2,155           Gain on disposal of subsidiary         (6,100)         -           Loss on disposal of investments accounted for using the equity method         2,061         -           Loss on inventory valuation falling and obsolescence (gain on recovery)         2,194         (2,260)           Net gain on foreign currency exchange         (14,236)         (6,412)           Changes in operating assets and liabilities         106,268         (85,717)           Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (7,907)         (13,719)           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (6	Interest income		(14,350)		(12,114)
method         1,156         553           Net loss on disposal of subsidiary         69         2,155           Gain on disposal of subsidiary         (6,100)         -           Loss on disposal of investments accounted for using the equity method         2,061         -           Loss on inventory valuation falling and obsolescence (gain on recovery)         2,194         (2,260)           Net gain on foreign currency exchange         (14,236)         (6,412)           Changes in operating assets and liabilities         106,268         (85,717)           Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (7,907)         (13,719)           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (6	Share of profit or loss of associates accounted for using equity				, , ,
Gain on disposal of subsidiary         (6,100)         -           Loss on disposal of investments accounted for using the equity method         2,061         -           Loss on inventory valuation falling and obsolescence (gain on recovery)         2,194         (2,260)           Net gain on foreign currency exchange         (14,236)         (6,412)           Changes in operating assets and liabilities         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65           Cash generated from (used in) operations         241,051         (81,481)           Interest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)			1,156		553
Loss on disposal of investments accounted for using the equity method   2,061   -   Loss on inventory valuation falling and obsolescence (gain on recovery)   2,194   (2,260)   Net gain on foreign currency exchange   (14,236)   (6,412)   Changes in operating assets and liabilities	Net loss on disposal of property, plant and equipment		69		2,155
Loss on disposal of investments accounted for using the equity method   2,061   -   Loss on inventory valuation falling and obsolescence (gain on recovery)   2,194   (2,260)   Net gain on foreign currency exchange   (14,236)   (6,412)   Changes in operating assets and liabilities			(6,100)		-
Loss on inventory valuation falling and obsolescence (gain on recovery)					
Loss on inventory valuation falling and obsolescence (gain on recovery)	· · · · · · · · · · · · · · · · · · ·		2,061		-
recovery)         2,194         (2,260)           Net gain on foreign currency exchange         (14,236)         (6,412)           Changes in operating assets and liabilities         (6,412)           Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Interest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES	Loss on inventory valuation falling and obsolescence (gain on		ŕ		
Net gain on foreign currency exchange			2,194		(2,260)
Changes in operating assets and liabilities         Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Interest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         150,0			(14,236)		
Financial assets at fair value through profit or loss         106,268         (85,717)           Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Interest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         (180,000)         (52,405)					( ) /
Notes receivable         2,697         (1,783)           Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Interest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES           Purchase of financial assets at amortized cost         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         150,000         101,945           Acquisition of investments accounted for using equity m			106,268		(85,717)
Trade receivables         36,386         (61,968)           Other receivables         2,641         1,621           Inventories         (7,907)         (13,719)           Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Interest paid         (1,652)         (621)           Income tax paid         (1,652)         (621)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES         150,000         (52,405)           Proceeds from sale of financial assets at amortized cost         (180,000)         (52,405)           Proceeds from disposal of investments accounted for using equity method         -         (5,500)           Proceeds from disposal of investments accounted for using the equity method         <					, ,
Inventories	Trade receivables		36,386		
Other financial assets         (4,825)         -           Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Incerest paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES         Variable of financial assets at amortized cost         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         (180,000)         (52,405)           Acquisition of investments accounted for using equity method         -         (5,500)           Proceeds from disposal of investments accounted for using the equity method         -         (5,500)           Payments for property, plant and equipment         (6,667)         (20,119)	Other receivables				,
Other current assets         1,352         905           Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Income tax paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES           Purchase of financial assets at amortized cost         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         150,000         101,945           Acquisition of investments accounted for using equity method         -         (5,500)           Proceeds from disposal of investments accounted for using the equity method         1,730         -           Payments for property, plant and equipment         (6,667)         (20,119)	Inventories		(7,907)		(13,719)
Trade payables of related parties         (2,260)         16,086           Other payables         5,702         (7,722)           Other current liabilities         341         (399)           Net defined benefit liabilities         17         (65)           Cash generated from (used in) operations         241,051         (81,481)           Interest received         13,327         12,240           Income tax paid         (1,652)         (621)           Income tax paid         (20,096)         (18,074)           Net cash generated from (used in) operating activities         232,630         (87,936)           CASH FLOWS FROM INVESTING ACTIVITIES           Purchase of financial assets at amortized cost         (180,000)         (52,405)           Proceeds from sale of financial assets at amortized cost         150,000         101,945           Acquisition of investments accounted for using equity method         -         (5,500)           Proceeds from disposal of investments accounted for using the equity method         1,730         -           Payments for property, plant and equipment         (6,667)         (20,119)	Other financial assets		(4,825)		-
Other payables 5,702 (7,722) Other current liabilities 341 (399) Net defined benefit liabilities 177 (65) Cash generated from (used in) operations 241,051 (81,481) Interest received 13,327 12,240 Interest paid (1,652) (621) Income tax paid (20,096) (18.074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES Purchase of financial assets at amortized cost (180,000) (52,405) Proceeds from sale of financial assets at amortized cost 150,000 101,945 Acquisition of investments accounted for using equity method Proceeds from disposal of investments accounted for using the equity method Payments for property, plant and equipment (6,667) (20,119)	Other current assets		1,352		905
Other current liabilities 341 (399) Net defined benefit liabilities 177 (65) Cash generated from (used in) operations 241,051 (81,481) Interest received 13,327 12,240 Interest paid (1,652) (621) Income tax paid (20,096) (18,074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES Purchase of financial assets at amortized cost (180,000) (52,405) Proceeds from sale of financial assets at amortized cost 150,000 101,945 Acquisition of investments accounted for using equity method - (5,500) Proceeds from disposal of investments accounted for using the equity method 1,730 - Payments for property, plant and equipment (6,667) (20,119)	Trade payables of related parties		(2,260)		16,086
Net defined benefit liabilities 17 (65) Cash generated from (used in) operations 241,051 (81,481) Interest received 13,327 12,240 Interest paid (1,652) (621) Income tax paid (20,096) (18,074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES Purchase of financial assets at amortized cost (180,000) (52,405) Proceeds from sale of financial assets at amortized cost 150,000 101,945 Acquisition of investments accounted for using equity method - (5,500) Proceeds from disposal of investments accounted for using the equity method 1,730 - Payments for property, plant and equipment (6,667) (20,119)	Other payables		5,702		(7,722)
Cash generated from (used in) operations Interest received Interest paid Interest paid Income tax paid  Net cash generated from (used in) operating activities  Net cash generated from (used in) operating activities  CASH FLOWS FROM INVESTING ACTIVITIES Purchase of financial assets at amortized cost Proceeds from sale of financial assets at amortized cost Acquisition of investments accounted for using equity method Proceeds from disposal of investments accounted for using the equity method Payments for property, plant and equipment  (6,667)  (81,481) (13,327 (12,240 (180,002) (18,074) (180,006) (180,000) (52,405) (52,405) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500) (55,500)	Other current liabilities		341		(399)
Interest received 13,327 12,240 Interest paid (1,652) (621) Income tax paid (20,096) (18,074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES  Purchase of financial assets at amortized cost (180,000) (52,405)  Proceeds from sale of financial assets at amortized cost 150,000 101,945  Acquisition of investments accounted for using equity method - (5,500)  Proceeds from disposal of investments accounted for using the equity method 1,730 -  Payments for property, plant and equipment (6,667) (20,119)	Net defined benefit liabilities		17		(65)
Interest paid (1,652) (621) Income tax paid (20,096) (18,074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES  Purchase of financial assets at amortized cost (180,000) (52,405)  Proceeds from sale of financial assets at amortized cost 150,000 101,945  Acquisition of investments accounted for using equity method - (5,500)  Proceeds from disposal of investments accounted for using the equity method 1,730 -  Payments for property, plant and equipment (6,667) (20,119)	Cash generated from (used in) operations		241,051		(81,481)
Income tax paid (20,096) (18,074)  Net cash generated from (used in) operating activities 232,630 (87,936)  CASH FLOWS FROM INVESTING ACTIVITIES  Purchase of financial assets at amortized cost (180,000) (52,405)  Proceeds from sale of financial assets at amortized cost 150,000 101,945  Acquisition of investments accounted for using equity method - (5,500)  Proceeds from disposal of investments accounted for using the equity method 1,730 -  Payments for property, plant and equipment (6,667) (20,119)	Interest received		13,327		12,240
Net cash generated from (used in) operating activities  CASH FLOWS FROM INVESTING ACTIVITIES  Purchase of financial assets at amortized cost Proceeds from sale of financial assets at amortized cost Acquisition of investments accounted for using equity method Proceeds from disposal of investments accounted for using the equity method Payments for property, plant and equipment  (6,667)  (87,936)  (87,936)  (180,000) (52,405)  150,000  101,945  - (5,500)  1,730  - (20,119)	Interest paid		(1,652)		(621)
CASH FLOWS FROM INVESTING ACTIVITIES  Purchase of financial assets at amortized cost Proceeds from sale of financial assets at amortized cost Acquisition of investments accounted for using equity method Proceeds from disposal of investments accounted for using the equity method Payments for property, plant and equipment  (6,667)  (180,000) (52,405) (101,945) (5,500) (52,405) (52	Income tax paid		(20,096)	_	(18,074)
Purchase of financial assets at amortized cost (180,000) (52,405)  Proceeds from sale of financial assets at amortized cost 150,000 101,945  Acquisition of investments accounted for using equity method - (5,500)  Proceeds from disposal of investments accounted for using the equity method 1,730 -  Payments for property, plant and equipment (6,667) (20,119)	Net cash generated from (used in) operating activities	_	232,630	_	(87,936)
Proceeds from sale of financial assets at amortized cost Acquisition of investments accounted for using equity method Proceeds from disposal of investments accounted for using the equity method Payments for property, plant and equipment  150,000  (5,500)  101,945  (5,500)  1,730  - (6,667)  (20,119)	CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investments accounted for using equity method  Proceeds from disposal of investments accounted for using the equity method  Payments for property, plant and equipment  (5,500)  1,730  - (20,119)	Purchase of financial assets at amortized cost		(180,000)		(52,405)
Proceeds from disposal of investments accounted for using the equity method 1,730 - Payments for property, plant and equipment (6,667) (20,119)	Proceeds from sale of financial assets at amortized cost		150,000		101,945
method 1,730 - Payments for property, plant and equipment (6,667) (20,119)	Acquisition of investments accounted for using equity method		-		(5,500)
method 1,730 - Payments for property, plant and equipment (6,667) (20,119)					
			1,730		-
	Payments for property, plant and equipment		(6,667)		(20,119)
				(Contin	nued)

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

statements.

	2024	2023
Proceeds from disposal of property, plant and equipment	\$ 8	\$ 159
Net cash outflow from acquisition of subsidiaries	(19,748)	-
Increase in refundable deposits	(605)	(940)
Acquisition of computer software	(6,920)	(734)
Increase in prepayments for equipment	(142)	(3,841)
Net cash (used in) generated from investing activities	(62,344)	18,565
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	38,081
Issuance of bonds	244,870	-
Repayment of bonds	(171,000)	-
Repayment of the principal portion of lease liabilities	(17,963)	(20,875)
Cash dividends	(40,080)	(45,889)
Subsidiary's advance receipts for capital contributions from other	, ,	
shareholders	19,284	<del>-</del>
Net cash generated from (used in) financing activities	35,111	(28,683)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	11,708	(4,340)
NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS	217,105	(102,394)
	,	, , ,
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	353,207	455,601
ILAK	<u> </u>	433,001
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 570,312	\$ 353,207
The accompanying notes are an integral part of the consolidated final	ncial	
The accompanying notes are an integral part of the consolidated final		. 1 1 1

(Concluded)

# Arlitech Electronic Corp.

Comparison Table of Amendments to the Articles of Incorporation

Before Amendments	After Amendments	Reason
Article 26	Article 26	1. In accordance with
If the Company has profits for	If the Company has profits for the	Article 14, Paragraph 6 of the Securities and
the year, no less than 3% of the pre-tax net profit shall be	year, no less than 3% of the pre- tax net profit shall be allocated for	Exchange Act,
allocated for employee	employee compensation. Among	additional provisions
compensation, which shall be	the employee compensation	state that for
distributed in the form of	amount mentioned in the previous	companies whose
stocks or cash as decided by	paragraph, no less than 10% shall	stocks are listed on the
the Board of Directors. The	be allocated for the distribution of	stock exchange or
recipients may include	compensation to frontline	traded on the over-the-
employees of subsidiary	employees, which shall be	counter market, the
companies who meet certain	distributed in the form of stocks	Articles of Incorporation shall
criteria. The company may also allocate up to 3% of the	or cash as decided by the Board of Directors. The recipients may	specify the allocation
aforementioned profits for	include employees of subsidiary	of a certain percentage
director compensation, as	companies who meet certain	of annual profits for
decided by the Board of	criteria. The Company may also	adjusting the salaries
Directors. Proposals for the	allocate up to 3% of the	or distributing
distribution of employee and	aforementioned profits for	compensation to
director compensation shall be	director compensation, as decided	frontline employees.
reported to the shareholders'	by the Board of Directors.	2. Frontline employees
meeting. However, if the	Proposals for the distribution of	are defined as those who are not managers
Company has accumulated losses, an amount for loss	employee and director compensation shall be reported to	and whose salary
compensation shall be reserved	the shareholders' meeting.	levels are below a
in advance, and then the	However, if the Company has	certain amount. The
employee and director	accumulated losses, an amount for	"certain amount" shall
compensation shall be	loss compensation shall be	be determined by the
allocated according to the	reserved in advance, and then the	Company based on its
aforementioned ratio.	employee and director	operational conditions
	compensation shall be allocated	and industry characteristics, but it
	according to the aforementioned ratio.	shall not be lower than
	Tatio.	the salary level for
		frontline employees as
		defined in the
		"Regulations for
		Salary Cost
		Adjustment for Small
		and Medium
		Enterprises Employees." The
		scope of frontline
		employees within the
		company shall be
		decided by the Board
		of Directors, and
		regularly evaluated to
		determine if
		adjustments are
		needed, with the assessment included in
		the internal control
		system. The definition

Before Amendments	After Amendments	Reason
		of "managers" is based
		on the Financial
		Supervisory
		Commission's order
		No. 1120384295 dated
		October 4, 2023.
Article 31	Article 31	Add the date of the current
This Articles of Incorporation	This Articles of Incorporation was	amendment.
was enacted on February 5,	enacted on February 5, 2001.	
2001.	The 1 <sup>st</sup> amendment was made on	
The 1 <sup>st</sup> amendment was made	January 28, 2002.	
on January 28, 2002.	The 2 <sup>nd</sup> amendment was made on	
The 2 <sup>nd</sup> amendment was	July 26, 2004.	
made on July 26, 2004.	The 3 <sup>rd</sup> was made on November	
The 3 <sup>rd</sup> was made on November	23, 2006.	
23, 2006.	The 4 <sup>th</sup> amendment was made on	
The 4 <sup>th</sup> amendment was made on March 9, 2007.	March 9, 2007. The 5 <sup>th</sup> amendment was made on	
The 5 <sup>th</sup> amendment was made	April 28, 2008.	
on April 28, 2008.	The 6 <sup>th</sup> amendment was made on	
The 6 <sup>th</sup> amendment was made	November 18, 2008.	
on November 18, 2008.	The 7 <sup>th</sup> amendment was made on	
The 7 <sup>th</sup> amendment was made	February 5, 2010.	
on February 5, 2010.	The 8 <sup>th</sup> amendment was made on	
The 8 <sup>th</sup> amendment was made	October 8, 2010.	
on October 8, 2010.	The 9 <sup>th</sup> amendment was made on	
The 9 <sup>th</sup> amendment was made	June 29, 2012.	
on June 29, 2012.	The 10 <sup>th</sup> amendment was made on	
The 10 <sup>th</sup> amendment was made	May 27, 2013.	
on May 27, 2013.	The 11 <sup>th</sup> amendment was made on	
The 11 <sup>th</sup> amendment was made	May 28, 2014.	
on May 28, 2014.	The 12 <sup>th</sup> amendment was made on	
The 12 <sup>th</sup> amendment was made	June 16, 2016.	
on June 16, 2016.	The 13 <sup>th</sup> amendment was made on	
The 13 <sup>th</sup> amendment was made		
on June 16, 2017.	The 14 <sup>th</sup> amendment was made on	
The 14 <sup>th</sup> amendment was made	June 15, 2018. The 15 <sup>th</sup> amendment was made on	
on June 15, 2018. The 15 <sup>th</sup> amendment was made	June 18, 2019.	
on June 18, 2019.	The 16 <sup>th</sup> amendment was made on	
The 16 <sup>th</sup> amendment was made	July 22, 2021.	
on July 22, 2021.	The 17 <sup>th</sup> amendment was made on	
The 17 <sup>th</sup> amendment was made	June 9, 2022.	
on June 9, 2022.	The 18 <sup>th</sup> amendment was made on	
The 18 <sup>th</sup> amendment was made	June 13, 2024.	
on June 13, 2024.	The 19 <sup>th</sup> amendment was made on	
	June 19, 2025.	
<u> </u>	· · · · · · · · · · · · · · · · · · ·	

# **Arlitech Electronic Corp.**

# **List of Candidates for Directors (Including Independent Directors)**

Category	Candidate	Main Education	Main Experience	Current Position	Shares Held
Director	Qin-Xian Wang	Department of Electronics. Minghsin University of Science and Technology	Chairman of Arlitech Electronic Corp. Chairman of General Manager	Chairman of Arlitech Electronic Corp General Manager, Arlitech Electronic Corp. Chairman, Jin Ya Zhong Corp. Chairman of Winlux Corp. Chairman of Arlitech Technology Corp.	1,998,953
Director	Jin Ya Zhong Corp. Representative: Ruo-Lin Ren	Master's Degree, Graduate Institute of Management, National Taiwan University of Science and Technology	Chief Accountant, P-TWO Industries Inc.	Financial and Accounting Manager, Arlitech Electronic Corp.	115,261
Director	Ya-Wen Qiu	Bachelor's Degree, Department of Law, Fu Jen Catholic University Master's Degree, Department of Business Administration, National Taipei University Passed the National Bar Examination (Taiwan)		Partner Lawyer, HANDSOME ATTORNEYS -AT-LAW Independent Director, Vizionfocus Inc.	-
Director	Cong-Lin Cai	Department of Resources Engineering, National Cheng Kung University	Global Chief Technology Officer, Passive Components Division, Philips General Manager, Walsin Technology Corporation Director, Walsin Technology Corporation	Proprietor, Erjie Organic Farm Independent Director Lagis Enterprise Co., Ltd.	-
Independent Director	Zhong-Qi Ruan	Master's Degree, Graduate Institute of Accounting, National Chengchi University Passed the Certified Public Accountant (CPA) Examination (Taiwan)	Audit Team Leader, Deloitte & Touche Independent Director, Member of the Audit Committee, and Member of the Remuneration Committee, Zhong Yang Technology Co., Ltd	Senior Manager, Finance Department, P-TWO Industries Inc.	-
Independent Director	Shun-Chiao Chang	Ph.D. in Economics, State University of New York at Stony Brook, USA	Ministry of Economic Affairs Public Natural Gas Business Commissioner National Quality Award Review Committee Member	Full-time Professor, Department of Business Administration, National Taiwan University of Science and Technology Director, Central Deposit Insurance Corporation	-

Category	Candidate	Main Education	Main Experience	Current Position	Shares Held
Independent Director	Chung-Yu Hsieh	Undergraduate Studies, Auckland University of Technology (AUT), New Zealand	Vice President of Sales, Sung Wei Electronics Co., Ltd Vice President of Sales, GETSWEET INCORPORATION Procurement Specialist, SANKO SEMICONDUCTOR	Owner, Fineline (Taiwan) CO., LTD. Vice President of the Automotive Division, Huizhou Glorysky Electronics Co., Ltd.	-
Independent Director	Wan-Jung Lee	Department of Accounting, Soochow University Passed the Certified Public Accountant (CPA) Examination (Taiwan)	Director of the Accounting Division, Tainan City An-Nan Hospital Senior Specialist, LITE-ON Technology Deputy Manager, Audit Department, LITE- ON Technology	Partner Lawyer, Reanda International	-

IV. Appendix I

# **Arlitech Electronic Corp. Articles of Incorporation**

#### Chapter 1 General Provisions

Article 1: The Company is organized in accordance with the regulations of the Company Act for stock corporations, and is named ARLITECH ELECTRONIC CORP.

Article 2: The business operations of the Company are as follows:

- 1. F106010 Wholesale of Hardware
- 2. F107170 Wholesale of Industrial Catalyst
- 3. F113010 Wholesale of Machinery
- 4. F119010 Wholesale of Electronic Materials
- 5. F199990 Other Wholesale Trade
- 6. F401010 International Trade
- 7. CB01010 Mechanical Equipment Manufacturing
- 8. CC01080 Electronics Components Manufacturing
- 9. CC01110 Computer and Peripheral Equipment Manufacturing
- 10. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- 11. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- Article 3: The total amount of the Company's investments in subsidiaries shall not be subject to the restriction under Article 13 of the Company Act, which limits it to 40% of the Company's paid-in capital.
- Article 4: The Company may provide guarantees to third parties as required by its business operations.
- Article 5: The Company's headquarters is located in New Taipei City, and it may establish branch offices in appropriate locations, both domestically and internationally, based on actual business needs.
- Article 6: The method of public notice for the Company shall be conducted in accordance with the provisions of Article 28 of the Company Act.

### Chapter 2 Shares

- Article 7: The total capital of the Company is set at NT\$600 million, divided into 60 million shares, with a par value of NT\$10 per share. The unissued shares are authorized to be issued in installments by the Board of Directors. Of the aforementioned capital, NT\$20 million may be reserved for the issuance of employee stock options, totaling 2 million shares with a par value of NT\$10 per share, and the issuance shall be carried out in installments as authorized by the Board of Directors in accordance with applicable laws. In the event that the Company is legally permitted to repurchase its own shares, the Board of Directors is authorized to carry out such repurchases in accordance with relevant laws and regulations.
- Article 8: The Company's shares shall be issued by the Board of Directors, either through signatures or seals representing the Company, and after being certified by a bank authorized to act as a stock issuance certifier. The Company may choose not to print physical stock certificates for the shares issued; however, it must register the shares with a securities central depository organization and handle the issuance according to the rules of that organization.

- Article 9: Any changes to the shareholder register will be suspended 30 days before the annual shareholders' meeting, 15 days before a special shareholders' meeting, or 5 days before the record date set by the Company for the distribution of dividends, bonuses, or other benefits. After the Company publicly issues stocks, the transfer of shares will be suspended 60 days before the annual shareholders' meeting, 30 days before the special shareholders' meeting, or 5 days before the record date set by the Company for the distribution of dividends, bonuses, or other benefits.
- Article 10: The Company's shareholder services, unless otherwise stipulated by applicable laws, regulations, or securities rules, shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies".

# Chapter 3 Shareholders' Meeting

- Article 11: The shareholders' meetings of the Company are classified into the following two types:
  - 1. Annual Shareholders' Meeting: Held at least once a year, convened by the Board of Directors, and shall be held within six months after the end of each fiscal year.
  - 2. Extraordinary Shareholders' Meeting: Convened as necessary in accordance with the provisions of the Company Act.
- Article 12: The convening of both annual and extraordinary shareholders' meetings shall be conducted in accordance with Article 172 of the Company Act.
- Article 12-1: The Company may hold shareholders' meetings via video conferencing or other methods as publicly announced by the central competent authority.
- Article 13: Unless otherwise provided by the Company Act or relevant laws and regulations, resolutions of the shareholders' meeting shall be adopted by a majority of the voting rights of the shareholders present at a meeting attended by shareholders representing more than half of the total issued shares.
- Article 14: Except as otherwise provided under Article 179 of the Company Act, where shares are subject to restrictions or have no voting rights, each share shall carry one vote.
- Article 15: If a shareholder is unable to attend a shareholders' meeting, they may appoint a proxy to attend and exercise their rights in accordance with Article 177 of the Company Act. After the Company becomes a public company, the appointment of proxies shall also comply with the "R Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" as promulgated by the competent authority.
- Article 16: When a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board shall act as the chairperson. If the Chairman is on leave or unable to exercise their duties for any reason, a substitute shall act in accordance with Paragraph 3 of Article 208 of the Company Act.

When a shareholders' meeting is convened by a party other than the Board of Directors, that convener shall act as the chairperson. If there is more than one convener, one shall be mutually elected to serve as the chairperson.

Article 17: Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes and handled in accordance with Article 183 of the Company Act.

# Chapter 4 Directors, Supervisors and Managers

Article 18: The Company shall have between five and nine directors and shall adopt a candidate nomination system. Shareholders shall elect directors from the list of nominated candidates. Each director shall serve a term of three years and may be re-elected. After the Company becomes a public company, the total shareholding of all directors shall comply with the relevant regulations prescribed by the competent securities authority.

Among the above-mentioned directors, there shall be at least three independent directors, and the number of independent directors shall not be less than one-fifth of the total number of directors.

The professional qualifications, shareholding requirements, restrictions on concurrent positions, nomination and election methods, and other compliance matters related to independent directors shall be governed by the relevant regulations of the competent securities authority.

The election of directors shall be conducted by means of cumulative voting under a system of single-name ballots. Each share shall have a number of voting rights equal to the number of directors to be elected, and such voting rights may be concentrated to elect one candidate or distributed among several candidates. The votes obtained shall be separately counted for independent and non-independent directors, and those receiving the highest number of votes shall be elected accordingly. If any amendments to the cumulative voting method are necessary, in addition to complying with the relevant provisions such as Article 172 of the Company Act, the reasons for such amendments and the main content shall be listed and explained in the meeting notice.

- Article 19: The Board of Directors shall elect a Chairperson from among its members by a majority vote of the directors present at a meeting attended by at least two-thirds of all directors. A Vice Chairperson may also be elected based on actual needs. The Chairperson shall represent the Company. If the Chairperson is on leave or unable to exercise their duties for any reason, a substitute shall act in accordance with Paragraph 3 of Article 208 of the Company Act.
- Article 20: Unless otherwise stipulated by the Company Act, meetings of the Board of Directors shall be convened and chaired by the Chairperson. Resolutions of the Board shall, unless otherwise provided by the Company Act, require the attendance of a majority of the directors and the approval of a majority of those present.

If a director has a personal interest in any matter on the meeting agenda that may conflict with the interests of the Company, the director shall not participate in the voting on that matter and shall not vote on behalf of other directors.

Where a director's spouse, a relative within the second degree of kinship, or a company with which the director has a controlling or subordinate relationship has an interest in any matter discussed in the meeting, the director shall be deemed to have a personal interest in that matter

The minutes of the Board meeting shall be signed or sealed by the Chairperson and distributed to all directors within 20 days after the meeting.

- Article 21: Board meetings shall be convened with the reasons for the meeting stated in the notice, which shall be sent to all directors at least seven days in advance. In case of emergency, a meeting may be convened at any time. Notices for Board meetings may be delivered in writing, by email, or by fax.
- Article 22: If a director is unable to attend a Board meeting in person, they may appoint another director to attend on their behalf. Such proxy shall be handled in accordance with Article 205 of the Company Act. A director may act as a proxy for only one other director. Board meetings of the Company may be held via video conferencing, and any director who participates via video shall be deemed to have attended the meeting in person. A director residing abroad may, in writing, authorize another shareholder residing in Taiwan to regularly attend Board meetings on their behalf. Such authorization must be registered with the competent authority to become effective, and the same applies to any changes made thereafter.
- Article 23: In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee. The Audit Committee shall be responsible for performing the duties of supervisors as prescribed by the Company Act, the Securities and Exchange Act, and other applicable laws and regulations.

The Audit Committee shall consist of three independent directors, including at least one member with expertise in accounting or finance. One of the members shall serve as the convener. Resolutions of the Audit Committee shall require the consent of more than one-half of all its members.

- Article 24: The Company may appoint one or more managerial officers. The appointment, dismissal, assumption of concurrent positions at other companies, and remuneration of such managerial officers shall be handled in accordance with Articles 29 and 32 of the Company Act.
- Article 24-1: The Company may, during the term of office of its directors, purchase liability insurance on their behalf to cover the compensation liability they may legally bear in the course of performing their duties.

After the Company has taken out or renewed directors' liability insurance, it shall report to the most recent Board meeting the key terms of the insurance policy, including the insured amount, coverage, and premium rates.

#### Chapter 5 Accounting

- Article 25: At the end of each fiscal year, the Board of Directors shall prepare the following documents:
  - 1. Business Report
  - 2. Financial Statements
  - 3. Proposals for Earnings Distribution or Loss Offset
    These documents shall be submitted to the annual shareholders' meeting for approval
    in accordance with the law.
- Article 26: If the Company has earnings for the year, at least 3% of the pre-tax net profit shall be allocated as employee compensation, to be distributed in the form of shares or cash as resolved by the Board of Directors. Recipients may include employees of the Company's subsidiaries who meet certain criteria. In addition, up to 3% of the above-mentioned profit may be allocated as directors' remuneration, subject to Board resolution. The distribution proposals for employee compensation and directors' remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, such losses shall first be offset before making any allocations for employee compensation and directors' remuneration as described above.
- Article 26-1: If there is a surplus at the end of the fiscal year, the Company shall first pay all applicable taxes and offset any accumulated losses. Thereafter, 10% of the remaining earnings shall be allocated as legal reserve. However, if the legal reserve has reached the Company's total paid-in capital, this allocation may be waived. Any remaining earnings shall be allocated or reversed as special reserve in accordance with applicable laws and regulations. If a balance still remains, it shall be combined with the undistributed earnings from previous years, and a proposal for the distribution of dividends to shareholders shall be prepared by the Board of Directors and submitted to the shareholders' meeting for resolution.

The Company's dividend policy shall consider its current and future business development plans, the investment environment, capital needs, domestic and international competitiveness, and the interests of shareholders. Each year, no less than 30% of the balance of the current year's after-tax net income—plus adjusted retained earnings, and after offsetting accumulated losses and making the required allocations for legal and special reserves—shall be distributed as shareholders' dividends. The distribution may be made in the form of stock dividends, cash dividends, or a combination of both, as resolved by the shareholders' meeting, in order to maintain a balanced and stable dividend policy. The portion distributed as cash dividends shall be no less than 10% of the total dividends distributed. If, based on the previous article, the dividend per share is calculated to be less than NT\$0.5, the distributable earnings may be retained and not distributed.

- Article 27: The directors of the Company may receive monthly compensation, the amount of which shall be determined by the Board of Directors with reference to the standard compensation levels of peer companies. In addition, any shareholder or director who also serves as a managerial officer or employee of the Company shall be treated the same as general employees and receive salary accordingly.
- Article 28: The recipients of the Company's treasury shares for employees, employee stock options, employee compensation, subscription of new shares by employees, and restricted shares

for employees may include employees of the Company's controlling or subsidiary companies, provided they meet certain criteria.

### Chapter 6 Supplementary Provisions

Article 29: The Company's organizational rules and operational procedures shall be separately

prescribed.

Any matters not covered in these Articles of Incorporation shall be governed by the Article 30:

provisions of the Company Act and other relevant laws and regulations.

Article 31:

These Articles of Incorporation were established on February 5, 2001.

The 1st amendment was made on January 28, 2002.

The 2<sup>nd</sup> amendment was made on July 26, 2004.

The 3<sup>rd</sup> amendment was made on November 23, 2006.

The 4<sup>th</sup> amendment was made on March 9, 2007.

The 5<sup>th</sup> amendment was made on April 28, 2008.

The 6<sup>th</sup> amendment was made on November 18, 2008. The 7<sup>th</sup> amendment was made on February 5, 2010. The 8<sup>th</sup> amendment was made on October 8, 2010.

The 9<sup>th</sup> amendment was made on June 29, 2012.

The 10<sup>th</sup> amendment was made on May 27, 2013.

The 11<sup>th</sup> amendment was made on May 28, 2014.

The 12<sup>th</sup> amendment was made on June 16, 2016.

The 13<sup>th</sup> amendment was made on June 16, 2017.

The 14<sup>th</sup> amendment was made on June 15, 2018.

The 15<sup>th</sup> amendment was made on June 18, 2019. The 16<sup>th</sup> amendment was made on July 22, 2021.

The 17<sup>th</sup> amendment was made on June 9, 2022.

The 18<sup>th</sup> amendment was made on June 13, 2024.

Arlitech Electronic Corp. Chairman: Qin-Xian Wang



# Rules of Procedure for Shareholders Meetings

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

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

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

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, this Corporation has the paidin capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby.

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

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

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

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

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

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

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

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

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

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

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

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

After a proxy form has been delivered to this Corporation, 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 this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

Article 5 (Principles determining the time and place of a shareholders meeting)

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

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtualonly shareholders meeting.

Article 6 (Preparation of documents such as the attendance book)

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

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

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation 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.

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

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or 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 as proxy, it may designate only one person to represent it in the meeting.

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

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

- Article 6-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:
  - 1. How shareholders attend the virtual meeting and exercise their rights.
  - 2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
    - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
    - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
    - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
  - 3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the shareholders shall at least be provided with connection facilities and necessary assistance, and the period during which shareholders may apply to the company and other related matters requiring attention shall be specified.
- Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If no managing director is appointed, one director shall be designated as the acting representative. If the chairperson does not designate a representative, one shall be elected among the managing directors or directors to act as the representative.

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

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

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

Article 8 (Documentation of a shareholders meeting by audio or video)

> This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

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

> The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

> In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the backend operation interface of the virtual meeting platform.

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

> The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual 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. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation 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.

> If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

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

> The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the

Article 9

Article 10

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 (Shareholder speech)

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

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

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

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

When a juristic 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.

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

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

#### Article 12 (Calculation of voting shares and recusal system)

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

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

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, 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 Article 179, paragraph 2 of the Company Act.

When this Corporation 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, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent

to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation'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 this Corporation.

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

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

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

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

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

- Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and 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. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 15 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.

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

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

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

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

#### Article 16 (Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

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

#### Article 17 (Maintaining order at the meeting place)

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 this Corporation, 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 (Recess and resumption of a shareholders meeting)

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

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

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

#### Article 19 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

#### Article 20 (Location of the chair and secretary of virtual-only shareholders meeting)

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

#### Article 21 (Handling of disconnection)

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

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

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

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

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

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

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

- Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online. Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the shareholders shall at least be provided with connection facilities and necessary assistance, and the period during which shareholders may apply to the company and other related matters requiring attention shall be specified.
- Article 23 These Regulations were stipulated on May 16, 2012.

The 1st amendment was made on June 16, 2017.

The 2<sup>nd</sup> amendment was made on June 18, 2019.

The 3<sup>rd</sup> amendment was made on June 11, 2020.

The 4th amendment was made on July 22, 2021.

The 5th amendment was made on June 15, 2023.

The 6th amendment was made on June 13, 2024.

#### Arlitech Electronic Corp.

#### Shareholding of the Company's Directors

The minimum number of shares that all directors of the Company are required to hold, as well as the individual and total shareholding of the directors as recorded in the shareholders' register as of the book closure date for this shareholders' meeting, are as follows:

#### (1) Statutory Shareholding Requirement for Directors:

As of the book closure date on April 21, 2025, the total number of issued common shares: 32,241,771 shares

Statutory minimum shareholding required for all directors: 3,600,000 shares

#### (2) Details of Directors' Shareholding:

Position	Name	Shares Held	Shareholding Ratio (%)
Chairman	QIN-XIAN WANG	1,998,953	6.20%
Director	Jin Ya Zhong Corp.	3,368,846	10.45%
	Corporate Director Representative: QING-YI ZHANG	0	0%
Director	YA-WEN QIU	0	0%
Director	CONG-LIN CAI	0	0%
Independent Director	NENG-JIE YANG	0	0%
Independent Director	JIA-CHANG WU	0	0%
Independent Director	ZHONG-QI RUAN	0	0%
Total S	hareholding of All Directors	5,367,799	16.65%

Note 1: As of the book closure date on April 21, 2025, the Company's paid-in capital consisted of 32,241,771 shares.

Note 2: The Company has established an Audit Committee; therefore, the statutory shareholding requirement for supervisors is not applicable.



# Corporate Governance Best Practice Principles Chapter I General Principles

- Article 1 In order to establish a sound corporate governance system, the Company has adopted the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, jointly formulated by the Taiwan Stock Exchange Corporation (hereinafter referred to as the "TWSE") and the Taipei Exchange (hereinafter referred to as the "TPEx") as a reference and establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observation Post System (MOPS).
- Article 2 When setting up the corporate governance system, in addition to complying with relevant laws and regulations, contracts signed with the TWSE or TPEx, and other relevant regulations, the Company shall follow the following principles:
  - 1. Protect the rights and interests of shareholders.
  - 2. Strengthen the powers of the board of directors.
  - 3. Fulfill the function of supervisors.
  - 4. Respect the rights and interests of stakeholders.
  - 5. Enhance information transparency.
- Article 3 The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

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

The board of directors and the audit committee shall regularly hold discussions with internal auditors regarding deficiencies in the internal control system, keep records of such discussions, follow up on and ensure the implementation of improvements, and report the results to the board of directors.

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

Appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the Company shall be reported to the board of directors or shall be submitted by the chief auditor to the board chairperson for approval.

Article 3-1 The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities, TWSE or TPEx a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a security, financial, or futures related institution or a

public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

- 1. Handling matters relating to board meetings and shareholders meetings according to laws
- 2. Producing minutes of board meetings and shareholders meetings
- 3. Assisting in onboarding and continuous career development of directors and supervisors
- 4. Furnishing information required for business execution by directors and supervisors
- 5. Assisting directors and supervisors with legal compliance
- 6. Other matters set out in the articles of incorporation or contracts

#### Chapter II Protection of Shareholders' Rights and Interests

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

- Article 4 The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably. The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.
- Article 5 The Company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings. Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.
- Article 6 The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders meetings and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, advisably with videoconferencing available and sufficient time allowed and sufficient number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements. For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and convener of the audit committee and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.
- Article 7 The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the Company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting. The Company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8 The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the

results of the meeting. With respect to the election of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors. The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence and should be sufficiently disclosed on the Company's website.

Article 9 The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will. In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

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

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

It is advisable that the rules mentioned in the preceding paragraph include stock trading control measures from the date insiders of the Company become aware of the contents of the Company's financial reports or relevant results. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

- Article 10-1 It is advisable that the Company report at a general shareholder meeting the remuneration received by directors, including the remuneration policy, individual remuneration package and amount, and association with outcomes of performance reviews.
- Article 11 The shareholders shall be entitled to profit distributions by the Company. To ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution. To proceed with the above examination, the shareholders meeting may appoint an inspector. The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company. The board of directors, audit committee or supervisors, and managers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction or rejection.
- Article 12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

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

The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13 To protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes. The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any directors and managers in performing their duties. It is advisable that the Company shall appropriately address any legal actions duly initiated by shareholders in accordance with the law.

#### Section 3 Corporate Governance Relationships Between the Company and Related Parties

- Article 14 The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.
- Article 15 Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises. A director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.
- Article 16 The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers and implement the necessary control mechanisms to reduce credit risk.
- Article 17 When the Company and its related parties and shareholders enter into financial or business dealings or transactions on the basis of fair and reasonable principles, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions. Transactions or contractual matters between the Company and related parties or their shareholders shall also be conducted in accordance with the aforementioned principles, and any transfer of benefits is strictly prohibited.
- Article 18 A corporate shareholder having controlling power over the Company shall comply with the following provisions:
  - 1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.
  - 2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
  - 3. It shall comply with relevant laws, regulations and the articles of incorporation of the Company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
  - 4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
  - 5. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
- Article 19 The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders. The Company shall disclose periodically important information about its shareholders holding more than 10 % of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

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

#### **Chapter III Enhancing the Functions of the Board of Directors**

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

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

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

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

- 1. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors account for at least one-third of all the directors.
- 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

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

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

Article 21 The Company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

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

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

- Article 22 The Company shall specify in its articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.
- Article 23 The board of directors of the Company shall draw clear distinctions of the authorities and responsibilities of chairperson of the board and general manager. The positions of Chairman and Chief Executive Officer (or equivalent top managerial position) should not be held by the same individual. The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

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

Article 24 The Company shall appoint at least 2 independent directors in accordance with its articles of incorporation. They shall be not less than two in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than three other TWSE/TPEx listed companies. Independent directors shall also maintain independence within the scope of their directorial duties and may not have any direct or indirect interest in the Company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company. \

Change of status between independent directors and non-independent directors during their term of office is prohibited.

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

- Article 25 The Company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:
  - 1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
  - Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, 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.
  - 3. A matter bearing on the personal interest of a director or a supervisor.
  - 4. A material asset or derivatives transaction.
  - 5. A material monetary loan, endorsement, or provision of guarantee.
  - 6. The offering, issuance, or private placement of any equity-type securities.
  - 7. The hiring, discharge, or compensation of an attesting CPA.
  - 8. The appointment or discharge of a financial, accounting, or internal auditing officer.
  - 9. Any other material matter so required by the competent authority.

Article 26 The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors. The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

#### **Section 3 Audit Committee and Other Functional Committees**

- Article 27 For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the Company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation. Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.
- Article 28 The Company shall establish an audit committee.

  The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEx.
- Article 29 The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- Article 30 (A whistleblowing system)

  The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.
- Article 31 To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

  To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer. Accounting personnel handling the preparation of financial reports shall also participate in relevant

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

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the Company establish channels and mechanisms of communication between the independent directors,

the audit committee or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the Company's internal control system for management purposes.

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

Article 32 It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require. The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

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

- Article 33 The board of directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors. The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.
- Article 34 Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.
- Article 35 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the Company shall attend the board meeting in person and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting. In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:
  - 1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
  - 2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.
    During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of

the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 36 Staff personnel of a TWSE/TPEx listed company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations. The minutes of the board of directors' meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

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

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

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

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

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

Article 37 The Company shall submit the following matters to its board of directors for discussion:

- 1. Corporate business plans.
- 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
- 3. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
- 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- 5. The offering, issuance, or private placement of any equity-type securities.
- 6. The performance assessment and the standard of remuneration of the managerial officers.
- 7. The structure and system of director's remuneration.
- 8. The appointment or discharge of a financial, accounting, or internal audit officer.
- 9. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
- 10. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholder 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.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its 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 38 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation. The

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

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

Article 39 Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

It is advisable that the Company formulate rules and procedures for board of directors' performance assessments. Each year, in respect of the board of directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the company's needs:

- 1. The degree of participation in the Company's operations.
- 2. Improvement in the quality of decision making by the board of directors.
- 3. The composition and structure of the board of directors.
- 4. The election of the directors and their continuing professional education.
- Internal controls.

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

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

It is advisable that the Company conduct performance assessments of a functional committee, covering the following aspects, with appropriate adjustments made on the basis of the company's needs: Their degree of participation in the Company's operations. Their recognition of the duties of the functional committee. Improvement in the quality of decision making by the functional committee. The composition of the functional committee, and election and appointment of committee members. Internal control. The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

- Article 39-1 The board of directors is advised to evaluate and monitor the following aspects of the Company's direction of operation and performance in connection with intellectual properties, to ensure the company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:
  - 1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
  - 2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
  - 3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
  - 4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
  - 5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the Company's expectations.

- Article 40: The Company shall establish a succession plan for its management team. The Board of Directors shall regularly evaluate the development and implementation of such a plan to ensure the Company's sustainable operation.
- Article 41: If a resolution of the Board of Directors violates laws or the Articles of Incorporation, and a shareholder holding shares continuously for over one year or an independent director requests the Board to cease execution of the resolution, the Board members shall promptly and appropriately address the matter or suspend the execution of the resolution.

  If any member of the Board becomes aware of a potential material loss to the Company, they shall act in accordance with the preceding paragraph and immediately report the matter to the independent
- Article 42 The Company shall take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director. The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.
- Article 43 Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

#### **Chapter IV Respecting Stakeholders' Rights**

- Article 44 The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website. When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.
- Article 45 The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.
- Article 46 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.
- Article 47 In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

#### **Chapter V Improving Information Transparency**

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

Article 48 Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEx rules. The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline. The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 49 To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently. The Company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion. In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

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

Article 50 In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.

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

Article 51 The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEx, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or TPEx rules.

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

Article 52 The Company shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance: Board of directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee. Corporate governance bylaws: such as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws. Important corporate governance information: such as information of establishment of corporate governance executive officers.

#### **Chapter VI Supplementary Provisions**

Article 53 The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 54 The Company's Corporate Governance Guidelines were adopted by the Board of Directors on December 22, 2017, and any amendments shall follow the same procedure.

The 1<sup>st</sup> amendment was made on March 29, 2019.

The 2<sup>nd</sup> amendment was made on March 20, 2020.

The 3<sup>rd</sup> amendment was made on January 21, 2022.

The 4th amendment was made on November 4, 2022.

# Proposals from Shareholders Holding More Than 1% of the Company's Issued Shares

- 1. In accordance with Article 172-1 of the Company Act, the time for submitting proposals for the 2025 Shareholders' Annual Meeting, for shareholders holding more than 1% of the total issued shares of the company, was from April 11, 2025, to April 22, 2025. Proposals were to be submitted in writing or mailed to the Company.
- 2. During the aforementioned period, no proposals were submitted by shareholders holding more than 1% of the Company's issued shares.



#### Procedures for Election of Directors

- Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
  - 1. Basic requirements and values: Gender, age, nationality, and culture.
  - 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- 1. The ability to make judgments about operations.
- 2. Accounting and financial analysis ability.
- 3. Business management ability.
- 4. Crisis management ability.
- 5. Knowledge of the industry.
- 6. An international market perspective.
- 7. Leadership ability.
- 8. Decision-making ability.
- Article 4 The election of the directors of the Company shall be conducted in accordance with the Articles of Incorporation and the number of directors (including independent directors) determined by the Board of Directors.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

- Article 5 The qualifications for the independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- Article 6 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 7 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and nonindependent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 11 A ballot is invalid under any of the following circumstances:
  - 1. The ballot was not prepared by a person with the right to convene.
  - 2. A blank ballot is placed in the ballot box.
  - 3. The writing is unclear and indecipherable or has been altered.
  - 4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
  - 5. Other words or marks are entered in addition to the number of voting rights allotted.
- The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

- Article 13 The board of directors of this Corporation shall issue notifications to the persons elected as directors.
- Article 14 These Regulations were stipulated on May 16, 2012.

The 1st amendment was made on June 16, 2017.

The 2nd amendment was made on June 18, 2019.

The 3rd amendment was made on July 22, 2021