



禾伸堂企業股份有限公司
Holy Stone Enterprise Co., Ltd.

TWSE: 3026

2023 Annual Shareholders Meeting Meeting Agenda

(Translation)

This document is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency or ambiguity between the two versions, the Chinese version shall prevail.

May 30th, 2023

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Holy Stone Enterprise Co., Ltd.
2023 Annual Shareholders Meeting Procedure

1. Call Meeting to Order
2. Chairman Takes Podium
3. Report
4. Acknowledgement
5. Discussion and Election
6. Special Motions
7. Adjournment

Holy Stone Enterprise Co., Ltd.

2023 Annual Shareholders Meeting Agenda

Format of Meeting: Physical Meeting

Time/ Date: 9:00 a.m., 30th May, 2023 (Tuesday)

Location: No.17, Lane91, Section1, Nei Hu Rd. Nei Hu District, Taipei City 114, Taiwan
R.O.C. (7F, Conference Room, Chu Pao Building)

Meeting Agenda:

1. Report the number of shares represented by shareholders attending the Meeting

2. Chairman's Address

3. Report

- (1) Business Report of 2022
- (2) Audit Committee Audit Report
- (3) Distribution of 2022 Remuneration for Employee and Directors
- (4) 2022 Earnings Distribution and Cash Dividend Report

4. Acknowledgement

- (1) 2022 Business Report and Financial Statements
- (2) 2022 Earnings Distributions

5. Discussion and Election

- (1) Revision on Articles of Association
- (2) Revision on Rules of Procedures for Annual Shareholders Meeting
- (3) 2022 Issuing of New Shares Through Capital Increase from Earnings
- (4) By-election of Independent Directors

6. Special Motion

7. Adjournment

1. Report Items

(1) Business Report of 2022

Please refer to page 10 of this agenda

(2) Audit Committee Audit Report

Please refer to page 12 of this agenda

(3) Distribution of 2022 Remuneration for Employees and Directors

The board of directors meeting on February 24th, 2023 passed the remuneration for employee of NT\$185,324,000 and remuneration for directors of NT\$35,299,000, both distributed via cash.

(4) 2022 Earnings Distribution and Cash Dividend Report

(4.1) The company has passed the resolution of dividends on February 24th, 2023, cash dividend distribution totaled NT\$789,953,895 which is NT\$5 per share distributed from earnings. Cash dividend distribution were distributed up to one NT dollar, if the distribution is under one NT dollar, it will be accounted as other revenue.

(4.2) Cash dividend distribution record date will be decided by another board meeting

(4.3) If there is a change in the number of ordinary shares outside of the company; or when there is a change in shareholders' dividend rate that requires revision, chairman of the Board will take full authority

2. Acknowledgement Items

I. (Proposed by the Board of Directors)

To approve 2022 Business Report and Financial Statements

Explanation:

- (1) 2022 Financial Statement of the Company was audited by accountants Ming-Fang Hsu and Chi-Long Yu of KPMG, and was issued an audit report.
- (2) The 2022 Financial Statement and Business Report are audited by the Audit Committee and were issued a report.
- (3) Attachments
 1. Business Report (p.10)
 2. Accountant's Audit Report (p.13- 17 and p.22-26)
 3. Financial Statement (p.18-21 and p.27-30)
 4. Audit Committee Audit Report (p.12)
- (4) Please approve the abovementioned items

Resolution:

II. (Proposed by the Board of Directors)

To approve the Earning Distribution of 2022

Explanation:

- (1) To draft the distribution of earnings according to company's Articles of Association. (p.31)
- (2) The distribution of earnings is reviewed by the Audit Committee and issued into report. (p.12)
- (3) Please approve the abovementioned items.

Resolution:

3. Discussion and Election Items

I. (Proposed by the Board of Directors)

To Revise Articles of Association

- (1) Revise the Company's Articles of Association in accordance to the needs of the operational development of the company.
- (2) Revision chart. (p.32-33)
- (3) Please vote for the abovementioned item.

Resolution:

II. (Proposed by the Board of Directors)

To Revise Rules of Procedure for Annual Shareholders Meeting

- (1) Revise the Rule of Procedure for Annual Shareholders Meeting in accordance to compliance with legal regulations and in accordance with Article 9-2 of the company's Articles of Association, the Annual Shareholders Meeting may be held via virtual conference.
- (2) Revision Chart. (p.34-67)
- (3) Please vote for the abovementioned item.

Resolution:

III. (Proposed by the Board of Directors)

2022 Issuing of New Shares Through Capital Increase from Earnings

- (1) To enhance working capital, it is proposed to allocate stock dividends of NT\$78,995,390 from earnings of 2022, and issue 7,899,539 new shares at NT\$10 par value as a capital increase.
- (2) Conditions of Issuing New Shares
 - a. According to the basis of the allotment date and the shareholders and their shareholdings recorded in the stock office, for every one thousand shares held, fifty shares will be distributed free of charge. Shareholders who receive fractional shares that are less than one share may combine them on their own and apply for consolidation into whole shares through the company's stock office within five days from the basis of allotment date. If the consolidation is not completed by the deadline of the consolidated shares are still less than one share, the company will distribute the fractional shares in cash (up to the nearest dollar). The chairman is authorized to negotiate with specific persons for cash subscription at denomination for the shares.
 - b. The newly issued shares in this offering are being issued in a book-entry form, and is carrying the same rights and obligations as the existing shares.
 - c. Upon the approval and submission to the competent authority by the shareholder's meeting, the board of directors will be authorized to determine the record date for the

ex-right date, the record date for the capital increase and other related matters.

- d. In the event of changes in the company's outstanding shares, resulting in a modification of the shareholders' payout ratio, the board of directors will seek full authority from the shareholders' meeting to handle the matter.
- e. Regarding the issuance conditions, project plans and other relevant matters in this case, in the event of changes due to legal requirements, regulatory approval or objective environmental changes that affect the company's operations, the board of directors will seek full authority from the shareholders' meeting to handle the matter.

(3) Please vote for the abovementioned item.

Resolution:

IV. (Proposed by the Board of Directors)

By-election of Independent Directors

- (1) According to Article 13 of the company's Articles of Association, the company shall have 7 to 9 directors; specific numbers are to be determined by the board of directors. Of the director positions, at least 3 independent directors shall be appointed, and the number of such directors shall not be less than one fifth of the total number of directors.
- (2) The company's board of directors is now composed of 9 members, with 6 directors and 3 independent directors. As there is a vacancy in one position of directors, in order to strengthen the depth and influence of independent directors in company decision-making and enhance internal supervisory functions, it is proposed to elect one independent director at this shareholder meeting. This will increase the strength of the company's corporate governance and further safeguard shareholder rights. After by-election, the board of directors for this term will consist of 5 directors and 4 independent directors, for a total of 9 members.
- (3) The term of office for the newly appointed independent director is limited to the remaining term of this board of directors; from May 30th 2023 to July 20th 2024.
- (4) List of independent director candidates are attached (please refer to p.68)
- (5) Please vote for the abovementioned item.

Resolution:

4. Special Motions

C. Enclosures

1. Business Report

Holy Stone Enterprise Co., Ltd. 2022 Business Report

In 2022, affected by general economic changes, wars, inflation and the covid-19 pandemic, the market posed significant challenges for Holy stone. In response to external environmental risks, the company actively innovated internally and continuously strengthened the core competitiveness of its products. Whether in the production of passive components or the sales of agency products, the company adheres to a niche product-oriented approach, prioritizing customer service to meet their expectations. The following is a summary of the business results for 2021 and the business plan for 2022:

1. 2022 Business Results

- 1.1 **Business Result:** consolidated revenue of 2022 totaled NT\$ (same below)15.07 billion, gross profit NT\$3.14 billion, gross margin 20.8%, net profit attributable to the parent company totaled NT\$1.23 billion, decreased 36.9% YoY. Earnings per share totaled NT\$ 7.79.
- 1.2 **Budget Implementation:** the company did not publish any forms of finance forecast; therefore no act of disclosure is required.
- 1.3 **Financial Income and Expenditure, Profitability Analysis:** please refer to the Financial Statement Appendix.
- 1.4 **Research and Development Status:** in line with the industrial development and market demand, continue to invest in the development of MLCC materials, improve the production capacity of high-end powder, establish self-material system, and optimize the manufacture process capabilities, focusing on the development of niche products such as automotive, Netcom and industrial control electronics. Total expenditure of the above research and development for 2022 was NT\$186 million.

2. Summary of 2023 Annual Business Plan

- 2.1 **Operating Strategy:** Holy Stone believes in programmatic, innovative and mutually beneficial business philosophy; and will continuously cultivate in manufacturing and strengthening product agency.
Deep Cultivation in Manufacturing: house-branded production follows the market trends; we strive in the exploration of new allocation filed and continue to cultivate deeply into the 5G Netcom, automotive and industrial control market.
Product Agency Enhancement: the company mainly agents for products such as communication device, automotive and consumer electronics, we will continue to design and develop to cope with customers' demands, trying our best to maintain product supply.
- 2.2 **Important Production and Sales Management:** Expanding the production and sales of niche products is the most important development strategy for the company and a critical key to supporting its sustained growth. The construction plan for the Longtan plant is still ongoing. Through material and technology research and development, as well as process equipment capability enhancement, we are fully committed to assisting customers in meeting their product

needs for various applications.

3. Influence of External Competitive Environment, Regulatory Environment and Overall Business Environment

Climate change has gradually altered human living environments, intensified extreme weather conditions, and caused environmental and property damage. At Holy Stone, we firmly believe that in addition to profitability and shareholders' equity, pursuing ESG (Environmental, Social, and Governance) is also essential for sustainable business operations. As such, we continue to take environmental protection measures such as greenhouse gas inventory and reduction, water resource management, and waste reduction. We also participate in public welfare activities to ensure social engagement. We share our ESG achievements with shareholders, employees, and stakeholders through our CSR Report. In the future, we will continue to prioritize ESG-related issues, comply with laws and regulations, practice corporate governance, establish a friendly workplace, conserve energy, reduce carbon emissions, protect the earth, and work towards our goal of sustainable business operations.

Last but not least, the company would like to express our appreciation to our customers, suppliers, shareholders and the society for the unwavering long-term support; we also thank each and every employee for their contribution to the company. We hope for the best in the years to come

Chairman: Jing-Rong Tang **General Manager:** Jing-Rong Tang **Chief Accounting Officer:** Shu-Ying Chang

2. Audit Committee Audit Report

Holy Stone Enterprise Co., Ltd. Audit Committee Audit Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Proposal for Earning Distributions. The Financial Statements have been audited and certified by Ming-Fang Hsu CPA and Chi-Long Yu CPA of KPMG and audit reports regarding the Financial Statements have been issued. The Business Report, Financial Statements and Proposal for Earning Distributions have been reviewed and determined to be correct and accurate by the Audit Committee of Holy Stone Enterprise Company Limited. In accordance to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby, submit this report.

Holy Stone's Annual Shareholders Meeting, 2023

Audit Committee of Holy Stone Enterprise Co., Ltd.
Chairman of Audit Committee: Ken-Yi Cheng

February 24th, 2023

3. Unconsolidated Financial Statements and CPA Audit Report

Independent Auditors' Report

To the Board of Directors of Holy Stone Enterprise Co., Ltd.:

Opinion

We have audited the financial statements of Holy Stone Enterprise Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of a subsidiary, which represented investment in another entity accounted for using the equity method of the Company. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the subsidiary, is based solely on the report of another auditor. The investment in the subsidiary accounted for using the equity method constituting 2.66% and 2.33% of total assets at December 31, 2022 and 2021, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting 0.63% and 0.91% of total profit before tax for the years then ended, respectively.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to Note 4(m) “Revenue from contracts with customers” for accounting policy and Note 6(r) “Revenue from contracts with customers” for details of revenue to the parent company only financial statements.

Description of key audit matter:

The Company engages primarily in the manufacturing and sales of MLCC, integrated circuits, modules, and other electronic components. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Company. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Regarding the key audit matter mentioned above, our key audit procedures include understanding the design and implementation of internal control over revenue recognition and verifying the compliance of accounting policy; analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist; examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

Please refer to Note 4(f)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(d) “Notes and accounts receivables” to the parent company only financial statements.

Description of key audit matter:

The Company measured its accounts receivable by the recoverable amounts. Impairment evaluation of accounts receivable is one of the key judgmental areas for our audit, particularly in respect of the great influence of given the challenging industry climate. Due to the provision of bad debt allowance that is subject to the management’s judgement, it is uncertain to have enough of information of recoverability before the issuance of the financial statements.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and implementation of internal control; assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance; examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable; evaluating the adequacy of the Company’s disclosure for bad debt allowance.

3. Inventory valuation

Please refer to Note 4(g) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(f) “Inventories” to the parent company only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Regarding the key audit matter mentioned above, our audit procedures included evaluating the reasonableness of the Company’s inventory valuation policy and the management’s assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Company’s historical accuracy of judgments with reference to inventory valuation and comparing them with the current year’s calculation to evaluate the appropriateness of estimation and assumption used for inventory valuation; assessing the adequacy of the Company’s disclosure for inventories.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 the investment in other entities accounted for using the equity method to express an opinion on this financial statement. 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming Fang and Yu, Chi Lung.

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.

Balance Sheet

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets						Liabilities and Equity			
Current assets:						Current liabilities:			
1100 Cash and cash equivalents (note 6(a))	\$ 2,098,641	14	2,903,284	19	2100 Short-term borrowings (note 6(j))	\$ 1,391,222	10	1,682,790	11
1110 Current financial assets at fair value through profit or loss (note 6(b))	85,213	1	259,475	2	2130 Current contract liabilities (note 6(r))	49,890	-	26,911	-
1150 Notes and accounts receivables, net (note 6(d)(r))	1,977,555	13	2,138,382	14	2170 Accounts payable	481,194	3	941,407	6
1180 Accounts receivable-related parties, net (note 6(d)(r) and 7)	552,047	3	618,020	4	2180 Accounts payable to related parties (note 7)	318,159	2	222,016	2
1200 Other receivables, net (note 6(e))	107,373	1	126,761	1	2200 Other payables (note 6(k))	819,164	6	941,414	6
130X Inventories (note 6(f))	3,310,921	22	2,802,115	18	2230 Current tax liabilities	210,880	1	8,501	-
1410 Prepayments and other current assets	11,241	-	15,042	-	2280 Current lease liabilities (note 6(m))	2,418	-	2,447	-
Total current assets	8,142,991	54	8,863,079	58	2322 Long-term borrowings, current portion (note 6(l))	91,667	1	-	-
Non-current assets:						Total current liabilities			
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	2,497	-	6,023	-	2540 Long-term borrowings (note 6(l))	1,908,333	13	1,367,608	9
1550 Investments accounted for using the equity method (note 6(h))	2,313,864	16	2,100,984	14	2570 Deferred tax liabilities (note 6(o))	74,066	-	80,981	1
1600 Property, plant and equipment (note 6(i) and 7)	4,342,226	29	3,810,478	26	2580 Non-current lease liabilities (note 6(m))	2,282	-	1,292	-
1755 Right-of-use assets (note 6(i))	4,659	-	3,692	-	2640 Net defined benefit liability, non-current (note 6(n))	51,948	-	64,983	-
1840 Deferred tax assets (note 6(o))	47,980	-	40,448	-	2670 Other non-current liabilities, others	6	-	6	-
1915 Prepayments for business facilities (note 7)	199,623	1	338,986	2	Total non-current liabilities	2,036,635	13	1,514,870	10
1990 Other non-current assets, others (note 8)	42,578	-	40,562	-	Total liabilities	5,401,229	36	5,340,356	35
Total non-current assets	6,953,427	46	6,341,173	42	Equity (note 6(n)(p)):				
					3110 Ordinary share	1,579,908	10	1,579,908	10
					3200 Capital surplus	3,120,424	21	3,140,525	21
					Retained earnings:				
					3310 Legal reserve	1,638,205	11	1,638,205	11
					3320 Special reserve	163,854	1	122,384	1
					3350 Unappropriated retained earnings	3,326,480	22	3,546,728	23
					Total retained earnings	5,128,539	34	5,307,317	35
					Other equity:				
					3410 Exchange differences on translation of foreign financial statements	(52,980)	-	(88,988)	(1)
					3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(80,702)	(1)	(74,866)	-
					Total other equity	(133,682)	(1)	(163,854)	(1)
					Total equity	9,695,189	64	9,863,896	65
Total assets	\$ 15,096,418	100	15,204,252	100	Total liabilities and equity	\$ 15,096,418	100	15,204,252	100

(See accompanying notes to parent company only financial statements.)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Statement of Comprehensive Income
For Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
4000	Operating revenue (note 6(r) and 7)			
	\$	12,360,032	100	13,845,582
5000	Operating costs (note 6(f)(n), 7 and 12)			
		9,684,221	78	10,717,338
		2,675,811	22	3,128,244
		4,439	-	12,895
5910	Unrealized profit (loss) from sales			
		2,680,250	22	3,141,139
	Net gross profit			
	Operating expenses (note 6(n)(s), 7 and 12):			
6100	Selling and administrative expenses			
		779,752	6	878,492
6300	Research and development expenses			
		186,381	2	197,958
6450	Expected credit loss (note 6(d))			
		3,500	-	261
		969,633	8	1,076,711
	Total operating expenses			
		1,710,617	14	2,064,428
	Net operating income			
	Non-operating income and expenses:			
7020	Other gains and losses, net			
		70,667	-	(3,785)
7050	Finance costs			
		(25,448)	-	(8,297)
7070	Share of profit (loss) of subsidiaries accounted for using the equity method			
		(224,282)	(2)	86,187
7100	Interest income			
		12,813	-	11,028
		(166,250)	(2)	85,133
	Total non-operating income and expenses			
7900	Profit before tax			
		1,544,367	12	2,149,561
7950	Less: Income tax expenses(note 6(o))			
		313,005	2	197,144
	Profit			
		1,231,362	10	1,952,417
8300	Other comprehensive income (loss):			
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:			
8311	Gains (losses) on remeasurements of defined benefit plans			
		11,375	-	(13,811)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
		(5,836)	-	(11,225)
8330	Share of other comprehensive income of associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss			
		402	-	(95)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			
		-	-	-
		5,941	-	(25,131)
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8360	Components of other comprehensive income (loss) that may not be reclassified to profit or loss			
8361	Exchange differences on translation of foreign financial statements			
		36,008	-	(37,914)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss			
		-	-	-
		36,008	-	(37,914)
	Total components of other comprehensive income (loss) that may be reclassified to profit or loss			
8300	Other comprehensive income, net of tax			
		41,949	-	(63,045)
8500	Total comprehensive income			
	\$	1,273,311	10	1,889,372
	Earnings per share (note 6(q))			
9750	Basic earnings per share (NT dollars)			
	\$	7.79		12.36
9850	Diluted earnings per share (NT dollars)			
	\$	7.67		12.16

(See accompanying notes to parent company only financial statements.)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Statement of Changes in Equity
For Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2021	\$ 1,579,908	3,109,960	1,638,205	128,821	2,873,375	(51,074)	(71,310)	9,207,885	
Profit	-	-	-	-	1,952,417	-	-	1,952,417	
Other comprehensive income	-	-	-	-	(13,906)	(37,914)	(11,225)	(63,045)	
Total comprehensive income	-	-	-	-	1,938,511	(37,914)	(11,225)	1,889,372	
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary shares	-	-	-	-	(1,263,926)	-	-	(1,263,926)	
Special reserve	-	-	-	(6,437)	6,437	-	-	-	
Changes in ownership interests in subsidiaries	-	30,565	-	-	(7,669)	-	7,669	30,565	
Balance at December 31, 2021	1,579,908	3,140,525	1,638,205	122,384	3,546,728	(88,988)	(74,866)	9,863,896	
Profit	-	-	-	-	1,231,362	-	-	1,231,362	
Other comprehensive income	-	-	-	-	11,777	36,008	(5,836)	41,949	
Total comprehensive income	-	-	-	-	1,243,139	36,008	(5,836)	1,273,311	
Appropriation and distribution of retained earnings:									
Special reserve	-	-	-	41,470	(41,470)	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,421,917)	-	-	(1,421,917)	
Changes in ownership interests in subsidiaries	-	(20,101)	-	-	-	-	-	(20,101)	
Balance at December 31, 2022	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	

(See accompanying notes to parent company only financial statements.)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Statement of Cash Flow
For Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 1,544,367	2,149,561
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	562,737	482,487
Expected credit loss	3,500	261
Net (gain) loss on financial assets at fair value through profit or loss	45,148	(9,897)
Interest expense	25,448	8,297
Interest revenue	(12,813)	(11,028)
Dividend revenue	(1,296)	(1,173)
Share of profit (loss) of subsidiaries, accounted for using the equity method	224,282	(86,187)
Gain from disposal of property, plant and equipment	(8)	-
Unrealized profit (loss) from sales	(4,439)	(12,895)
Total adjustments to reconcile profit (loss)	<u>842,559</u>	<u>369,865</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	132,640	(45,917)
Notes and accounts receivable	157,327	(18,110)
Accounts receivable-related parties	65,973	(122,922)
Other receivables	20,023	(34,523)
Inventories	(508,806)	(811,380)
Prepayments and other current assets	3,801	10,242
Total changes in operating assets	<u>(129,042)</u>	<u>(1,022,610)</u>
Changes in operating liabilities:		
Contract liabilities	22,979	14,371
Accounts payable	(460,213)	71,875
Accounts payable to related parties	96,143	134,756
Other payables	(46,105)	225,752
Net defined benefit liability	(1,660)	(20,669)
Total changes in operating liabilities	<u>(388,856)</u>	<u>426,085</u>
Net changes in operating assets and liabilities	<u>(517,898)</u>	<u>(596,525)</u>
Total adjustments	<u>324,661</u>	<u>(226,660)</u>
Cash inflow generated from operations	1,869,028	1,922,901
Interest received	12,178	11,548
Dividends received	1,296	1,173
Interest paid	(21,533)	(8,415)
Income taxes paid	(125,073)	(345,799)
Net cash flows from operating activities	<u>1,735,896</u>	<u>1,581,408</u>
Cash flows used in investing activities:		
Acquisition of investments accounted for using the equity method	(433,075)	(99,182)
Acquisition of property, plant and equipment	(1,171,295)	(1,130,206)
Proceeds from disposal of property, plant and equipment	8	1,204
Increase in other non-current assets, others	(2,016)	(22,030)
Decrease (increase) in prepayments for business facilities	139,363	(302,999)
Dividends received	10,825	6,622
Net cash flows used in investing activities	<u>(1,456,190)</u>	<u>(1,546,591)</u>
Cash flows used in financing activities:		
Decrease in short-term borrowing	(291,568)	(220,657)
Proceeds from long-term borrowings	632,392	943,676
Payment of lease liabilities	(3,256)	(3,241)
Cash dividends paid	(1,421,917)	(1,263,926)
Net cash flows used in financing activities	<u>(1,084,349)</u>	<u>(544,148)</u>
Net decrease in cash and cash equivalents	<u>(804,643)</u>	<u>(509,331)</u>
Cash and cash equivalents at beginning of period	<u>2,903,284</u>	<u>3,412,615</u>
Cash and cash equivalents at end of period	<u>\$ 2,098,641</u>	<u>2,903,284</u>

(See accompanying notes to parent company only financial statements.)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

4. Consolidated Financial Statements and CPA Audit Report

Independent Auditors' Report

To the Board of Directors of Holy Stone Enterprise Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Holy Stone Enterprise Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of a subsidiary of the Group. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that subsidiary, is based solely on the report of another auditor. The financial statements of that subsidiary reflect total assets constituting 3.62% and 3.57% of consolidated total assets at December 31, 2022 and 2021, respectively, and total operating revenues constituting 6.95% and 6.51% of consolidated total operating revenues for the years then ended, respectively.

Holy Stone Enterprise Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with an Other Matter paragraph.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(n) “Revenue from contracts with customers” for accounting policy and Note 6(u) “Revenue from contracts with customers” for details of revenue to the consolidated financial statements.

Description of key audit matter:

The Group engages primarily in the manufacturing and sales of MLCC, integrated circuits, modules, and other electronic components. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

Our principal audit procedures included:

Regarding to the key audit matter mentioned above, our key audit procedures include understanding the design and implementation of internal control over revenue recognition and verifying the compliance of accounting policy; analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist; examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

Please refer to Note 4(g)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(d) “Notes and accounts receivables” to the consolidated financial statements.

Description of key audit matter:

The Group measured its accounts receivable by the recoverable amounts. Impairment evaluation of accounts receivable is one of the key judgmental areas for our audit, particularly in respect of the great influence of given the challenging industry climate. Due to the provision of bad debt allowance that is subject to the management’s judgement, it is uncertain to have enough of information of recoverability before the issuance of the financial statements”.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and implementation of internal control; assessing the rationality of the provision policy and verifying the compliance of provision policy for

accounts receivable allowance; examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable; evaluating the adequacy of the Group's disclosure for bad debt allowance.

3. Inventory valuation

Please refer to Note 4(h) "Inventories" ; Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(f) "Inventories" to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Regarding the key audit matter mentioned above, our audit procedures included evaluating the reasonableness of the Group's inventory valuation policy and the management's assumption used when measuring allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and comparing them with the current year's calculation to evaluate the appropriateness of estimation and assumption used for inventory valuation; assessing the adequacy of the Group's disclosure for inventories.

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming Fang and Yu, Chi Lung.

KPMG

Taipei, Taiwan (Republic of China)

February 24, 2023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021		
	Amount	%	Amount	%		Amount	%	Amount	%	
Assets						Liabilities and Equity				
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 3,367,051	21	3,954,236	24	2100	\$ 1,737,983	11	2,003,251	12	
1110 Current financial assets at fair value through profit or loss (note 6(b))	236,119	1	453,735	3	2130	149,542	1	120,417	1	
1150 Notes and accounts receivable, net (note 6(d)(u) and 7)	2,960,184	18	3,198,362	19	2170	807,772	5	1,232,048	8	
1200 Other receivables, net (note 6(e))	126,290	1	157,924	1	2180	30,536	-	75,429	-	
1220 Current tax assets	3,064	-	101	-	2200	909,220	6	1,143,644	7	
130X Inventories (note 6(f))	3,626,554	23	3,087,397	19	2230	227,891	1	30,307	-	
1410 Prepayments and other current assets	92,367	1	84,380	1	2280	14,572	-	19,957	-	
Total current assets	10,411,629	65	10,936,135	67	2322	94,207	1	9,941	-	
Non-current assets:						Total current liabilities				
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	101,025	1	101,093	1	2540	3,971,723	25	4,634,994	28	
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	52,859	-	57,937	-	2570	Non-Current liabilities:				
1550 Investments accounted for using the equity method (note 6(g))	472,405	3	470,390	3	2580	Long-term borrowings (note 6(n) and 8)	1,911,722	12	1,373,338	10
1600 Property, plant and equipment (note 6(i) and 8)	4,801,228	30	4,290,690	27	2640	Deferred tax liabilities	74,326	-	80,981	-
1755 Right-of-use assets (note 6(j))	39,316	-	46,393	-	2670	Non-current lease liabilities (note 6(o))	25,699	-	27,196	-
1780 Intangible assets (note 6(k))	7,721	-	10,072	-	3110	Net defined benefit liability, non-current (note 6(p))	51,948	-	64,983	-
1840 Deferred tax assets	48,813	-	41,244	-	3200	Other non-current liabilities, others	2,543	-	4,315	-
1915 Prepayments for business facilities	117,181	1	264,760	2		Total non-current liabilities	2,066,238	12	1,550,813	10
1990 Other non-current assets, others (note 8)	55,202	-	51,815	-		Total liabilities	6,037,961	37	6,185,807	38
Total non-current assets	5,695,750	35	5,334,394	33		Equity attributable to owners of parent (note 6(h)(r)):				
					3310	Ordinary share	1,579,908	10	1,579,908	10
					3320	Capital surplus	3,120,424	20	3,140,525	19
					3350	Retained earnings:				
						Legal reserve	1,638,205	10	1,638,205	10
						Special reserve	163,854	1	122,384	1
						Unappropriated retained earnings	3,326,480	21	3,546,728	22
						Total retained earnings	5,128,539	32	5,307,317	33
					3410	Other equity:				
						Exchange differences on translation of foreign financial statements	(52,980)	-	(88,988)	(1)
					3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(80,702)	(1)	(74,866)	-
						Total other equity	(133,682)	(1)	(163,854)	(1)
					36XX	Total equity attributable to owners of parent	9,695,189	61	9,863,896	61
						Total equity	10,069,418	63	10,084,722	62
						Total liabilities and equity	\$ 16,107,379	100	\$ 16,270,529	100

(See accompanying notes to consolidated financial statements)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(u) and 7)	\$ 15,071,432	100	16,602,046	100
5000	Operating costs (note 6(f)(o)(p) and 7)	11,936,441	79	12,926,647	78
	Gross profit	<u>3,134,991</u>	<u>21</u>	<u>3,675,399</u>	<u>22</u>
	Operating expenses:				
6100	Selling and administrative expenses (note 6(k)(o)(p)(s)(v))	1,337,710	9	1,294,441	8
6300	Research and development expenses (note 6(k)(o)(p)(v))	349,917	2	364,486	2
6450	Expected credit loss (note 6(d))	35,502	-	4,898	-
	Total operating expenses	<u>1,723,129</u>	<u>11</u>	<u>1,663,825</u>	<u>10</u>
	Net operating income	<u>1,411,862</u>	<u>10</u>	<u>2,011,574</u>	<u>12</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net (note 6(w))	27,657	-	5,972	-
7050	Finance costs (note 6(o))	(32,788)	-	(12,887)	-
7060	Share of profit (loss) of associates accounted for using the equity method	45,370	-	50,655	-
7100	Interest income	19,187	-	13,572	-
	Total non-operating income and expenses	<u>59,426</u>	<u>-</u>	<u>57,312</u>	<u>-</u>
	Profit before tax	<u>1,471,288</u>	<u>10</u>	<u>2,068,886</u>	<u>12</u>
7950	Less: Income tax expenses(note 6(q))	342,624	2	232,376	1
	Profit	<u>1,128,664</u>	<u>8</u>	<u>1,836,510</u>	<u>11</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	11,375	-	(13,811)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,836)	-	(11,225)	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	402	-	(95)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>5,941</u>	<u>-</u>	<u>(25,131)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	42,071	-	(42,190)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>42,071</u>	<u>-</u>	<u>(42,190)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>48,012</u>	<u>-</u>	<u>(67,321)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,176,676</u>	<u>8</u>	<u>1,769,189</u>	<u>11</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 1,231,362	8	1,952,417	12
8620	Non-controlling interests	(102,698)	-	(115,907)	(1)
	Profit	<u>\$ 1,128,664</u>	<u>8</u>	<u>1,836,510</u>	<u>11</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 1,273,311	8	1,889,372	12
8720	Non-controlling interests	(96,635)	-	(120,183)	(1)
	Total comprehensive income	<u>\$ 1,176,676</u>	<u>8</u>	<u>1,769,189</u>	<u>11</u>
	Earnings per share (in dollars) (note 6(t))				
9750	Basic earnings per share	<u>\$ 7.79</u>		<u>12.36</u>	
9850	Diluted earnings per share	<u>\$ 7.67</u>		<u>12.16</u>	

(See accompanying notes to consolidated financial statements)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings					Other equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
Balance at January 1, 2021	\$ 1,579,908	3,109,960	1,638,205	128,821	2,873,375	(51,074)	(71,310)	9,207,885	335,921	9,543,806	
Profit	-	-	-	-	1,952,417	-	-	1,952,417	(115,907)	1,836,510	
Other comprehensive income	-	-	-	-	(13,906)	(37,914)	(11,225)	(63,045)	(4,276)	(67,321)	
Total comprehensive income	-	-	-	-	1,938,511	(37,914)	(11,225)	1,889,372	(120,183)	1,769,189	
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary shares	-	-	-	-	(1,263,926)	-	-	(1,263,926)	-	(1,263,926)	
Special reserve	-	-	-	(6,437)	6,437	-	-	-	-	-	
Changes in ownership interests in subsidiaries	-	30,565	-	-	(7,669)	-	7,669	30,565	-	30,565	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	5,088	5,088	
Balance at December 31, 2021	<u>1,579,908</u>	<u>3,140,525</u>	<u>1,638,205</u>	<u>122,384</u>	<u>3,546,728</u>	<u>(88,988)</u>	<u>(74,866)</u>	<u>9,863,896</u>	<u>220,826</u>	<u>10,084,722</u>	
Profit	-	-	-	-	1,231,362	-	-	1,231,362	(102,698)	1,128,664	
Other comprehensive income	-	-	-	-	11,777	36,008	(5,836)	41,949	6,063	48,012	
Total comprehensive income	-	-	-	-	1,243,139	36,008	(5,836)	1,273,311	(96,635)	1,176,676	
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	41,470	(41,470)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,421,917)	-	-	(1,421,917)	-	(1,421,917)	
Changes in ownership interests in subsidiaries	-	(20,101)	-	-	-	-	-	(20,101)	45,667	25,566	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	204,371	204,371	
Balance at December 31, 2022	<u>\$ 1,579,908</u>	<u>3,120,424</u>	<u>1,638,205</u>	<u>163,854</u>	<u>3,326,480</u>	<u>(52,980)</u>	<u>(80,702)</u>	<u>9,695,189</u>	<u>374,229</u>	<u>10,069,418</u>	

(See accompanying notes to consolidated financial statements)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Holy Stone Enterprise Co., Ltd.
Consolidated Statements of Cash Flow
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 1,471,288	2,068,886
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	615,121	534,592
Amortization expense	3,081	3,017
Expected credit loss	35,502	4,898
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	106,720	(14,162)
Interest expense	32,788	12,887
Interest revenue	(19,187)	(13,572)
Dividend revenue	(5,709)	(5,565)
Share-based payments	1,978	-
Share of profit of associates accounted for using the equity method	(45,370)	(50,655)
Loss from disposal of property, plant and equipment	120	128
Gain on disposal of investments	(720)	-
Others	(122)	(62)
Total adjustments to reconcile profit	724,202	471,506
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	128,727	(121,978)
Notes and accounts receivable	201,927	(93,699)
Other receivables	32,752	(35,788)
Inventories	(539,157)	(806,428)
Prepayments and other current assets	(7,987)	13,511
Total changes in operating assets	(183,738)	(1,044,382)
Changes in operating liabilities:		
Contract liabilities	29,125	39,228
Accounts payable	(424,276)	178,864
Accounts payable to related parties	(44,893)	27,335
Other payables	(158,056)	227,315
Net defined benefit liability	(1,660)	(20,669)
Total changes in operating liabilities	(599,760)	452,073
Net changes in operating assets and liabilities	(783,498)	(592,309)
Total adjustments	(59,296)	(120,803)
Cash inflow generated from operations	1,411,992	1,948,083
Interest received	18,069	14,146
Dividends received	5,709	5,565
Interest paid	(28,665)	(12,920)
Income taxes paid	(162,201)	(375,821)
Net cash flows from operating activities	1,244,904	1,579,053
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(288)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	15,866
Acquisition of financial assets at fair value through profit or loss	(10,450)	(82,957)
Acquisition of investments accounted for using equity method	-	(69,922)
Proceeds from disposal of investments accounted for using equity method	1,906	-
Acquisition of property, plant and equipment	(1,186,619)	(1,206,441)
Proceeds from disposal of property, plant and equipment	44	1,208
Increase in other non-current assets	(3,671)	(22,429)
Decrease (increase) in prepayments for business facilities	147,579	(252,032)
Dividends received	42,772	26,229
Net cash flows used in investing activities	(1,008,439)	(1,590,766)
Cash flows used in financing activities:		
Decrease in short-term borrowings	(265,268)	(142,275)
Proceeds from long-term borrowings	632,392	943,676
Repayments of long-term borrowings	(9,513)	(16,923)
Payment of lease liabilities	(23,027)	(21,204)
(Decrease) increase in other non-current liabilities	(1,772)	2,039
Cash dividends paid	(1,421,917)	(1,263,926)
Change in non-controlling interests	227,959	35,653
Net cash flows used in financing activities	(861,146)	(462,960)
Effect of exchange rate changes on cash and cash equivalents	37,496	(30,873)
Net decrease in cash and cash equivalents	(587,185)	(505,546)
Cash and cash equivalents at beginning of period	3,954,236	4,459,782
Cash and cash equivalents at end of period	\$ 3,367,051	3,954,236

(See accompanying notes to consolidated financial statements)

Chairman: Jing-Rong Tang

General Manager: Jing-Rong Tang

Chief Accounting Officer: Shu-Ying Chang

5. Earnings Distribution Table

Unit: NT\$

Item	Amount	Total Amount
Net Income of 2022	1,231,362,085	
Add: Re-measurements of defined benefit plans	11,375,210	
Share of other comprehensive income of subsidiaries accounted for using equity method	402,140	
2022 Unappropriated retained earnings	1,243,139,435	
Less: Legal Reserve (note2)	0	
Special Reserve	(30,172,349)	
2022 Unappropriated retained earnings		1,273,311,784
Add: Beginning unappropriated retained earnings		2,083,339,257
Total unappropriated retained earnings		3,356,651,041
Less: Distribution Item		
Cash Dividends	789,953,895	
Stock Dividends	78,995,390	
Total shareholder dividends		868,949,285
Ending unappropriated retained earnings		2,487,701,756

Note1: the outstanding shares are 157,990,779 shares which are based on January 31th, 2023.

Note2: the company's legal reserve has reached total paid-in capital; according to article 237 of the Company Act and article 20 of the Articles of Association, the company can choose not to keep legal reserve in this case.

6. Articles of Association Revision Chart

Holy Stone Enterprise Co., Ltd.
Articles of Association Revision Chart

Article	Amended Provision	Current Provision	Notes
Article 13	<p>The company shall have <u>seven to eleven</u> directors. The board of directors is authorized to determine the number of directors. The abovementioned board of directors must have at least three independent directors, and must not be less than one-fifth of the total members. The election of directors adopts the candidate nomination system of Article 192-1 of the Company Act. Shareholders shall appoint candidates from the list of nominated directors for a term of three years and may be re-elected.</p> <p>The acceptance method and announcement of the nomination of director candidates shall be handled in accordance with the Company Act, the Securities and Exchange Act and other relevant laws and regulations.</p> <p>The nomination, election and appointment of independent directors and other matters to be complied with shall be handled in accordance with relevant regulations of the competent authority.</p> <p>The election of directors shall be handled in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the elected quota shall be calculated separately.</p> <p>More than half of the members among</p>	<p>The company shall have <u>seven to nine</u> directors. The board of directors is authorized to determine the number of directors. The abovementioned board of directors must have at least three independent directors, and must not be less than one-fifth of the total members. The election of directors adopts the candidate nomination system of Article 192-1 of the Company Act. Shareholders shall appoint candidates from the list of nominated directors for a term of three years and may be re-elected.</p> <p>The acceptance method and announcement of the nomination of director candidates shall be handled in accordance with the Company Act, the Securities and Exchange Act and other relevant laws and regulations.</p> <p>The nomination, election and appointment of independent directors and other matters to be complied with shall be handled in accordance with relevant regulations of the competent authority.</p> <p>The election of directors shall be handled in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the elected quota shall be calculated separately.</p> <p>More than half of the members among</p>	<p>In accordance to the operational needs of the company's development .</p>

	<p>the directors shall not have the following relationships:</p> <ol style="list-style-type: none"> 1. Spouse 2. Relative within second degree 	<p>the directors shall not have the following relationships:</p> <ol style="list-style-type: none"> 3. Spouse 4. Relative within second degree 	
Article 22	<p>These Articles of Association is stipulated on 6th May, 1981. 1st revision ~29th revision (etc.) 30th Revision was made on 2022.05.27 <u>31th Revision was made on 2023.05.30</u></p>	<p>These Articles of Association is stipulated on 6th May, 1981. 1st revision ~29th revision (etc.) 30th Revision was made on 2022.05.27 <u>New</u></p>	<p>Number and dates of new revisions</p>

7. Rules of Procedure for Annual Shareholders Meeting Revision Chart

Holy Stone Enterprise Co., Ltd.

Rules of Procedure for Annual Shareholders Meeting Revision Chart

Article	Amended Provision	Current Provision	Notes
Article 1	<p><u>Adjusted to the second article.</u></p> <p><u>In order to establish a sound shareholder meeting governance system, strengthen the supervisory function and enhance management capabilities, these rules have been formulated in accordance to Article 5 of the Corporate Governance Best Practice Principle for TWSE/TPEX Listed Companies for compliance purpose.</u></p>	<p>Shareholders Meeting of the company shall be conducted in accordance with the Articles of Association as well as relevant laws and regulations, unless otherwise stated, shall follow this Rules of Procedure for Annual Shareholders Meeting.</p> <p><u>New.</u></p>	<p>1. The original article has been adjusted to the second article.</p> <p>2. Clearly specify the legal basis of these rules.</p>
Article 2	<p>The <u>Rules of Procedure for Annual Shareholders Meeting</u> of the company <u>shall be governed by the articles</u> of these rules, except where otherwise provided by laws or the company's Articles of Association.</p>	<p>Shareholders attending the meeting shall submit the attendance card for the purpose of signing in.</p> <p>The number of shares present shall be calculated by adding the attendance card and the number of shares with electronic voting rights.</p> <p><u>Originally Article 1</u></p>	<p>1. The original article has been adjusted to the second article.</p> <p>2. Clearly specify the legal basis of these rules.</p>
Article 3	<p>Unless otherwise stipulated by laws and regulations, the shareholders meeting of the company shall be convened by the board of directors.</p>	<p>Unless otherwise stipulated by laws and regulations, the shareholders meeting of the company shall be convened by the board of directors.</p>	<p>1. In response to the company's ability to hold</p>

	<p><u>Any changes to the method of convening of the shareholders meeting shall be resolved by the board of directors and shall be made no later than before the notice of the shareholders meeting is sent out.</u></p> <p><u>The company shall, 30 days before the annual shareholders meeting or 15 days before the extraordinary meeting, prepare and transmit electronically to MOPS the notice of the shareholders meeting, the forms of authorization, the agenda and explanatory materials for each proposal, including proposals for recognition, discussion, election or removal of directors. Furthermore, 21 days before the annual shareholders meeting or 15 days before the extraordinary meeting, the meeting manual and supplemental materials shall be prepared as electronic files and transmitted to MOPS. However, if this company's paid-in capital exceeds NT\$10 billion or the foreign and mainland China shareholder holdings listed in the shareholders' roster at the most recent fiscal year exceed 30% in total, the transmission of the abovementioned electronic files shall be completed 30 days before the annual shareholders meeting. 15 days before the shareholders meeting, the shareholders meeting manual and supplemental materials shall be</u></p>	<p><u>New</u></p> <p><u>Attendance and voting at the shareholders meeting shall be calculated on the basis of shares.</u></p> <p><u>New</u></p>	<p>shareholder meetings though virtual conferencing, the second and fourth paragraph of this article have been added.</p> <p>2. In accordance with legal provisions, the third clause and clauses five to twelve have been added to this article.</p>
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	<p><u>prepared and made available for shareholders to consult at any time and shall be displayed at the company and at the professional shareholder service agency appointed by the company.</u></p> <p><u>The agenda and supplemental material of the abovementioned shall be provided for shareholders to refer to by the company in the following ways on the days of the shareholders meeting:</u></p> <p><u>1. when convening a physical shareholders meeting, it shall be distributed on-site.</u></p> <p><u>2. when convening a hybrid shareholders meeting, it shall be distributed on-site and sent as an electronic file to the video conference platform.</u></p> <p><u>3. when convening a virtual shareholders meeting, it shall be sent as an electronic file to the video conference platform.</u></p> <p><u>Notice and announcement should state the purpose of the convocation. If agreed by the counterparties, the notice may be delivered electronically.</u></p> <p><u>The election or removal of directors, amendment of the Articles of Association, reduction of capital, application for termination of public offering, approval of director's non-competition, capital increase by earnings or capitalization of surplus, dissolution, merger, split or any of the matters stipulated in Article 185-1 of the Company Act, Article 26-1 and 43-6 of the Securities and</u></p>	<p><u>New</u></p> <p><u>New</u></p> <p><u>New</u></p>	
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<p><u>Exchange Act, Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed in the convocation with a description of their main content and cannot be proposed by special motions.</u></p> <p><u>The convocation of the shareholders meeting has stated the reason for the complete re-election of the directors and the date of assuming office. After the completion of the election at the shareholders meeting, the date of assuming office cannot be changed again by special motion or any other means in the same meeting.</u></p> <p><u>Shareholders holding more than one percent of the total issued shares may proposed one agenda item for the annual shareholders meeting. If there are more than one proposal, they will not be included in the agenda. In addition, if the proposal falls under any of the circumstance listed in Article 172-1-4 of the Company Act, the board of directors may decide not to include it in the agenda.</u></p> <p><u>Shareholders may propose advisory proposals to urge the company to enhance public interests or fulfill social responsibilities, and the procedure shall be governed by the relevant articles of Article 172-1 of the Company Act, and shall be limited to one proposal. If there are more than one proposal, they will not be included in the agenda.</u></p> <p><u>Before the convening of the</u></p>	<p><u>New</u></p> <p><u>New</u></p> <p><u>New</u></p> <p><u>New</u></p>	
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	<p><u>shareholders meeting, the company shall announce the acceptance of shareholders' proposals, the method of acceptance in writing or electronically, the place and period of acceptance, and the suspension of stock transfer date. The acceptance period shall not be less than 10 days. The proposal submitted by a shareholder shall be limited to 300 words. If it exceeds 300 words, it will not be included in the agenda. The shareholder who submits the proposal shall attend the shareholders meeting in person or authorize someone to attend and participate in the discussion of the proposal.</u></p> <p><u>Prior to the notice of the shareholders meeting, the company shall inform the proposing shareholder of the result of the proposal review and include the proposals that comply with this provision in the meeting notice. The board of directors shall explain the reasons for not including the proposal of a shareholder who did not have their proposal included in the agenda at the shareholders meeting.</u></p>	<p><u>New</u></p> <p><u>New</u></p>	
<p>Article 4</p>	<p><u>Adjusted to Article 5-1</u></p> <p>Shareholders may issue a power of attorney issued by the company at each shareholders meeting, specifying the</p>	<p>The meeting shall be held at the head office of the company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.</p> <p>Shareholders may issue a power of attorney issued by the company at each shareholders meeting, specifying the</p>	<p>1.The first paragraph of this article is adjusted to the first paragraph of Article 5.</p> <p>2.In response to the</p>

	<p>scope of authorization, entrusting a proxy to attend the shareholders meeting.</p> <p>A shareholder shall issue a power of attorney and have entrusted only one person. It shall be delivered to the company 5 days before the shareholders meeting. If there are duplicates of the power of attorney, the one that is served first shall prevail. However, the person who declares to revoke the former delegate is not limited to this.</p> <p>After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders meeting in person or exercise their voting rights in writing or electronically shall notify the company in writing of revocation of proxy two days before the shareholders meeting; in case of overdue revocation, the voting rights that have been entrusted to attend and exercise shall prevail.</p> <p><u>After submitting the proxy form to the company, if a shareholder wishes to attend the shareholders meeting via virtual conference, they should notify the company in writing of the revocation of the proxy at least 2 days prior to the meeting. If the revocation is made after the deadline, the voting rights exercised by the proxy agent shall prevail.</u></p>	<p>scope of authorization, entrusting a proxy to attend the shareholders meeting.</p> <p>A shareholder shall issue a power of attorney and have entrusted only one person. It shall be delivered to the company 5 days before the shareholders meeting. If there are duplicates of the power of attorney, the one that is served first shall prevail. However, the person who declares to revoke the former delegate is not limited to this.</p> <p>After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders meeting in person or exercise their voting rights in writing or electronically shall notify the company in writing of revocation of proxy two days before the shareholders meeting; in case of overdue revocation, the voting rights that have been entrusted to attend and exercise shall prevail.</p> <p><u>New</u></p>	<p>company's ability to hold shareholders meetings though virtual conferencing, the fourth paragraph of this article is added.</p>
Article 5	<u>Adjusted to Article 7-1</u>	The chairman of the board of directors shall be the chairman presiding at the meeting in the case that the meeting is convened by the boards of directors. If for any reason, the chairman of the board of directors cannot preside at the	1.The original first and second paragraph of Article 5 have been

	<p><u>Adjusted to Article 7-4</u></p> <p><u>(The principle of the location and time for convening a shareholder’s meeting)</u></p> <p>The meeting shall be held at the head office of the company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.</p> <p><u>When the company convenes a virtual shareholders meeting, it is not limited by the location mentioned in the preceding paragraph.</u></p>	<p>meeting, the vice chairman of the board of directors shall preside; if there is no vice chairman or the vice chairman also takes leaves or is unable to exercise his functions and powers for some reason, the chairman of the board shall designate a director to act as an agent.</p> <p>If the shareholders meeting is convened by a person with the right to convene other than the board of directors, the chairman of the meeting shall be the person with the right to convene; when there are two or more persons with the right to convene, one person shall be elected from each other to serve as the chairman of the meeting.</p> <p><u>Originally Article 4-1</u></p> <p><u>New</u></p>	<p>respectively adjusted to the first paragraph of Article 7 and the fourth paragraph of Article 4.</p> <p>2.The original first paragraph of Article 4 has been adjusted to become the first paragraph of this article.</p> <p>3.In response to the company’s ability to hold shareholders meetings though virtual conferencing, the second paragraph of this article is added.</p>
Article 6	<p><u>Adjusted to Article 7-5</u></p> <p><u>Adjusted to Article 17-1</u></p> <p><u>(Preparation of signature book and other documents)</u></p> <p><u>The company shall specify the</u></p>	<p>The company may assign appointed lawyers, accountants or related personnel to attend the shareholders meeting as nonvoting delegates.</p> <p>Personnel handling the shareholders meeting should wear identification cards or armbands.</p> <p><u>New</u></p>	<p>1.The first paragraph of the original article has been adjusted to the fifth paragraph of the seventh article; the second</p>

	<p><u>registration time, registration location and other matters to be noted in the meeting notice for shareholders, solicitors and proxy agents. (hereinafter referred to as shareholders) when convening a meeting.</u></p> <p><u>The registration time for shareholders in the preceding paragraph shall be at least 30 minutes before the start of the meeting; the registration location shall be clearly marked and staffed by capable personnel. For virtual shareholders meetings, shareholders who complete registration on the virtual meeting platform 30 minutes before the start of the meeting shall be deemed to have attended the meeting in person.</u></p> <p><u>Shareholder shall attend the shareholders meeting with their attendance certificate, attendance card or other attendance documents. Solicitors who are required to provide solicitation shall also bring their identification documents for verification. The company shall set up a signature book for shareholders to sign in, or shareholders may submit their attendance card for proxy attendance.</u></p> <p><u>The company shall provide the following meeting materials to the attending shareholders, including the agenda, annual report, attendance certificate speech slip, ballot paper and other meeting documents. If there is an election for directors (including independent</u></p>	<p><u>New</u></p> <p><u>New</u></p>	<p>paragraph has been adjusted to the first paragraph of the seventeenth article.</p> <p>2. In accordance with legal regulation, the first and fourth paragraph of this article have been amended and revised.</p> <p>3. In response to the company's ability to hold shareholders meetings though virtual conferencing, the fifth and sixth paragraph of this article is added.</p>
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	<p><u>directors), and election ballot shall be included separately. When the shareholder is a government agency or legal entity, there is no limit on the number of representative(s) who can attend the shareholders meeting.</u></p> <p>When a legal person is entrusted to attend the shareholders meeting, the legal person may only appoint one representative to attend the meeting.</p> <p><u>Shareholders who wish to attend the shareholders meeting via virtual conference, shall register with the company no later than 2 days prior to the meeting.</u></p> <p><u>If a shareholders meeting is held via virtual conferencing, the company shall upload the agenda, annual report and other relevant materials to the virtual conferencing platform no later than 30 minutes prior to the start of the meeting, and disclose them continuously until the end of the meeting.</u></p>	<p><u>Originally Article 12-1 (merged)</u></p> <p><u>New</u></p> <p><u>New</u></p>	
<p>Article 6-1</p>	<p><u>(Inclusion of information in notice of convening a virtual conference shareholders meeting)</u></p> <p><u>If the company convenes a shareholders meeting via virtual conferencing, the notice of convening the meeting shall include the following information:</u></p> <p><u>1.The method for shareholders to participate in the virtual conference and exercise their rights.</u></p> <p><u>2.The handling methods in the event of obstacles to the virtual conferencing platform or participation via virtual</u></p>	<p><u>This article is newly added.</u></p>	<p>1.In response to the company's ability to hold shareholders meetings though virtual conferencing, this article is added.</p>

conferencing due to natural disasters, incidents or other force majeure events, which shall include at least the following matter:

- (1) In the event that the obstacles mentioned above cannot be resolved and the meeting needs to be postponed or continue, the time for the postponed or continued meeting and the date for the continuation of the meeting shall be determined.
- (2) Shareholders who did not register to participate in the original shareholders meeting via virtual conference are not allowed to participate in the postponed or continued meeting.
- (3) In the event that a hybrid shareholders meeting cannot be continued, after deducting the number of shares of the shareholders who participated in the original meeting via virtual conference, if the total number of shares represented at the meeting reaches the legally required quorum for the shareholders meeting, the meeting shall continue, and shareholders may participate via virtual conference. The number of shares represented by the participating shareholders shall be counted towards the total number of the shares represented at the

	<p><u>meeting. The participating shareholders shall be deemed to have abstained from voting on all matters on the agenda of the shareholders meeting.</u></p> <p><u>(4) The handle method if all agenda items have been announced with their results and no special motion have been made yet.</u></p> <p><u>3. When convening a virtual conference shareholders meeting, appropriate alternatives measures shall be provided for shareholders who have difficulty participating in the meeting via virtual conference, and such measure shall be clearly stated.</u></p>		
Article 7	<p><u>Adjusted to Article 8-1</u></p> <p><u>Adjusted to Article 8-2</u></p> <p><u>(Chairman of the shareholders meeting, attendees)</u></p> <p>The chairman of the board of directors shall be the chairman presiding at the meeting in the case that the meeting is convened by the boards of directors. If for any reason, the chairman of the board of directors cannot preside at the meeting, the vice chairman of the</p>	<p>The company shall record and video record the shareholders' reporting process, and the voting and vote counting process continuously and uninterruptedly from the time of accepting the shareholder's report.</p> <p>The audio and video materials in the preceding paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the abovementioned materials shall be kept until the end of the lawsuit.</p> <p><u>Originally Article 5-1</u></p>	<p>1. The original article has been adjusted to the first and second paragraph of the eighth article.</p> <p>2. The first and second paragraph of the original fifth article and the first paragraph of the sixth article have been adjusted to this article.</p> <p>3. In accordance with legal regulations,</p>

	<p>board of directors shall preside; if there is no vice chairman or the vice chairman also takes leaves or is unable to exercise his functions and powers for some reason, the chairman of the board shall designate a director to act as an agent.</p> <p><u>The abovementioned chairman shall be a director who has served for at least six months and understands the financial and business status of the company, appointed by a proxy of the board of directors. If the chairman is also the representative of a corporate director, the same applies.</u></p> <p><u>The shareholders meeting convened by the board of directors should be presided over by the chairman in person, and at least one representative from the board of directors and various functional committee representing more than half of the board of directors should attend. The attendance should be recorded in the minutes of the shareholders meeting.</u></p> <p>If the shareholders meeting is convened by a person with the right to convene other than the board of directors, the chairman of the meeting shall be the person with the right to convene; when there are two or more persons with the right to convene, one person shall be elected from each other to serve as the chairman of the meeting.</p> <p>The company may assign appointed lawyers, accountants or related personnel to attend the shareholders</p>	<p><u>New</u></p> <p><u>New</u></p> <p><u>Originally Article 5-2</u></p> <p><u>Originally Article 6-1</u></p>	<p>the second and third paragraph of this article have been added.</p>
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	meeting as nonvoting delegates.		
Article 8	<p><u>Adjusted to Article 9-1</u></p> <p><u>Adjusted to Article 9-2 to 9-4</u></p> <p><u>Adjusted to Article 9-5</u></p>	<p>Attendance at the shareholders meeting shall be calculated on the basis of shares. The number of shares present shall be calculated based on the signature book of the sign-in card, plus the number of shares for which voting rights are exercised in writing or electronically.</p> <p>When it's time for meeting, the chairman shall announce the meeting immediately, and at the same time announce relevant information such as the number of non-voting rights and the number of shares attended.</p> <p>When shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting, and the number of postponements shall be limited to two times, total delay time shall not exceed one hour. If the number of shareholders who represent more than one third of the total number of issued shares is present after two delays, the resolution may be deemed false in accordance with Article 175-1 of the Company Act, and the resolution shall be notified to all shareholders, another shareholders meeting shall be convene within one month.</p> <p>Before the end of the current meeting, if the number of shares represented by shareholders present has reached more than half of the total number of shares issued, the chairman may re-submit the false resolution for voting in the shareholders meeting in accordance to Article 174 of the Company Act.</p>	<p>1. The original article has been adjusted to the ninth article.</p> <p>2. In response to the company's ability to hold shareholders meetings though virtual conferencing, the third and fourth paragraph of this article is added.</p>

	<p><u>(Recording or video recording of the shareholders meeting proceedings as evidence)</u></p> <p>The company shall record and video record the shareholders’ reporting process, and the voting and vote counting process continuously and uninterruptedly from the time of accepting the shareholder’s report.</p> <p>The audio and video materials in the preceding paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the abovementioned materials shall be kept until the end of the lawsuit.</p> <p><u>If the shareholders meeting is held via virtual conference, the company should record and keep track of the shareholders’ registration, check-in, questioning, voting and vote counting results. The entire video conference should also be continuously recorded without interruption.</u></p> <p><u>The preceding data and audio/ video recordings shall be properly preserved by the company during its existence, and the video/ audio recording shall be provided to the entrusted personnel responsible for handling video conference affairs for safekeeping.</u></p>	<p><u>Originally Article 5-1</u></p> <p><u>Originally Article 5-2</u></p> <p><u>New</u></p> <p><u>New</u></p>	
Article 9	<u>Adjusted to Article 10-1</u>	If the shareholders meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and relevant proposals (including interim motions and amendments to original proposals) shall	1.The original article has been adjusted to Article 10. 2.The original Article 8 has

	<p><u>Adjusted to Article 10-2</u></p> <p><u>Adjusted to Article 10-3</u></p> <p><u>Delete</u></p> <p>Attendance at the shareholders meeting should be based on the number of shares held. The number of shares present shall be calculated based on the signature book, attendance card submitted <u>and the number of shares reported on the virtual conferencing platform.</u> In addition, the number of shares exercise through <u>written</u> or electronic voting shall be counted.</p> <p>When it's time for meeting, the chairman shall announce the meeting immediately, and at the same time announce relevant information such as the number of non-voting rights and the number of shares attended.</p> <p>However, if less than half of the total issued shares are represented by the attending shareholders, the chairman may announce a postponement of the</p>	<p>be adopted on a case-by-case basis. The meeting should be held in accordance to the schedule agenda and shall not be changed without the resolution of the shareholders meeting.</p> <p>If the shareholders meeting is convened by a person other than the board of directors who has the right to convene, the provision of the preceding paragraph shall apply mutatis mutandis.</p> <p>Before the proceedings (including provisional motions) are concluded, the chairman shall not declare the meeting adjourned without a resolution.</p> <p><u>After the meeting is adjourned, unless otherwise stated by law, shareholders shall not elect another chairman to continue the meeting at the original address or at another venue.</u></p> <p><u>Originally Article 8-1</u></p> <p><u>Originally Article 8-2</u></p> <p><u>Originally Article 8-3</u></p>	<p>been adjusted to this article.</p> <p>3. In response to the company's ability to hold shareholders meetings though virtual conferencing, the first, third and fourth paragraph of this article is revised.</p>
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	<p>meeting. The postponement can only be done twice, and the total postponement time should not exceed one hour. <u>If after the second postponement, still less than one-third of the total issued shares are represented by attending shareholders, the chairman shall declare the meeting adjourned. If the shareholders meeting is held via virtual conferencing, the company shall also announce the adjournment on the shareholders meeting virtual conferencing platform.</u></p> <p>If the number of shareholders who represent more than one third of the total number of issued shares is present after two delays, the resolution may be deemed false in accordance with Article 175-1 of the Company Act, and the resolution shall be notified to all shareholders, another shareholders meeting shall be convene within one month; <u>shareholders who wish to attend the shareholders meeting via virtual conference must register again with the company according to regulations.</u></p> <p>Before the end of the current meeting, if the number of shares represented by shareholders present has reached more than half of the total number of shares issued, the chairman may re-submit the false resolution for voting in the shareholder’s meeting in accordance to Article 174 of the Company Act.</p>	<p><u>Originally 8-3</u></p> <p><u>Originally 8-4</u></p>	
Article 10	<u>Adjusted to Article 11-1 and 11-2</u>	Before performing a speech in the shareholders meeting, a speech slip must be filed in, stating the gist of the speech, the shareholders’ account number (or	1.The original article has been adjusted to Article 11.

	<p><u>Adjusted to Article 11-4</u></p> <p>If the shareholders meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and relevant proposals (including interim motions and amendments to original proposals) shall be adopted on a case-by-case basis. The meeting should be held in accordance to the schedule agenda and shall not be changed without the resolution of the shareholders meeting. If the shareholders meeting is convened by a person other than the board of directors who has the right to convene, the provision of the preceding paragraph shall apply mutatis mutandis.</p> <p>Before the proceedings (including provisional motions) are concluded, the chairman shall not declare the meeting adjourned without a resolution; <u>if the chairman violated the Rules of Procedure and declares an adjournment, other members of the board of directors should</u></p>	<p>attendance certificate number) and account name, and the chairman shall determine the order of the speeches. Attended shareholders who forwarded a speech slip but did not speak are deemed to have not spoken. If the content of the speech is inconsistent with the record of the speech in the speech slip, the content of the speech shall prevail.</p> <p>When a shareholder speaks, other shareholders shall not interfere with their speech except with the consent of the chairman and the speaking shareholder, violators shall be ceased by the chairman.</p> <p><u>Originally Article 9-1</u></p> <p><u>Originally Article 9-2</u></p> <p><u>Originally Article 9-3</u></p>	<p>2. In accordance with legal regulations, the third paragraph of this article has been revised.</p> <p>3. The original Article 14 has been merged into the fourth paragraph of this article.</p>
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	<p><u>promptly assist shareholders in attendance to elect a new chairman in accordance with the legal procedures, with a majority vote, to continue the meeting.</u></p> <p>The chairman shall give full explanations and opportunities to discuss proposals and amendments or interim motions proposed by shareholders. If it is deemed that the proposal or the amendments have reached the point where it can be voted, the chairman may declare that the discussion has ceased, and put it into a vote, and arrange a suitable time for voting.</p>	<p><u>Originally Article 14</u></p>	
<p>Article 11</p>	<p><u>(Shareholder Speech)</u></p> <p>Before performing a speech in the shareholders meeting, a speech slip must be filed in, stating the gist of the speech, the shareholders’ account number (or attendance certificate number) and account name, and the chairman shall determine the order of the speeches.</p> <p>Attended shareholders who forwarded a speech slip but did not speak are deemed to have not spoken. If the content of the speech is inconsistent with the record of the speech in the speech slip, the content of the speech shall prevail.</p> <p>Each shareholder shall speak no more than two times without the consent of the chairman for the same proposal, and each time shall not exceed five minutes.</p> <p><u>Only if</u> a shareholder’s speech violates the provisions of the preceding paragraph or exceeds the scope of the</p>	<p><u>Originally Article 10-1</u></p> <p><u>Originally Article 10-1</u></p> <p>Each shareholder shall speak no more than two times without the consent of the chairman for the same proposal, and each time shall not exceed five minutes.</p> <p>If a shareholder’s speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda, the</p>	<p>1.The original Article 10 has been adjusted to the first, second and fourth paragraph of this article.</p> <p>2.The second paragraph of the original Article 12 has been adjusted to the fifth paragraph of this article</p> <p>The original Article 13 has been adjusted to the sixth paragraph of this article.</p> <p>3.In response to the</p>

	<p>agenda, the chairman may stop him or her from speaking.</p> <p>When a shareholder speaks, other shareholders shall not interfere with their speech except with the consent of the chairman and the speaking shareholder, violators shall be ceased by the chairman.</p> <p>When a legal person shareholder appoints two or more representatives to attend the shareholders meeting, only one person may speak on the same proposal.</p> <p>After attending shareholders' speeches, the chairman may reply in person or by designated relevant personnel.</p> <p><u>For the shareholders meeting conducted via virtual conference, shareholders who participated via virtual conference may ask questions in writing on the virtual conference platform during the period from the announcement of the meeting by the chairman until the announcement of adjournment. Each question on each agenda item may not exceed two times and 200 words each time, and is not subject to the articles of the first to fifth items.</u></p>	<p>chairman may stop him or her from speaking.</p> <p><u>Originally Article 10-2</u></p> <p><u>Originally Article 12-2</u></p> <p><u>Originally Article 13</u></p> <p><u>New</u></p>	<p>company's ability to hold shareholders meetings though virtual conferencing, the seventh paragraph of this article is added.</p>
<p>Article 12</p>	<p><u>Adjusted to latter part of Article 6-4</u></p> <p><u>Adjusted to Article 11-5</u></p> <p><u>(Calculation of Voting Shares, Recusal System) The voting at the</u></p>	<p>When a legal person is entrusted to attend the shareholders meeting, the legal person may only appoint one representative to attend the meeting.</p> <p>When a legal person shareholder appoints two or more representatives to attend the shareholders meeting, only one person may speak on the same proposal.</p> <p><u>New</u></p>	<p>1.The original article has been respectively adjusted to the latter part of the fifth paragraph of Article 6 and the fifth paragraph of</p>

	<p><u>shareholders meeting should be based on the number of shares held by the shareholders.</u></p> <p><u>The resolution of the shareholders meeting shall not include the number of shares held by shareholders without voting rights in the total number of issued shares.</u></p> <p><u>Shareholders who have conflicts of interest with respect to matters under discussion at the meeting that may be detrimental to the interests of the company shall not participate in the vote and shall not exercise their voting rights on behalf of other shareholders. The shares that are not allowed to vote shall not be included in the total number of voting shares of the present shareholders.</u></p> <p><u>Except for trust enterprise or shareholder services agents approved by the securities regulatory, when a person is entrusted by two or more shareholders at the same time, the voting rights exercised by the agent shall not exceed 3% of the total voting rights of the issued shares. If it exceeds the limit, the excess voting rights shall not be counted.</u></p>	<p><u>New</u></p> <p><u>New</u></p> <p><u>New</u></p>	<p>Article 11.</p> <p>2. In accordance with legal regulation, this article has been added.</p>
Article 13	<p><u>Adjusted to Article 11-6</u></p> <p><u>Each share of a shareholder shall have one voting right, but those with restricted or no voting rights as specified in Article 179-2 of the Company Act are not subjected to this limitation.</u></p>	<p>After attending shareholders' speeches, the chairman may reply in person or by designated relevant personnel.</p> <p><u>New</u></p>	<p>1. The original article has been adjusted to the sixth paragraph of Article 11.</p> <p>2. In accordance with legal regulations,</p>

	<p>When the company convenes a shareholders meeting, the voting rights shall be exercised electronically and may be exercised in writing; <u>if a shareholder exercises his or her voting rights in writing or electronically, the method of exercise shall be specified in the notice of the shareholders meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders meeting in person. However, in the case of a special motion and the amendment of the original proposal at the shareholders meeting, such shareholders shall be deemed to have waived their voting rights, therefore, the company should avoid proposing special motions and amendments to the original proposal at the shareholders meeting.</u></p> <p><u>The preceding paragraph refers to the exercise of voting rights by written or electronic means, shareholders who exercise their voting rights in this way should indicated their intention to the company no later than two days before the shareholders meeting. In the event of multiple indications of intention, the earliest one will prevail; however, this does not apply to indications of intentions that are later revoked.</u></p> <p><u>After shareholders exercise their voting rights in writing or electronically, if they want to attend the shareholder meeting in person or</u></p>	<p><u>Originally Article 17-1</u></p> <p><u>New</u></p> <p><u>New</u></p>	<p>the first to fifth paragraph of this article have been added and revised.</p> <p>3. The first to third paragraph of the original Article 17 have been respectively adjusted to the second, fifth and sixth paragraph of this article.</p> <p>4. The first and second paragraph of the original Article 15 have been respectively adjusted to the seventh and eighth paragraph of this article.</p> <p>5. In response to the company's ability to hold shareholder meetings though virtual conferencing, the ninth to</p>
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<p>voted are required.</p> <p>The scrutineer and vote-counter for a resolution or election proposal shall be appointed by the chairman, but the scrutineer shall have the identity of a shareholder.</p> <p>Counting of votes for votes or election proposals at the shareholders meeting shall be done in a public place at the shareholders meeting; votes should be counted immediately, voting results shall be announced on the spot, including the statistical weights; records shall be made.</p> <p><u>During the virtual conference shareholder meeting held by the company, shareholders who participate via virtual conferencing should vote on various proposals and election items through the virtual conferencing platform after the chairman announces the start of the meeting, and they should complete their voting before the chairman announces the end of the voting period. Failure to do so on time will be deemed as abstention.</u></p> <p><u>For shareholders meeting held via virtual conference, the votes should be counted at once after the chairman announces the end of the voting period, and the results of the voting and election should be announced.</u></p> <p><u>When the company holds a hybrid shareholders meeting, shareholders who have registered to attend the meeting via virtual conferencing in accordance with Article 6 and wish to attend the physical shareholder</u></p>	<p><u>Originally Article 15-1</u></p> <p><u>Originally Article 15-2</u></p> <p><u>New</u></p> <p><u>New</u></p> <p><u>New</u></p>	
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	<p><u>meeting in person should revoke their registration in the same manner as their registration at least 2 days before the meeting. If the revocation is not made within the time limit, the shareholder may only attend the meeting via virtual conferencing.</u></p> <p><u>If a shareholder has exercised their voting rights in writing or electronically and has not revoked their intention, and participates in the shareholders meeting via virtual conferencing, except for the special motion, they may not exercise their voting rights on the original proposal, propose amendments to the original proposal, or exercise their voting rights on the amendments to the original proposal.</u></p>	<p><u>New</u></p>	
<p>Article 14</p>	<p><u>Adjusted to Article 10-4</u></p> <p>When electing directors during the shareholders meeting, the election shall be handled in accordance with relevant regulations set by the company; the result of the election shall be announced immediately, including the list of elected directors and their electoral rights as well as the</p>	<p>The chairman shall give full explanations and opportunities to discuss proposals and amendments or interim motions proposed by shareholders. If it is deemed that the proposal or the amendments have reached the point where it can be voted, the chairman may declare that the discussion has ceased, and put it into a vote, and arrange a suitable time for voting.</p> <p><u>Originally Article 15-3</u></p>	<p>1.The original article has been merged into the fourth paragraph of Article 10.</p> <p>2.The third paragraph of the original Article 15 has been adjusted to the first paragraph of this article.</p> <p>3.In accordance with legal regulation, the second paragraph of</p>

	<p>un-elected directors and their electoral rights.</p> <p><u>The election ballots for the abovementioned election items should be properly sealed and signed by the scrutineer and kept secure, and kept for at least one year. However, if a lawsuit is filed by a shareholder pursuant to Article 189 of the company, they should be kept until the end of the lawsuit.</u></p>	<p><u>New</u></p>	<p>this article has been added.</p>
<p>Article 15</p>	<p><u>Adjusted to Article 13-7</u></p> <p><u>Adjusted to Article 13-8</u></p> <p><u>Adjusted to Article 14-1</u></p> <p>Resolutions of the shareholders meeting shall be made into minutes, which shall be signed or sealed by the chairman and should be distributed to all shareholders within 20 days after the meeting. The production and distribution of the minutes may be done electronically.</p>	<p>The scrutiner and vote counters for the voting on proposals <u>or election items</u> shall be appointed by the chairman, but the scrutiner should be a shareholder.</p> <p>Counting of votes for votes or election proposals at the shareholders meeting shall be done in a public place at the shareholders meeting; votes should be counted immediately, voting results shall be announced on the spot, including the statistical weights; records shall be made.</p> <p>When electing directors during the shareholders meeting, the election shall be handled in accordance with relevant regulations set by the company; the result of the election shall be announced immediately, including the list of elected directors and their electoral rights as well as the un-elected directors and their electoral rights.</p> <p>Resolutions of the shareholders meeting shall be made into minutes, which shall be signed or sealed by the chairman and should be distributed to all shareholders within 20 days after the meeting. The production and distribution of the minutes may be done electronically.</p>	<p>1. The first and second paragraph of the original article have been adjusted to the seventh and eighth paragraph of Article 13 respectively. The third paragraph has been adjusted to the first paragraph of Article 14.</p> <p>2. In accordance with legal regulation, the fourth and fifth paragraph of this article have been added.</p>

	<p>For the distribution of the minutes of the preceding paragraph, the company may enter the announcement of the MOPS website as the source of distribution.</p> <p>The minutes of the meeting shall be recorded in accordance to the year, month, day, venue, name of the chairman, method of resolution, essentials of the proceedings and the voting results (including statistical weights) of the meeting. When directors are elected, the number of votes obtained by each candidate shall be disclosed. The minutes shall be kept throughout the existence of the Company.</p> <p><u>For a shareholders meeting held via virtual conference, in addition to the items that should be recorded according to the preceding paragraph, the minutes should also include the start and end times of the meeting, the method of convening the meeting, the names of the chairman and the record keeper, and the handling method and situation in the event of obstacles to the virtual conferencing platform or participation via virtual conference due to natural disasters, incidents, or other force majeure circumstances.</u></p> <p><u>When the company convenes a virtual shareholders meeting, in addition to complying with the articles of the preceding paragraph, the minutes of the meeting should also specify alternative measures provided to shareholders who</u></p>	<p>For the distribution of the minutes of the preceding paragraph, the company may enter the announcement of the MOPS website as the source of distribution.</p> <p>The minutes of the meeting shall be recorded in accordance to the year, month, day, venue, name of the chairman, method of resolution, essentials of the proceedings and the voting results (including statistical weights) of the meeting. When directors are elected, the number of votes obtained by each candidate shall be disclosed. The minutes shall be kept throughout the existence of the Company.</p> <p><u>New</u></p> <p><u>New</u></p>	
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	<u>encounter difficulties in participating in the shareholders meeting via virtual conferencing.</u>		
Article 16	<p><u>Adjusted to Article 18-1</u></p> <p><u>Adjusted to Article 18-1 and 18-3</u></p> <p><u>(Public Announcement)</u></p> <p><u>The number of shares solicited by the solicitor, the number of shares represented by the proxy, and the number of shares attended by shareholders in writing or electronically should be compiled into a statistical table in the prescribed format and clearly displayed at the meeting venue on the day of the shareholders meeting. If the shareholders meeting is held via virtual conference, the company should upload the abovementioned information to the virtual conference platform at least 30 minutes before the meeting begins and continue to disclose it until the end of the meeting. When the company announces the start of the virtual conference for the shareholders meeting, the total number of shares represented by attending shareholders should be disclosed on the virtual conference platform. If the total number of shares and voting rights represented by attending shareholders is calculated</u></p>	<p>During the meeting, the chairman may announce a break at his discretion.</p> <p><u>In case of</u> the event of force majeure, the chairman may decide to suspend the meeting, and depending on the situation, announce the time of the continuation of the meeting, or postpone or continue the meeting within five days <u>or</u> upon the resolution of the shareholders meeting.</p> <p><u>New</u></p>	<p>1. The first paragraph of the original article has been adjusted to the first paragraph of Article 18. The second paragraph has been adjusted to the first and third paragraph of Article 18.</p> <p>2. In accordance with legal regulations and in response to the company's ability to hold shareholders' meeting via virtual conference, this article has been added.</p>

	<p><u>Delete</u></p> <p><u>(Maintenance of Order at the Venue)</u> Personnel handling the shareholders meeting should wear identification cards or armbands.</p> <p>The chairman may direct the pickets (or security personnel) to assist in maintaining order in the venue. When the picket (or security personnel) is present to assist in maintaining order, armband with “picket” should be wore and presented.</p> <p><u>If there is a public address system available at the venue, the chairman may prohibit shareholders from speaking through equipment not provided by the company.</u></p> <p><u>If a shareholder violates the rules of procedure, disobeys the chairman's correction, and continues to disrupt the meeting despite being warned to stop, the chairman may direct inspectors or security personnel to remove the shareholder from the venue.</u></p>	<p>be rejected and no further voted are required.</p> <p>No discussion or voting shall be conducted for non-motions.</p> <p><u>Originally Article 6-2</u></p> <p><u>Originally Article 18</u></p> <p><u>New</u></p> <p><u>New</u></p>	
Article 18	<p><u>Adjusted to Article 17-2</u></p> <p><u>(Breaks, Resumption of the Meeting)</u> During the meeting, the chairman may announce a break at an appropriate time. In the event of an uncontrollable situation, the chairman may</p>	<p>The chairman may direct the pickets (or security personnel) to assist in maintaining order in the venue. When the picket (or security personnel) is present to assist in maintaining order, armband with “picket” should be wore and presented.</p> <p><u>Originally Article 16-1 and 16-2</u></p>	<p>1.The original article has been adjusted to the second paragraph of Article 17.</p> <p>2.In accordance with legal regulations, the second and third paragraph of</p>

	<p>temporarily suspend the meeting and announce the time for resumption depending on the situation.</p> <p><u>If the venue for the meeting cannot be used as scheduled before the agenda set for the shareholders meeting is completed (including any special motions), the shareholders meeting may pass a resolution to find another venue to continue the meeting.</u></p> <p>The shareholders meeting may, <u>in accordance with Article 182 of the Company Act,</u> pass a resolution to postpone or resume the meeting within 5 days.</p>		<p>the article have been amended and revised.</p>
Article 19	<p><u>Adjusted to Article 23</u></p> <p><u>(Disclosure of Information in Virtual Conferences)</u></p> <p><u>If a shareholders meeting is held via virtual conference, the company shall disclose the voting results and election results of each agenda item on the virtual conference platform immediately after the voting ends as required by regulations. The disclosure shall continue for at least 15 minutes after the chairman announces the adjournment of the meeting.</u></p>	<p>These rules shall come into force after the resolution of the shareholders meeting, and the same shall apply to amendments.</p> <p>This regulation was established on April 8, 1998.</p> <p>The first to sixth revisions (omitted).</p> <p>The 7th revision was made on 2021.07.21</p> <p><u>New</u></p>	<p>1. In response to the company's ability to hold shareholders meetings through virtual conferencing, this article is added.</p>
Article 20	<p><u>(Location of Chairman and Recorder in Virtual Shareholders</u></p>	<p><u>New</u></p>	<p>Ibid</p>

	<p><u>Meeting)</u></p> <p><u>When the company holds a virtual shareholders meeting, the chairman and recorder should be located in the same place within the country, and the chairman should announce the address of the location at the beginning of the meeting.</u></p>		
Article 21	<p><u>(Handling of Disconnection)</u></p> <p><u>If a shareholder meeting is held via virtual conferencing, if there is a natural disaster, unforeseen event, or other force majeure circumstance that cause a disruption in the virtual conferencing platform or participants to join via virtual conferencing for a continuous period of 30 minutes or more before the chairman announces the adjournment, the meeting should be postponed or continued within 5 days; Article 182 of the Company Act do not apply.</u></p> <p><u>Shareholders who did not register to participate in the original shareholders meeting via virtual conferencing shall not be allowed to participate in the postponed or resumed meeting.</u></p> <p><u>Shareholders who have registered and completed the check-in process to participate in the original shareholders' meeting via virtual conferencing, but did not participate in the postponed or continued meeting in accordance with the article of the preceding paragraph, shall have their shareholding, exercised voting rights, and election rights at the original shareholders</u></p>	<u>New</u>	Ibid

meeting counted towards the total number of shares, voting rights, and election rights of the shareholders attending the postponed or continued meeting.

In the case of postponing or continuing a shareholders meeting in accordance with the article of the first paragraph, for proposals that have already been voted on and the votes have been counted, and the voting results or the list of elected directors have been announced, there is no need for further discussion or resolution.

In the event that the first circumstance of inability to continue the virtual conference occurs during the hybrid shareholders meeting, if the total number of shares represented at the meeting still meets the legal quorum after deducting the shares represented through virtual conference attendance, the meeting shall continue without the need to postpone or reconvene the meeting according to the first paragraph.

In the event of the circumstances mentioned in the preceding paragraph, if the total number of shares present still reaches the statutory quorum required for convening a shareholders meeting after deducting the number of shares represented by shareholders attending the meeting via virtual conferencing, the meeting shall continue without the need to postpone or reconvene the meeting

	<p><u>in accordance with the provisions of the preceding paragraph. Shareholders who attend the meeting via virtual conferencing in such circumstances shall be counted towards the total number of shares present, but their votes shall be deemed abstentions for all matters considered at the meeting.</u></p> <p><u>When the company postpones or continues a meeting according to the first paragraph, relevant preparatory work shall be handled in accordance with Article 44-20(7) of the Regulations Governing the Administration of Shareholder Services of Public Companies based on the original shareholders meeting date.</u></p> <p><u>The company shall handle related preparations in accordance with the date of the postponed or continued shareholders meeting as specified in the first paragraph in accordance with Article 12, the latter half, and Article 13-3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5-2, Article 44-15, and Article 44-17-1 of the Regulations Governing the Administration of Shareholder Service of Public Companies.</u></p>		
Article 22	<p><u>(Dealing with Digital Divide)</u></p> <p><u>When the company holds a virtual shareholders meeting, appropriate alternative measures should be provided for shareholders who have difficulty attending the meeting</u></p>	New	Ibid

8. List of Independent Director Candidates

Holy Stone Enterprise Co., Ltd.
List of Independent Director Candidates

2023.04.01

N U M B E R	Candidate Title	Name	Number of Shares Holding	Academic Qualifications	Working Experiences	Positions Currently Held	The reason for continuing to nominate as an independent director for the third consecutive term
1	Independent Director	Jen-Wei Ko	0	1.Master of Business at University of Southern California 2.Bachelor of Accounting at National Taiwan University	1. CPA, Audit Manager, Deloitte & Touché 2.Financial Manager, Dell Enterprise Co., Ltd. In Netherlands	1. Chairman, Co-Founder, Financial Manager, Cheetahasia Inc. 2. CPA, Weyong International CPAs & Co. 3. Director, Chief Consultant Co., Ltd. 4. Independent Director, Air Asia Co., Ltd. 5. Independent Director, Wiltrom Co., Ltd.	N

D. Appendix

1. Rules of Procedure for Annual Shareholders Meeting

Holy Stone Enterprise Co., Ltd.

Rules and Procedure for Annual Shareholders Meeting

(Before Revision, approved by the shareholder's meeting on 2021.07.21)

Article1: Shareholders Meeting of the company shall be conducted in accordance with the Articles of Association as well as relevant laws and regulations, unless otherwise stated, shall follow this Rules of Procedure for Annual Shareholders Meeting.

Article2: Shareholders attending the meeting shall submit the attendance card for the purpose of signing in.

The number of shares present shall be calculated by adding the attendance card and the number of shares with electronic voting rights.

Article3: Unless otherwise stipulated by laws and regulations, the shareholders meeting of the company shall be convened by the board of directors.

Attendance and voting at the shareholders meeting shall be calculated on the basis of shares.

Article4: The meeting shall be held at the head office of the company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Shareholders may issue a power of attorney issued by the company at each shareholders meeting, specifying the scope of authorization, entrusting a proxy to attend the shareholders meeting.

A shareholder shall issue a power of attorney and have entrusted only one person. It shall be delivered to the company 5 days before the shareholders meeting. If there are duplicates of the power of attorney, the one that is served first shall prevail. However, the person who declares to revoke the former delegate is not limited to this.

After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders meeting in person or exercise their voting rights in writing or electronically shall notify the company in writing of revocation of proxy two days before the shareholders meeting; in case of overdue revocation, the voting rights that have been entrusted to attend and exercise shall prevail.

Article5: The chairman of the board of directors shall be the chairman presiding at the meeting in the case that the meeting is convened by the boards of directors. If for any reason, the chairman of the board of directors cannot preside at the meeting, the vice chairman of the board of directors shall preside; if there is no vice chairman or the vice chairman also takes leaves or is unable to exercise his functions

and powers for some reason, the chairman of the board shall designate a director to act as an agent.

If the shareholders meeting is convened by a person with the right to convene other than the board of directors, the chairman of the meeting shall be the person with the right to convene; when there are two or more persons with the right to convene, one person shall be elected from each other to serve as the chairman of the meeting.

Article6: The company may assign appointed lawyers, accountants or related personnel to attend the shareholders meeting as nonvoting delegates.

Personnel handling the shareholders meeting should wear identification cards or armbands.

Article7: The company shall record and video record the shareholders' reporting process, and the voting and vote counting process continuously and uninterruptedly from the time of accepting the shareholder's report.

The audio and video materials in the preceding paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the abovementioned materials shall be kept until the end of the lawsuit.

Article8: Attendance at the shareholders meeting shall be calculated on the basis of shares. The number of shares present shall be calculated based on the signature book of the sign-in card, plus the number of shares for which voting rights are exercised in writing or electronically.

When it's time for meeting, the chairman shall announce the meeting immediately, **and at the same time announce relevant information such as the number of non-voting rights and the number of shares attended.**

When shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting, and the number of postponements shall be limited to two times, total delay time shall not exceed one hour. If the number of shareholders who represent more than one third of the total number of issued shares is present after two delays, the resolution may be deemed false in accordance with Article175-1 of the Company Act, and the resolution shall be notified to all shareholders, another shareholders meeting shall be convene within one month.

Before the end of the current meeting, if the number of shares represented by shareholders present has reached more than half of the total number of shares issued, the chairman may re-submit the false resolution for voting in the shareholders meeting in accordance to Article 174 of the Company Act.

Article9: If the shareholders meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and relevant proposals (including interim motions and amendments to original proposals) shall be adopted on a case-by-case basis. The meeting should be held in accordance to the schedule agenda and shall not be changed without the resolution of the shareholders' meeting. If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provision of the preceding paragraph shall apply mutatis mutandis.

Before the proceedings (including provisional motions) are concluded, the chairman shall not declare the meeting adjourned without a resolution.

After the meeting is adjourned, unless otherwise stated by law, shareholders shall not elect another chairman to continue the meeting at the original address or at another venue.

Article10: Before performing a speech in the shareholders meeting, a speech slip must be filed in, stating the gist of the speech, the shareholders' account number (or attendance certificate number) and account name, and the chairman shall determine the order of the speeches. Attended shareholders who forwarded a speech slip but did not speak are deemed to have not spoken. If the content of the speech is inconsistent with the record of the speech in the speech slip, the content of the speech shall prevail.

When a shareholder speaks, other shareholders shall not interfere with their speech except with the consent of the chairman and the speaking shareholder, violators shall be ceased by the chairman.

Article11: Each shareholder shall speak no more than two times without the consent of the chairman for the same proposal, and each time shall not exceed five minutes.

If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda, the chairman may stop him or her from speaking.

Article12: When a legal person is entrusted to attend the shareholders meeting, the legal person may only appoint one representative to attend the meeting.

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

Article13: After attending shareholders' speeches, the chairman may reply in person or by designated relevant personnel.

Article14: The chairman shall give full explanations and opportunities to discuss proposals and amendments or interim motions proposed by shareholders. If it is deemed that the proposal or the amendments have reached the point where it can be voted, the chairman may declare that the discussion has ceased, and

put it into a vote, and arrange a suitable time for voting.

Article15: The scrutineer and vote-counter for a resolution or election proposal shall be appointed by the chairman, but the scrutineer shall have the identity of a shareholder.

Counting of votes for votes or election proposals at the shareholders meeting shall be done in a public place at the shareholders' meeting; votes should be counted immediately, voting results shall be announced on the spot, including the statistical weights; records shall be made.

When electing directors during the shareholders meeting, the election shall be handled in accordance with relevant regulations set by the company; the result of the election shall be announced immediately, including the list of elected directors and their electoral rights as well as the un-elected directors and their electoral rights.

Resolutions of the shareholders meeting shall be made into minutes, which shall be signed or sealed by the chairman and should be distributed to all shareholders within 20 days after the meeting. The production and distribution of the minutes may be done electronically.

For the distribution of the minutes of the preceding paragraph, the company may enter the announcement of the MOPS website as the source of distribution.

The minutes of the meeting shall be recorded in accordance to the year, month, day, venue, name of the chairman, method of resolution, essentials of the proceedings and the voting results (including statistical weights) of the meeting. When directors are elected, the number of votes obtained by each candidate shall be disclosed. The minutes shall be kept throughout the existence of the company.

Article16: During the meeting, the chairman may announce a break at his discretion.

In the event of force majeure, the chairman may decide to suspend the meeting, and depending on the situation, announce the time of the continuation of the meeting, or postpone or continue the meeting within five days upon the resolution of the shareholders meeting.

Article17: When the company convenes a shareholders meeting, the voting rights shall be exercised electronically and may be exercised in writing. The exercise method and related matters shall be handled in accordance with the Company Act and other relevant laws and regulations.

Unless otherwise stipulated in the Company Act and the Articles of Association of the company, the voting on the resolution shall be passed with the consent of more than half of the voting rights of the shareholders present. When voting, the chairman or his designee shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and then the shareholders shall vote

on a case-by-case basis. And on the day after shareholders meeting, the results of shareholders' approval, objection and abstention shall be entered into the MOPS website.

When there are amendments or alternatives to the same motion, the chairman shall consolidate the original proposal and determine the order of the voting. Of one of the motions has been passed, the other motions are deemed to be rejected and no further voted are required.

No discussion or voting shall be conducted for non-motions.

Article18: The chairman may direct the pickets (or security personnel) to assist in maintaining order in the venue. When the picket (or security personnel) is present to assist in maintaining order, armband with "picket" should be wore and presented.

Article19: These rules shall come into force after the resolution of the shareholders meeting, and the same shall apply to amendments.

This rule is stipulated on 1998.04.08

1st revision was made on 1999.04.23

2nd revision was made on 2000.03.31

3rd revision was made on 2022.06.19

4th revision was made on 2008.06.11

5th revision was made on 2015.06.09

6th revision was made on 2020.06.09

7th revision was made on 2021.07.21

2. Articles of Association

Holy Stone Enterprise Co., Ltd. Articles of Association

(Before Revision, approved by the shareholder's meeting on 2022.05.27)

Section I-General Provisions

Article1: In accordance to the Company Act of Republic of China Taiwan (R.O.C.), the company is named 禾伸堂企業股份有限公司 in Chinese language; and Holy Stone Enterprise Company Limited in English language.

Article2: The scope of the Corporation is as follows:

1. C901010: Ceramic and Ceramic Products Manufacturing
2. CC01080: Electronic Components Manufacturing
3. CC01110: Computer and Peripheral Equipment Manufacturing
4. CC01990: Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
5. F106010: Wholesale of Hardware
6. F113020: Wholesale of Electrical Appliances
7. F113050: Wholesale of Computers and Clerical Machinery Equipment
8. F113070: Wholesale of Telecommunication Apparatus
9. F118010: Wholesale of Computer Software
10. F119010: Wholesale of Electronic Materials
11. F206010: Retail Sale of Hardware
12. F213010: Retail Sale of Electrical Appliances
13. F213030: Retail Sale of Computers and Clerical Machinery Equipment
14. F213040: Retail Sale of Computers and Clerical Machinery Equipment
15. F213060: Retail Sale of Telecommunication Apparatus
16. F218010: Retail Sale of Computer Software
17. F219010: Retail Sale of Electronic Materials
18. F299990: Retail Sale of Other Products
19. F399990: Retail Sale of Other Integrated
20. F401010: International Trade
21. F401021: Restrained Telecom Radio Frequency Equipment and Materials Import
22. ZZ99999: All business activities that are not prohibited or restricted by law, except those that are subject to special approval

Article2-1: The company may provide endorsement and guarantee and act as a guarantor.

Article2-2: The total amount of the company's reinvestment shall not be subject to the restriction of not more than forty percent of the company's paid-up capital as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the

Board of Directors.

Article3: The company shall set up its head office in Taipei City, and may set up branches at home and abroad with the resolution of the board of directors when necessary.

Article4: Public announcement of the company shall be made in accordance with Article 28 of the Company Act and other relevant rules and regulations of Republic of China Taiwan (R.O.C.)

Section II-Stocks

Article5: The total capital stock of the company is in the amount of 4,500,000,000 New Taiwan Dollars, divided into 450,000,000 shares at ten New Taiwan Dollars each, board of directors is authorized to issues in installments.

The company may issue employee stock options from time to time. A total of 45,000,000 shares, at ten New Taiwan Dollars each, among the above total capital stock should be reserved for issuing employee stock options; board of directors is authorized to issues in installments.

Article5-1: When the company issues employee stock option certificates at a subscription price lower than the market value, shareholders representing more than half of the total number of issued shares shall attend the shareholders meeting, and shall be issued only after more than two-third of the voting rights of the shareholders present agree.

When the company transfers treasury shares to employees at a price lower than the average price of the shares actually repurchased, it shall, before the transfer, submit to the latest shareholders meeting attended by shareholders representing more than half of the total number of issued shares, with the approval of more than two-third of the voting rights of the shareholders present.

Article5-2: The company transfers or issues to employees the treasury stock, employee stock subscription certificate, the right to purchase new shares for cash capital increase and the object of new shares with restricted employee rights, including employees of controlled or subordinate companies that meet certain conditions, board of directors (or other authorized personnel) is authorized to stipulate the condition.

Article6: Matters related to the company's stock affairs are in accordance to the Regulations Governing the Administration of Shareholder Services of Public Companies issued by the Financial Supervisory Commission and other relevant laws and regulations.

Article7: Shares of the company are in registered form, with the signature or seal of the directors representing the company, and are issued after being approved by the competent authority or the issuing

registration agency approved by law.

The securities issued by the company, such as shares or corporate bonds, are exempt from printing physical securities, but should contact the securities centralized custodian institution for registration.

Article8: Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of Annual Shareholders Meeting of the shareholders; thirty (30) days immediately before the date of any special meeting of shareholders; or within five (5) days before the day on which dividend, bonus, or any other benefits is scheduled to be paid by the company.

Section III-The Boards Meeting

Article9: Shareholders Meetings of the company are of two types, the (1) regular meetings and the (2) special meetings. Regular meeting launches once a year, and shall be convened, by the board of directors, within six (6) month after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws and regulations of the Taiwan (R.O.C.). **The shareholders meeting may be held by video conference or other methods announced by the central competent authority.**

Article10: When a shareholder is unable to attend the shareholders meeting due to any reason, he or she must issue a power of attorney issued by the company, specifying the scope of authorization, and entrust a proxy to attend the shareholders meeting in accordance with the Company Act and the Regulations Governing the Use of Proxy for Attendance at Shareholders Meeting of Public Companies promulgated by the competent authority.

Article11: Shareholders of the company have one vote per share; those who fall under Article 179 of the Company Act do not have the right to vote.

Article12: Unless otherwise stipulated in the Company Act, the resolution of the shareholders meeting shall be carried out with the attendance of shareholders representing more than half of the total number of issued shares and with the consent of more than half of the voting rights of the shareholders present.

Section IV-Directors and the Audit Committee

Article13: The company shall have seven to nine directors. The board of directors is authorized to determine the number of directors. The abovementioned board of directors must have at least three independent directors, and must not be less than one-fifth of the total members. The election of directors adopts the candidate nomination system of Article192-1 of the Company Act.

Shareholders shall appoint candidates from the list of nominated directors for a term of three years and may be re-elected.

The acceptance method and announcement of the nomination of director candidates shall be handled in accordance with the Company Act, the Securities and Exchange Act and other relevant laws and regulations.

The nomination, election and appointment of independent directors and other matters to be complied with shall be handled in accordance with the relevant regulations of the competent authority.

The election of directors shall be handled in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the elected quota shall be calculated separately.

More than half of the members among the directors shall not have the following relationships:

5. Spouse
6. Relative within second degree

Article13-1: The company has established the Audit Committee in accordance with Article 14-2 of the Security and Exchange Act; members of the audit committee or the audit committee is responsible for the implementation of the functions and powers of supervisors stipulated by the Company Act, the Securities and Exchange Act and other laws and regulations.

The composition, powers, rules of procedure and other matters to be followed by the Audit Committee shall be handled in accordance with the Securities and Exchange Act and relevant laws and regulations.

Article14: The board of directors shall be organized by the directors, with more than two-thirds of the directors present and a majority of the directors' present agree to elect a new chairman. The chairman represents the company externally.

The board of directors shall be convened by the chairman; the meeting of the board of directors shall be notified to the directors seven days in advance, but can also be convened at any time in case of emergency. The notice of the board of directors can be in forms of written letter, e-mail or fax.

Unless otherwise stipulated by law, resolutions of the board of directors shall be carried out with the presence of more than half of the directors and the consent of more than half of the presented directors.

If the meeting of the board of directors is held by video screen, directors who participate in the meeting by video screen are deemed to be present in person.

When a director cannot attend the meeting in person, he or she may entrust a proxy to attend the meeting in accordance with Article 205 of the Company Act.

Directors shall exercise their powers in accordance with the resolutions adopted by the board of directors and the shareholders meeting. The powers of the board of directors are as follow:

1. Deliberate business strategy and middle or long-term development plan
2. Approve budget and deliberate final execution
3. Distribute earnings or deliberate of deficit covering
4. Execute resolution by shareholders' meeting
5. Deliberate items submitted by general managers
6. Convene shareholders' meeting and report business performance
7. Deliberate, approve or execute other business requested by law

Article15: When the chairman asks for leave or is unable to exercise his power for any reason, his agent shall act in accordance with the provisions of Article 208 of the Company Act.

Article16: The board of directors is authorized to determine the salary for the directors, taking into account the extent and value of the services provided for the management of the company and the standards of the industry within Taiwan (R.O.C.).

The board of directors is authorized to formulate the liability insurance for all directors may take into account the company's business and financial status.

Section V-Managers

Article17: The company has general manager and some executive vice general managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act; the board of directors is authorized to determine its functions and powers; the board of directors may authorize the chairman to decide.

Section VI-Accountant

Article18: After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the Annual Shareholders Meeting for acceptance:

1. Business Report
2. Financial Statement
3. Proposal Concerning the Distribution of Earnings or Covering of Losses

Article19: The company shall deduct the benefits before the distribution of remuneration for employees and directors in the current year (including inappropriate retained earnings), if there is a surplus, the company shall allocate no less than 7% for employee benefit and no more than 3% for directors' remuneration.

The decision making on the percentages of the distribution of remunerations for employees and directors, as well as the decision making on employees' compensation in stock or cash, shall be done via approvals by two-thirds of the members of the board of directors, and reported to the shareholders meeting. The abovementioned remuneration for directors shall only be given via cash.

Remuneration of employees from controlling or subsidiaries can be issued with stocks or cash if certain conditions are met. The board of directors or its authorized personnel is authorized to determine the certain condition.

Article20: If there is a profit in the company's annual final accounts (the after-tax net profit for the current period is added to the items other than the net profit after tax for the current period and included in the amount of undistributed surplus for the current year), it will be distributed in the following order:

1. Make up for the accumulated losses (including adjusting the amount of undistributed surplus)
2. 10% is allocated to the legal reserve, but when the legal reserve has reached the total paid-in capital of the company, this limit is not applicable.
3. Special reserve or reversal of special reserve by decree or the competent authority.
4. After the distribution in accordance with the preceding paragraph 1 to 3, the subsequent surplus, together with the undistributed surplus at the beginning of the same period (including the adjustment of the amount of the undistributed surplus), shall have the board of directors formulating a surplus distribution plan. In case of distributing in the form of new shares, it shall be distributed to the shareholders after the resolution of the shareholders meeting.

The company shall distribute dividends and bonuses in accordance with Article 240-5 of the Company Act, or all or part of the legal reserve and capital reserve stipulated in Article241-1 of the Company Act; when distributing in forms of cash, the board of directors shall distribution the distribution after the attendance of more than two-thirds of the directors and the acceptance of more than half of the directors presented, and report to the shareholders meeting.

The company's dividend policy is based on the consideration of the company's medium and long-term operating growth and the capital needs of investment activities, and taking into account the goal of a sound financial structure, the board of directors will formulate a profit distribution plan within the range of 10% to 100% of the accumulated distribution balance, and submit to the shareholders meeting; the type of dividend distribution to shareholders will be based on future

capital needs and the degree of dilution of the share capital, moderately distribution of stock dividends or cash dividends: 0% to 50% of the total dividends for stock dividends, 50% to 100% dividends for cash dividends.

If the company has no surplus to distribute, or when the surplus is far lower than the actual distribution in comparison to the distribution from the previous year, or in consideration of factors such as the company's finance, business and operation, all of part of the reserve may be allocated in accordance to the statute or competent authority.

Article20-1: Removed.

Section VII-Supplementary Provisions

Article21: In regard to all matters not provided for in this Articles of Association, the Company Act of Taiwan (R.O.C.) shall govern.

Article22: These Articles of Association is stipulated on 1981.05.06.

1st Revision was made on 1982.05.06

2nd Revision was made on 1984.07.05

3rd Revision was made on 1987.05.11

4th Revision was made on 1988.02.23

5th Revision was made on 1988.03.14

6th Revision was made on 1990.09.10

7th Revision was made on 1995.07.06

8th Revision was made on 1997.09.09

9th Revision was made on 1997.10.02

10th Revision was made on 1998.04.08

11th Revision was made on 1999.04.23

12th Revision was made on 2000.03.31

13th Revision was made on 2001.05.15

14th Revision was made on 2001.06.19

15th Revision was made on 2003.05.28

16th Revision was made on 2004.05.28

17th Revision was made on 2005.06.10

18th Revision was made on 2006.06.09

19th Revision was made on 2007.06.15

20th Revision was made on 2008.06.11

21st Revision was made on 2009.06.16

22nd Revision was made on 2010.06.14

23rd Revision was made on 2012.06.05

24th Revision was made on 2014.06.11
25th Revision was made on 2015.06.09
26th Revision was made on 2016.06.07
27th Revision was made on 2019.06.05
28th Revision was made on 2020.06.09
29th Revision was made on 2021.07.21
30th Revision was made on 2022.05.27

3. Director Election Method

Holy Stone Enterprise Co., Ltd. Director Election Method

(Approved by the shareholders meeting on 2021.07.21)

- Article1: **Unless otherwise provided in the Company Act or the Articles of Association of the company**, the directors of this company shall be elected in accordance with the rules specified herein.
- Article2: The election of the directors of the company adopts the single-registered cumulative voting system. Each share has the same voting rights as the number of directors to be elected; one person may be elected collectively or many people may be elected by distribution. The election of directors (including independent directors) adopts the candidate nomination system; candidates shall follow the Procedures of the Candidate Nomination System stipulated in Article **192-1** of the Company Act.
- Article3: The board of directors shall prepare the same number of votes as the number of directors to be elected, and his or her weight of electoral rights, and distribute to the shareholders attending the shareholders meeting.
- Article4: Before the election, the chairman shall designate a number of scrutineers and a number of tellers to perform various relevant duties.
- Article5: The company shall prepare the ballot box for voting and checked in public by the scrutineer before the voting.
- Article6: If the electee is a shareholder, the elector must fill in the electee's account name and shareholder number in the "elected person" column of the ballot. If the person is not a shareholder, the name of the electee and the number of identity card should be filled in. however, when the government or legal person shareholder is the electee, the name of the electee on the ballot shall be filled in with the name of the government or legal person, name of the government or legal person and the name of its representative is also acceptable; where there are many representatives, the name of representative should be added separately.
- Article7: The votes of the directors shall be counted according to the election of independent directors and non-independent directors.
- Article8: Ballots shall be deemed void under the following conditions:
1. When the ballot paper prepared by the **person with convening authority** is not used.
 2. Blank ballots not completed by the voter.
 3. Writing is illegible or has been altered by the voter.
 4. The candidates filled in are inconsistent with the **list of candidates for directors**.
 5. When other words are included in addition to filling in the number of voting rights allocated by the

electee.

In case of any doubt about the validity of the voting ballot, the scrutineer shall decide whether it is invalid or invalid in accordance to the above provisions.

Article9: The directors of the company shall be elected by the shareholders with the ability to act, and according to the number of places stipulated in the Articles of Association of the company, the electronic voting platform and the statistical results of the voting ballots, those with the most voting rights shall be elected respectively for independent directors and non-independent directors.

If two or more people have the same amount of the weight of the electoral rights, and exceeded the specified quota, the person who has the same amount of the weight will draw lots; chairman will draw lots on behalf of those who are not present.

Article10: The ballots should be calculated **under the supervision of the scrutineer** during the meeting right after the vote casting and the result of the election, **the elected directors and their electoral rights, the non-elected directors and their obtained electoral rights, and should be announced by the chairman at the meeting.**

The number of votes for each candidate in the preceding paragraph may be announced by the chairman or his designee.

Article11: Election shall be invalid for those who do not comply with the provisions of Article **26-3** item**3** and **4** of the Securities and Exchange Act.

Article12: The board of directors shall issue notification to the directors elected.

Article13: In regard to all matters not provided for in this method, the Company Act of Taiwan (R.O.C.), the Articles of Association of the company and relevant laws and regulations shall govern.

Article14: These rules shall come into force after the resolution of the shareholders meeting, and the same shall apply to amendments

This rule is stipulated on **1998.04.08**

1st revision was made on **2002.06.19**

2nd revision was made on **2007.06.15**

3rd revision was made on **2012.06.05**

4th revision was made on **2015.06.09**

5th revision was made on **2021.07.21**

4. Number of Shares Held and the Minimum Number of Shares to be Held by Each Director

In accordance to Article 26 of Securities and Exchange Act and Article 2 and 4 of Rules and Review Procedure for Director and Supervisor Share Ownership Ratios at Public Companies, as of April 1st, 2023, the closing date of the 2023 Annual Shareholders Meeting, the minimum number of shares held by all directors of the company and the number of shares held are as follows:

Common Shares Issued					157,990,779 shares			
Legal holding of all directors in number of shares					9,479,446 shares			
Title	Name		Date Elected	Terms	Shareholdings when Elected		Current shareholdings	
					Shares	%	Shares	%
Chairman	Jing-Rong Tang		2021.7.21	3 Years	3,680,348	2.33	3,680,348	2.33
Director	Lin Tan	Chyang Lo	2021.7.21	3 Years	7,206,735	4.56	7,206,735	4.56
Director	Investment Co., Ltd.	Chung-Yi Yang						
Director	Shih-Yun Shen		2021.7.21	3 Years	1,878,327	1.19	1,578,327	1.00
Director	Shao-Kuo Huang		2021.7.21	3 Years	1,063,952	0.67	1,063,952	0.67
Director	Tang-Ming Wu		2021.7.21	3 Years	536,043	0.34	536,043	0.34
Independent Director	Ken-Yi Cheng		2021.7.21	3 Years	-	-	-	-
Independent Director	Nai-Hua Wu		2021.7.21	3 Years	-	-	-	-
Independent Director	Chu-Yang Chien		2021.7.21	3 Years	-	-	-	-
Total					14,365,405	9.09	14,065,405	8.90
Holding of all directors in number of shares (excluding independent directors)					14,365,405	9.09	14,065,405	8.90
Common Shares Issued					157,990,779	100.00	157,990,779	100.00

5. Other Instructions

- (1) The impact of the proposed free allotment of shares at the shareholders' meeting on the Company's operating performance and earnings per share
 1. On February 24th, 2023, the board of directors of the company passed the resolution of distributing cash dividend to shareholders of NT\$5 per share, totaling NT\$789,953,895, and stock dividend of NT\$0.5 per share will be distributed, totaling NT\$78,995,390. The total shareholder dividend per share is NT\$5.5, with a grand total of NT\$868,949,285.
 2. In accordance to the Regulation Governing the Publication of Financial Forecasts of Public Companies, the company is not required to disclose the financial forecast information for the year of 2023. In summary, it is not applicable.
- (2) Status of acceptance of shareholders' proposal rights and independent director nomination at the Annual Shareholders Meeting of shareholders
 1. In accordance to Article 172-1 of the Company Act, shareholders who hold more than 1% of the total issued shares may submit a written proposal to the company for the general meeting of shareholders. Proposals are limited to one item and 300 words. Proposals with more than 300 words will not be included in the motions. Proposed shareholder should attend the general shareholders meeting in person or by proxy, and shall participate in the discussion of the proposal.
 2. The Articles of Association of the company stipulate the election of directors (including independent directors, hereinafter referred to as "directors") shall be based on the candidate nomination system. According to article 192-1 of the Company Act, shareholders holding more than 1% of the total issued shares may submit a list of directors' candidates to the company in writing. The number of nominated candidates shall not exceed the number of directors to be elected. The number of director candidates nominated by the board of directors shall also be the same.
 3. Acceptance period and location of proposals of this shareholders meeting are as follow:
 - 2.1 Acceptance Period: 2023.03.03~2023.03.13 5p.m.
 - 2.2 Acceptance Location: Stock Affair Office of Holy Stone Enterprise Co., Ltd.
 - 2.3 Address: No.62, Sec.2, Huanshan Rd., Neihu Dist., Taipei 11452, Taiwan R.O.C.
 - 2.4 Phone: (02)2627-0383The abovementioned period and location have been announced on the MOPS website in accordance to relevant laws and regulations.
 4. During the period of acceptance of the shareholders' proposal and nomination, the company has not received any shareholders' proposal.