



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

TWSE: 3026

# 2025 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 28<sup>th</sup>, 2025

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Holy Stone Enterprise Co., Ltd.  
2025 Annual Shareholders Meeting Procedure

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

## **Holy Stone Enterprise Co., Ltd.**

### **2025 Annual Shareholders Meeting Agenda**

**Format of Meeting:** Physical Meeting

**Time/ Date:** 9:00 a.m., 28<sup>th</sup> May, 2025 (Wednesday)

**Location:** No.17, Lane 91, Section 1, 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 Items**

- (1) Business Report of 2024
- (2) Audit Committee Audit Report
- (3) Distribution of 2024 Remuneration for Employees and Directors
- (4) 2024 Earnings Distribution and Cash Dividend Report

**4. Acknowledgement Items**

- (1) 2024 Business Report and Financial Statements
- (2) 2024 Earnings Distribution

**5. Discussion Item**

- (1) Revision on Articles of Association

**6. Special Motion**

**7. Adjournment**

# 1. Report Items

**(1) Business Report of 2024**

Please refer to page 8 of this agenda

**(2) Audit Committee Audit Report**

Please refer to page 10 of this agenda

**(3) Distribution of 2024 Remuneration for Employees and Directors**

The board of directors meeting on February 27<sup>th</sup>, 2025 passed the remuneration for employee of NT\$135,747,000 and remuneration for directors of NT\$25,857,000, both distributed via cash.

**(4) 2024 Earnings Distribution and Cash Dividend Report**

(4.1) The company has passed the resolution of 2024 dividends on February 27<sup>th</sup>, 2025, cash dividend distribution totaled NT\$912,396,749 which is NT\$5.5 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) The ex-dividend date for cash dividends and related matters regarding the distribution of cash dividends, The Board will convene a separate meeting to resolve.

(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 2024 Business Report and Financial Statements**

#### **Explanation:**

- (1) 2024 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 2024 Financial Statement and Business Report are audited by the Audit Committee and were issued a report.
- (3) Attachments
  1. Business Report (p.8)
  2. Accountant's Audit Report (p.11-15 and p.20-24)
  3. Financial Statement (p.16-19 and p.25-28)
  4. Audit Committee Audit Report (p.10)
- (4) Please approve the abovementioned items

#### **Resolution:**

II. (Proposed by the Board of Directors)

### **To approve the Earnings Distribution of 2024**

#### **Explanation:**

- (1) To draft the distribution of earnings according to company's Articles of Association. (p.29)
- (2) The distribution of earnings is reviewed by the Audit Committee and issued into report. (p.10)
- (3) Please approve the abovementioned items.

#### **Resolution:**

### **3. Discussion Item**

I. (Proposed by the Board of Directors)

#### **To Revise Articles of Association**

- (1) Revise the Company's Articles of Association in accordance to Section 14 of Securities and Exchange Act; amended by Presidential Order No. 11300069631 on August 7<sup>th</sup> 2024 accordingly.
- (2) Revision Chart. (p.30~31)
- (3) Please approve the abovementioned items.

#### **Resolution:**

### **4. Special Motions**

## C. Enclosures

### 1. Business Report

## **Holy Stone Enterprise Co., Ltd. 2024 Business Report**

2024 is a year progressed with hope and challenges; affected by wars, inflation, and geopolitical conflicts, overall market demand recovery is less than expected. Yet benefited from the growth of AI-driven business opportunities, its new applications have brought new hopes. Holy Stone has been actively developing related products and applications, whether in the production of passive components or the sales of agency products. Not only to grasp business opportunities, but also meet customers' needs and expectations. Summary of the operating results for 2024 fiscal year and the business plan for 2025 fiscal year is as follows:

### **1. 2024 Business Results**

**1.1 Business Result:** consolidated revenue of 2024 totaled NT\$ (same below)12.78 billion, gross profit NT\$2.08 billion, gross margin 16.34%, net profit attributable to the parent company totaled NT\$973 million, increased 14.44% YoY. Earnings per share totaled NT\$ 5.87.

**1.2 Budget Implementation:** The company did not publish any forms of finance forecast for 2024; therefore no act of disclosure is required.

**1.3 Financial Income and Expenditure, Profitability Analysis:** Please refer to the financial statements in the appendix for further information.

**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 process capabilities, focusing on the development of niche products resistant to high temperature and high pressure. Total expenditure of the above research and development for 2024 was NT\$196 million.

### **2. Summary of 2025 Annual Business Plan**

**2.1 Operating Strategy:** Holy Stone believes in programmatic, innovative and mutual beneficial business philosophy, continue to cultivate in manufacturing and strengthening product agency continuously.

Deep Cultivation in Manufacturing: house brand products are committed in developing new application fields based on industry trends, focusing on niche products continuously, deepening our presence in emerging markets; such as AI, automotive, and new network applications markets.

Product Agency Strengthening: The company mainly agents for products such as communication devices, automotive and consumer electronics, we will continue to assist customers in designing and developing products, enhancing the competitiveness of agency products and maintaining stable 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 support its sustained growth. To grasp the newly developed AI and automotive market, we will continue to develop in materials, research and technology, as well as upgrading our manufacturing equipment capabilities, fully develop matching products in order to expand niche product market sales.

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

Holy Stone firmly believes that besides pursuing profit and growth, synchronize ESG implementation is also essential for becoming a sustainable company. Regardless of the company's governance association, or the solutions for climate change, it's all been implemented in our daily operating activities. In 2024, Holy Stone parent company has finished greenhouse gas investigation, according to ISO 14064-1:2018 greenhouse gas investigation standard. In terms of energy management; we evaluate to expand solar power equipment, using self-issue and self-use green electricity to reduce greenhouse gas emissions, also continue to implement water resource and waste reduction plan to achieve environmental protection. In addition, we participate in public welfare activities through Holy Stone Foundation, care for disadvantages to fulfill social responsibility. ESG implementing results will show explanations to shareholders, employees, and stakeholders through our corporate sustainability report. In the future, we will continue to focus on ESG issues, energy conservation, environmental protection, build a friendly workplace, comply with laws, practice corporate governance, and move towards to the goal of sustainable operation.

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.

## 2. Audit Committee Audit Report

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

The Board of Directors has prepared the Company's 2024 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, 2025

Audit Committee of Holy Stone Enterprise Co., Ltd.

Chairman of Audit Committee: Ken-Yi Cheng

February 27th, 2025

### 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, 2024 and 2023, 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 material 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s 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 3.49% and 3.15% of total assets at December 31, 2024 and 2023, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting 3.03% and 4.72% 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 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.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 27, 2025

#### **Notes to Readers**

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**HOLY STONE ENTERPRISE CO., LTD.**

**Balance Sheets**

**December 31, 2024 and 2023**

(Expressed in Thousands of New Taiwan Dollars)

	<u>December 31, 2024</u>		<u>December 31, 2023</u>			<u>December 31, 2024</u>		<u>December 31, 2023</u>			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and Equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	Cash and cash equivalents (note 6(a))	\$ 3,035,216	20	2,020,970	14	2100	Short-term borrowings (note 6(j))	\$ 962,626	7	968,473	7
1110	Current financial assets at fair value through profit or loss (note 6(b))	262,010	2	155,497	1	2130	Current contract liabilities (note 6(r))	16,969	-	16,178	-
1150	Notes and accounts receivables, net (note 6(d)(r))	1,996,705	14	1,680,590	12	2170	Accounts payable	533,035	4	391,444	3
1180	Accounts receivable-related parties, net (note 6(d)(r) and 7)	411,992	3	468,413	3	2180	Accounts payable to related parties (note 7)	359,403	2	241,413	2
1200	Other receivables, net (note 6(e))	25,758	-	21,969	-	2200	Other payables (note 6(k))	770,709	5	766,311	5
1220	Current tax assets	35,616	-	32,693	-	2230	Current tax liabilities	54,817	-	-	-
130X	Inventories(note 6(f))	2,250,010	15	2,902,630	21	2280	Current lease liabilities (note 6(m))	1,516	-	2,782	-
1410	Prepayments and other current assets	12,032	-	14,870	-	2322	Long-term borrowings, current portion (note 6(l) )	557,500	4	340,000	2
	<b>Total current assets</b>	<b>8,029,339</b>	<b>54</b>	<b>7,297,632</b>	<b>51</b>		<b>Total current liabilities</b>	<b>3,256,575</b>	<b>22</b>	<b>2,726,601</b>	<b>19</b>
<b>Non-current assets:</b>					<b>Non-Current liabilities:</b>						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	4,669	-	3,810	-	2540	Long-term borrowings (note 6(l))	1,510,833	10	1,568,333	11
1550	Investments accounted for using the equity method (note 6(g))	2,730,155	19	2,462,746	18	2570	Deferred tax liabilities (note 6(o))	91,656	1	83,452	1
1600	Property, plant and equipment (note 6(h) and 7)	4,023,642	27	4,259,156	30	2580	Non-current lease liabilities (note 6(m))	1,081	-	1,853	-
1755	Right-of-use assets (note 6(i))	2,584	-	4,595	-	2640	Net defined benefit liability, non-current (note 6(n))	27,428	-	45,990	-
1840	Deferred tax assets (note 6(o))	55,467	-	59,806	-	2670	Other non-current liabilities, others	6	-	6	-
1915	Prepayments for business facilities (note 7)	1,039	-	153,838	1		<b>Total non-current liabilities</b>	<b>1,631,004</b>	<b>11</b>	<b>1,699,634</b>	<b>12</b>
1990	Other non-current assets, others (note 8)	23,770	-	19,488	-		<b>Total liabilities</b>	<b>4,887,579</b>	<b>33</b>	<b>4,426,235</b>	<b>31</b>
	<b>Total non-current assets</b>	<b>6,841,326</b>	<b>46</b>	<b>6,963,439</b>	<b>49</b>		<b>Equity (note 6(n)(p)):</b>				
						3110	Ordinary share	1,658,903	11	1,658,903	12
						3200	Capital surplus	3,160,144	22	3,209,892	22
							Retained earnings:				
						3310	Legal reserve	1,723,213	11	1,638,205	12
						3320	Special reserve	143,624	1	133,682	1
						3350	Unappropriated retained earnings	3,391,970	23	3,337,778	23
							Total retained earnings	5,258,807	35	5,109,665	36
							Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(12,734)	-	(67,289)	-
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(82,034)	(1)	(76,335)	(1)
							Total other equity	(94,768)	(1)	(143,624)	(1)
							<b>Total equity</b>	<b>9,983,086</b>	<b>67</b>	<b>9,834,836</b>	<b>69</b>
							<b>Total liabilities and equity</b>	<b>\$ 14,870,665</b>	<b>100</b>	<b>14,261,071</b>	<b>100</b>
	<b>Total assets</b>	<b>\$ 14,870,665</b>	<b>100</b>	<b>14,261,071</b>	<b>100</b>						

**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.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

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

		<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (note 6(r) and 7)</b>	\$ 9,691,393	100	9,994,043	100
5000	<b>Operating costs (note 6(f)(m)(n), 7 and 12)</b>	8,019,451	83	8,207,883	82
	<b>Gross profit</b>	1,671,942	17	1,786,160	18
5910	Unrealized profit (loss) from sales	5,507	-	6,390	-
	<b>Net gross profit</b>	<u>1,677,449</u>	<u>17</u>	<u>1,792,550</u>	<u>18</u>
	<b>Operating expenses (note 6(m)(n)(s), 7 and 12):</b>				
6100	Selling and administrative expenses	704,400	7	708,865	7
6300	Research and development expenses	195,597	2	188,282	2
6450	Expected credit gain (note 6(d))	(6,809)	-	-	-
	<b>Total operating expenses</b>	<u>893,188</u>	<u>9</u>	<u>897,147</u>	<u>9</u>
	<b>Net operating income</b>	<u>784,261</u>	<u>8</u>	<u>895,403</u>	<u>9</u>
	<b>Non-operating income and expenses(note 6(m)):</b>				
7020	Other gains and losses, net	154,049	2	62,140	1
7050	Finance costs	(59,988)	(1)	(57,205)	(1)
7070	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	230,597	3	73,715	1
7100	Interest income	22,310	-	19,231	-
	<b>Total non-operating income and expenses</b>	<u>346,968</u>	<u>4</u>	<u>97,881</u>	<u>1</u>
7900	<b>Profit before tax</b>	1,131,229	12	993,284	10
7950	<b>Less: Income tax expenses(note 6(o))</b>	157,955	2	142,784	2
	<b>Profit</b>	<u>973,274</u>	<u>10</u>	<u>850,500</u>	<u>8</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	5,098	-	(259)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,699)	-	4,367	-
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	222	-	34	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(379)</u>	<u>-</u>	<u>4,142</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that may not be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	54,555	1	(14,309)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total components of other comprehensive income (loss) that may be reclassified to profit or loss</b>	<u>54,555</u>	<u>1</u>	<u>(14,309)</u>	<u>-</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>54,176</u>	<u>1</u>	<u>(10,167)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 1,027,450</u>	<u>11</u>	<u>840,333</u>	<u>8</u>
	<b>Earnings per share (note 6(q))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 5.87</u>		<u>5.13</u>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 5.80</u>		<u>5.08</u>	

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.**

**Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

(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		
<b>Balance at January 1, 2023</b>	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	
Profit	-	-	-	-	850,500	-	-	850,500	
Other comprehensive income	-	-	-	-	(225)	(14,309)	4,367	(10,167)	
Total comprehensive income	-	-	-	-	850,275	(14,309)	4,367	840,333	
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary shares	-	-	-	-	(789,954)	-	-	(789,954)	
Stock dividends of ordinary share	78,995	-	-	-	(78,995)	-	-	-	
Reversal of special reserve	-	-	-	(30,172)	30,172	-	-	-	
Changes in ownership interests in subsidiaries	-	89,468	-	-	(200)	-	-	89,268	
<b>Balance at December 31, 2023</b>	1,658,903	3,209,892	1,638,205	133,682	3,337,778	(67,289)	(76,335)	9,834,836	
Profit	-	-	-	-	973,274	-	-	973,274	
Other comprehensive income	-	-	-	-	5,320	54,555	(5,699)	54,176	
Total comprehensive income	-	-	-	-	978,594	54,555	(5,699)	1,027,450	
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	85,008	-	(85,008)	-	-	-	
Special reserve	-	-	-	9,942	(9,942)	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(829,452)	-	-	(829,452)	
Changes in ownership interests in subsidiaries	-	(49,748)	-	-	-	-	-	(49,748)	
<b>Balance at December 31, 2024</b>	\$ 1,658,903	3,160,144	1,723,213	143,624	3,391,970	(12,734)	(82,034)	9,983,086	

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.**

**Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 1,131,229	993,284
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	673,465	655,473
Expected credit gain	(6,809)	-
Net gain on financial assets at fair value through profit or loss	(70,884)	(25,629)
Interest expense	59,988	57,205
Interest income	(22,310)	(19,231)
Dividend income	(2,462)	(2,159)
Share of profit of subsidiaries and associates, accounted for using the equity method	(230,597)	(73,715)
Gain from disposal of property, plant and equipment	(1,079)	(6,777)
Unrealized profit (loss) from sales	(5,507)	(6,390)
Others	(10)	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>393,795</u>	<u>578,777</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Current financial assets at fair value through profit or loss	(36,488)	(45,968)
Notes and accounts receivable	(309,306)	296,965
Accounts receivable-related parties	56,421	83,634
Other receivables	(1,813)	85,075
Inventories	652,620	408,291
Prepayments and other current assets	2,838	(3,629)
<b>Total changes in operating assets</b>	<u>364,272</u>	<u>824,368</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	791	(33,712)
Accounts payable	141,591	(89,750)
Accounts payable to related parties	117,990	(76,746)
Other payables	16,216	(36,440)
Net defined benefit liability	(13,464)	(6,217)
<b>Total changes in operating liabilities</b>	<u>263,124</u>	<u>(242,865)</u>
<b>Net changes in operating assets and liabilities</b>	<u>627,396</u>	<u>581,503</u>
<b>Total adjustments</b>	<u>1,021,191</u>	<u>1,160,280</u>
Cash inflow generated from operations	2,152,420	2,153,564
Interest received	20,734	19,560
Dividends received	2,062	2,159
Interest paid	(59,242)	(57,951)
Income taxes paid	(93,518)	(388,797)
<b>Net cash flows from operating activities</b>	<u>2,022,456</u>	<u>1,728,535</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of investments accounted for using the equity method	(34,000)	-
Acquisition of property, plant and equipment	(447,622)	(596,411)
Proceeds from disposal of property, plant and equipment	1,079	18,071
(Increase) decrease in other non-current assets, others	(4,282)	23,090
Decrease in prepayments for business facilities	152,799	45,785
Dividends received	2,025	10,583
<b>Net cash flows used in investing activities</b>	<u>(330,001)</u>	<u>(498,882)</u>
<b>Cash flows used in financing activities:</b>		
Decrease in short-term borrowing	(5,847)	(422,749)
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(340,000)	(91,667)
Payment of lease liabilities	(2,910)	(2,954)
Cash dividends paid	(829,452)	(789,954)
<b>Net cash flows used in financing activities</b>	<u>(678,209)</u>	<u>(1,307,324)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,014,246	(77,671)
<b>Cash and cash equivalents at beginning of period</b>	2,020,970	2,098,641
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,035,216</u>	<u>2,020,970</u>

**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, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 subsidiaries 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 5.03% and 4.38% of consolidated total assets at December 31, 2024 and 2023, respectively, and total operating revenues constituting 8.74% and 8.14% 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, 2024 and 2023, on which we have issued an unmodified opinion with Other Matters 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. Revenue recognition

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

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 27, 2025

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

**HOLY STONE ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>			<u>December 31, 2024</u>		<u>December 31, 2023</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<b>Assets</b>										
<b>Current assets:</b>										
1100	Cash and cash equivalents (note 6(a))	\$ 4,502,178	29	3,080,249	2	2100	Short-term borrowings (note 6(l) and 8)	\$ 1,225,898	8	1,103,660
1110	Current financial assets at fair value through profit or loss (note 6(b))	607,137	4	355,982	2	2130	Current contract liabilities(note 6(u))	86,225	1	107,271
1150	Notes and accounts receivable, net (note 6(d)(u) and 7)	3,087,159	20	2,770,744	1	2170	Accounts payable	928,352	6	802,403
1200	Other receivables, net (note 6(e))	57,834	-	50,746	-	2180	Accounts payable to related parties (note 7)	61,104	-	30,240
1220	Current tax assets	39,183	-	32,734	-	2200	Other payables (note 6(m))	853,166	5	845,432
130X	Inventories (note 6(f))	2,574,693	16	3,127,761	2	2230	Current tax liabilities	61,521	-	22,305
1410	Prepayments and other current assets	43,668	-	59,354	-	2280	Current lease liabilities (note 6(o))	17,179	-	18,106
	<b>Total current assets</b>	<b>10,911,852</b>	<b>69</b>	<b>9,477,570</b>	<b>6</b>	2322	Long-term borrowings, current portion (note 6(n) and 8)	557,500	3	340,000
<b>Non-current assets:</b>										
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	49,033	-	80,173	-		<b>Total current liabilities</b>	<b>3,790,945</b>	<b>23</b>	<b>3,269,417</b>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	51,697	-	56,877	-	2540	<b>Non-Current liabilities:</b>			
1550	Investments accounted for using the equity method(note 6(g))	443,036	3	431,985	-	2570	Long-term borrowings (note 6(n) and 8)	1,510,833	10	1,568,333
1600	Property, plant and equipment (notes 6(i) and 8)	4,230,542	28	4,691,840	3	2580	Deferred tax liabilities (note 6(q))	92,131	1	83,689
1755	Right-of-use assets (note 6(j))	38,340	-	45,865	-	2640	Non-current lease liabilities (note 6(o))	22,397	-	28,968
1780	Intangible assets (note 6(k))	3,030	-	4,947	-	2670	Net defined benefit liability, non-current (note 6(p))	27,428	-	45,990
1840	Deferred tax assets (note 6(q))	56,952	-	60,598	-		Other non-current liabilities, others	2,615	-	2,511
1915	Prepayments for business facilities	1,039	-	145,708	-		<b>Total non-current liabilities</b>	<b>1,655,404</b>	<b>11</b>	<b>1,729,491</b>
1990	Other non-current assets, others (note 8)	40,199	-	38,789	-	3110	<b>Total liabilities</b>	<b>5,446,349</b>	<b>34</b>	<b>4,998,908</b>
	<b>Total non-current assets</b>	<b>4,913,868</b>	<b>31</b>	<b>5,556,782</b>	<b>3</b>	3200	<b>Equity attributable to owners of parent (note 6(h)(r)):</b>			
							Ordinary share	1,658,903	11	1,658,903
							Capital surplus	3,160,144	20	3,209,892
							Retained earnings:			
						3310	Legal reserve	1,723,213	11	1,638,205
						3320	Special reserve	143,624	1	133,682
						3350	Unappropriated retained earnings	3,391,970	21	3,337,778
							Total retained earnings	5,258,807	33	5,109,665
							Other equity:			
						3410	Exchange differences on translation of foreign financial statements	(12,734)	-	(67,289)
						3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(82,034)	(1)	(76,335)
							Total other equity	(94,768)	(1)	(143,624)
							<b>Total equity attributable to owners of parent:</b>	<b>9,983,086</b>	<b>63</b>	<b>9,834,836</b>
						36XX	<b>Non-controlling interests</b>	<b>396,285</b>	<b>3</b>	<b>200,608</b>
							<b>Total equity</b>	<b>10,379,371</b>	<b>66</b>	<b>10,035,444</b>
							<b>Total liabilities and equity</b>	<b>\$ 15,825,720</b>	<b>100</b>	<b>15,034,352</b>
	<b>Total assets</b>	<b>\$ 15,825,720</b>	<b>100</b>	<b>15,034,352</b>	<b>10</b>					

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. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
4000 <b>Operating revenue (note 6(u) and 14)</b>	\$ 12,785,820	100	13,240,300	100
5000 <b>Operating costs (note 6(f)(o)(p) and 7)</b>	10,696,809	84	10,948,628	83
<b>Gross profit</b>	<u>2,089,011</u>	<u>16</u>	<u>2,291,672</u>	<u>17</u>
<b>Operating expenses:</b>				
6100 Selling and administrative expenses (note 6(o)(p)(s)(v))	1,124,694	9	1,111,778	8
6300 Research and development expenses (note 6(o)(p)(v))	346,701	2	462,828	4
6450 Expected credit (gain) loss (note 6(d))	(3,125)	-	5,564	-
<b>Total operating expenses</b>	<u>1,468,270</u>	<u>11</u>	<u>1,580,170</u>	<u>12</u>
<b>Net operating income</b>	<u>620,741</u>	<u>5</u>	<u>711,502</u>	<u>5</u>
<b>Non-operating income and expenses:</b>				
7020 Other gains and losses, net (note 6(i)(w))	490,251	5	144,787	1
7050 Finance costs (note 6(o))	(70,209)	(1)	(65,799)	-
7060 Share of profit of associates accounted for using the equity method	19,710	-	10,077	-
7100 Interest income	42,555	-	32,275	-
<b>Total non-operating income and expenses</b>	<u>482,307</u>	<u>4</u>	<u>121,340</u>	<u>1</u>
<b>Profit before tax</b>	1,103,048	9	832,842	6
7950 <b>Less: Income tax expenses (note 6(q))</b>	<u>176,693</u>	<u>2</u>	<u>174,382</u>	<u>1</u>
<b>Profit</b>	<u>926,355</u>	<u>7</u>	<u>658,460</u>	<u>5</u>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss:</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	5,098	-	(259)	-
8316 Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(5,699)	-	4,367	-
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	222	-	(72)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>(379)</u>	<u>-</u>	<u>4,036</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	54,545	1	(7,600)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>54,545</u>	<u>1</u>	<u>(7,600)</u>	<u>-</u>
8300 <b>Other comprehensive income, net of tax</b>	<u>54,166</u>	<u>1</u>	<u>(3,564)</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 980,521</u>	<u>8</u>	<u>654,896</u>	<u>5</u>
<b>Profit, attributable to:</b>				
8610 Owners of parent	\$ 973,274	7	850,500	6
8620 Non-controlling interests	(46,919)	-	(192,040)	(1)
<b>Profit</b>	<u>\$ 926,355</u>	<u>7</u>	<u>658,460</u>	<u>5</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 1,027,450	8	840,333	6
8720 Non-controlling interests	(46,929)	-	(185,437)	(1)
<b>Total comprehensive income</b>	<u>\$ 980,521</u>	<u>8</u>	<u>654,896</u>	<u>5</u>
<b>Earnings per share (in dollars) (note 6(t))</b>				
9750 <b>Basic earnings per share</b>	<u>\$ 5.87</u>		<u>5.13</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 5.80</u>		<u>5.08</u>	

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. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
<b>Balance at January 1, 2023</b>	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	374,229	10,069,418
Profit	-	-	-	-	850,500	-	-	850,500	(192,040)	658,460
Other comprehensive income	-	-	-	-	(225)	(14,309)	4,367	(10,167)	6,603	(3,564)
Total comprehensive income	-	-	-	-	850,275	(14,309)	4,367	840,333	(185,437)	654,896
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)
Stock dividends of ordinary share	78,995	-	-	-	(78,995)	-	-	-	-	-
Reversal of special reserve	-	-	-	(30,172)	30,172	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	89,468	-	-	(200)	-	-	89,268	10,782	100,050
Changes in non-controlling interests	-	-	-	-	-	-	-	-	1,034	1,034
<b>Balance at December 31, 2023</b>	<b>1,658,903</b>	<b>3,209,892</b>	<b>1,638,205</b>	<b>133,682</b>	<b>3,337,778</b>	<b>(67,289)</b>	<b>(76,335)</b>	<b>9,834,836</b>	<b>200,608</b>	<b>10,035,444</b>
Profit	-	-	-	-	973,274	-	-	973,274	(46,919)	926,355
Other comprehensive income	-	-	-	-	5,320	54,555	(5,699)	54,176	(10)	54,166
Total comprehensive income	-	-	-	-	978,594	54,555	(5,699)	1,027,450	(46,929)	980,521
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	85,008	-	(85,008)	-	-	-	-	-
Special reserve	-	-	-	9,942	(9,942)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(829,452)	-	-	(829,452)	-	(829,452)
Changes in ownership interests in subsidiaries	-	(49,748)	-	-	-	-	-	(49,748)	55,500	5,752
Changes in non-controlling interests	-	-	-	-	-	-	-	-	187,106	187,106
<b>Balance at December 31, 2024</b>	<b>\$ 1,658,903</b>	<b>3,160,144</b>	<b>1,723,213</b>	<b>143,624</b>	<b>3,391,970</b>	<b>(12,734)</b>	<b>(82,034)</b>	<b>9,983,086</b>	<b>396,285</b>	<b>10,379,371</b>

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. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 1,103,048	832,842
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	720,602	705,074
Amortization expense	3,207	3,301
Expected credit (gain) loss	(3,125)	5,564
Net gain on financial assets or liabilities at fair value through profit or loss	(158,043)	(95,495)
Interest expense	70,209	65,799
Interest income	(42,555)	(32,275)
Dividend income	(10,136)	(9,652)
Share-based payments	2,619	1,600
Share of profit of associates accounted for using the equity method	(19,710)	(10,077)
Gain from disposal of property, plant and equipment	(245,233)	(7,030)
Gain on disposal of investments	(169)	(61,701)
Gain on disposal of investments accounted for using equity method	-	(2,727)
Others	(11)	(6)
Total adjustments to reconcile profit	<u>317,655</u>	<u>562,375</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Current financial assets at fair value through profit or loss	(49,600)	(43,567)
Notes and accounts receivable	(314,344)	183,414
Other receivables	(3,921)	76,228
Inventories	553,068	498,793
Prepayments and other current assets	15,686	33,013
<b>Total changes in operating assets</b>	<u>200,889</u>	<u>747,881</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(21,046)	(42,271)
Accounts payable	125,949	(5,369)
Accounts payable to related parties	30,864	(296)
Other payables	18,714	(47,239)
Net defined benefit liability	(13,464)	(6,217)
<b>Total changes in operating liabilities</b>	<u>141,017</u>	<u>(101,392)</u>
<b>Net changes in operating assets and liabilities</b>	<u>341,906</u>	<u>646,489</u>
<b>Total adjustments</b>	<u>659,561</u>	<u>1,208,864</u>
Cash inflow generated from operations	1,762,609	2,041,706
Interest received	40,528	31,591
Dividends received	8,996	9,652
Interest paid	(69,433)	(66,787)
Income taxes paid	(132,074)	(412,060)
<b>Net cash flows from operating activities</b>	<u>1,610,626</u>	<u>1,604,102</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(6,847)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	7,089
Proceeds from disposal of financial assets at fair value through profit or loss	-	102,369
Proceeds from disposal of investments accounted for using equity method	1,350	11,447
Acquisition of property, plant and equipment	(454,331)	(610,221)
Proceeds from disposal of property, plant and equipment	448,161	18,533
Acquisition of intangible assets	(606)	(38)
(Increase) decrease in other non-current assets	(1,130)	16,184
Decrease (increase) in prepayments for business facilities	144,669	(28,527)
Dividends received	7,839	41,814
<b>Net cash flows from (used in) investing activities</b>	<u>145,952</u>	<u>(448,197)</u>
<b>Cash flows used in financing activities:</b>		
Increase (decrease) in short-term loans	122,238	(634,323)
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(340,000)	(97,596)
Payment of lease liabilities	(22,508)	(21,847)
Increase (decrease) in other non-current liabilities	104	(32)
Cash dividends paid	(829,452)	(789,954)
Change in non-controlling interests	190,239	99,749
<b>Net cash flows used in financing activities</b>	<u>(379,379)</u>	<u>(1,444,003)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	44,730	1,296
<b>Net increase (decrease) in cash and cash equivalents</b>	1,421,929	(286,802)
<b>Cash and cash equivalents at beginning of period</b>	3,080,249	3,367,051
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,502,178</u>	<u>3,080,249</u>

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 2024	973,273,368	
Add: Re-measurements of defined benefit plans	5,098,406	
Share of other comprehensive income of subsidiaries accounted for using equity method	221,067	
2024 Unappropriated retained earnings	978,592,841	
Less: Legal Reserve	97,859,284	
Special Reserve	( 48,856,792)	
2024 Unappropriated retained earnings		929,590,349
Add: Beginning unappropriated retained earnings		2,413,375,603
Total unappropriated retained earnings		3,342,965,952
Less: Distribution Item		
Cash Dividends	912,396,749	
Stock Dividends	0	
Total shareholder dividends		912,396,749
Ending unappropriated retained earnings		2,430,569,203

Note1: the outstanding shares are 165,890,318 shares which are based on January 31st, 2025.

Note 2: The Company's legal reserve has reached the total amount of paid-in capital.

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

6. Revision Chart

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

Article	Amended Provision	Current Provision	Notes
Article 19	<p>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.</p> <p><b><u>As stated above, the distribution of remuneration for employees shall allocate no less than 10% to junior staffs on terms set by the Board of Directors.</u></b></p> <p>The decision making on the percentages of the distribution of <b><u>remunerations for employees, junior staffs</u></b> and directors; <b><u>as well as the decision making on employees' and junior staffs' remunerations</u></b> 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 for directors shall only be given via cash.</p> <p>Remuneration of employees <b><u>and junior staffs</u></b> 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.</p>	<p>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.</p> <p><b><u>New.</u></b></p> <p>The decision making on the percentages of the distribution of remunerations for employees and directors; as well as the decision making on employees' remuneration 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 <b><u>abovementioned</u></b> remuneration for directors shall only be given via cash.</p> <p>Remuneration of employees and 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.</p>	<p>Revised in accordance to the Financial Supervisory Commission's No. 11300069631 dated August 7<sup>th</sup>, 2024, which amended Article 14-6 of the Securities and Exchange Act, The provision is hereby amended.</p>

Article 22	<p>These Articles of Association is stipulated on 1981.05.06.</p> <p>1st ~13th amendments (omitted).</p> <p>The 31th Revision was made on 2023.05.30.</p> <p><b><u>The 32nd Revision was made on 2025.05.28.</u></b></p>	<p>These Articles of Association is stipulated on 1981.05.06.</p> <p>1st ~13th amendments (omitted).</p> <p>The 31th Revision was made on 2023.05.30.</p> <p><b><u>New.</u></b></p>	<p>Add revision to the number of items and dates.</p>

## Appendix

### 1. Rules of Procedure for Annual Shareholders Meeting

#### **Holy Stone Enterprise Co., Ltd.** **Rules of Procedure for Annual Shareholders Meeting**

(approved by the shareholder's meeting on 2024.05.30)

Article1: 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.

Article2: The Rules of Procedure for Annual General Meeting of the company shall be governed by the provisions of these rules, except where otherwise provided by laws or the company's Article of Association.

Article3: Unless otherwise stipulated by laws and regulations, the shareholders' meeting of the Company shall be convened by the Board of Directors.

When the company convenes a shareholder meeting via video conference, it should be stipulated in the Articles of Association unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies and it should be decided by the board of directors. Additionally, resolutions during a video conference shareholder meeting must be carried out with the attendance of at least two-thirds of the directors and approval from more than half of the attending directors as determined by the board of directors.

Any changes to the method of convening of the shareholder's meeting shall be resolved by the board of directors and shall be made no later than before the notice of the shareholder's meeting is sent out.

The company shall, 30 days before the annual general 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 general 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 general meeting. 15 days before the shareholders' meeting, the shareholders' meeting manual and supplemental materials shall be 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.

The agenda and supplemental material of the aforementioned shall be provided for shareholders to refer to by the company in the following ways on the days of the shareholders' meeting:

1. when convening a physical shareholder's meeting, it shall be distributed on-site.
2. when convening a hybrid shareholders' meeting, it shall be distributed on-site and sent as an electronic file to the video conference platform.
3. when convening a virtual shareholder's meeting, it shall be sent as an electronic file to the video conference platform.

Notice and announcement should state the purpose of the convocation. If agreed by the counterparties, the notice may be delivered electronically.

The election or removal of directors, amendment of the Article 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 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.

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.

Shareholders holding more than one percent of the total issued shares may proposed one agenda item for the annual general 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.

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 provisions 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.

Before the convening of the 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.

Prior to the notice of the shareholder 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 shareholder meeting.

Article4: 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.

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.

Article5: (The principle of the location and tie for convening a shareholder's meeting)  
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.

When the company convenes a virtual shareholder's meeting, it is not limited by the location mentioned in the preceding paragraph.

Article6: (Preparation of signature book and other documents)  
The company shall specify the 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.

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 shareholder's 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.

Shareholder shall attend the shareholders' meeting with their attendance certificate, attendance card or other attendance documents. Solicitors who are required to provide solicitation provides 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.

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

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.

If a shareholders meeting is help via virtual conferencing, the company shall upload the agenda, annual and other relevant materials to the video conferencing platform no later than 30 minutes prior to the start of the meeting, and disclose them continuously until the end of the meeting.

Article6-1: (inclusion of information in notice of convening a virtual conference shareholders' meeting)

If the company convenes a shareholders' meeting via virtual conferencing, the notice of convening the meeting shall include the following information:

1. The method for shareholders to participate in the virtual conference and exercise their rights.
2. The handling methods in the event of obstacles to the virtual conferencing platform or participation via virtual 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 meeting. The participating shareholders shall be deemed to have abstained from voting on all matters on the agenda of the shareholders' meeting.

(4) The handle method if all agenda items have been announced with their results and no special motion have been made yet.

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. Except the regulations from Article 44-9-6 of Regulations Governing the Administration of Shareholder Services of Public Companies, shall at least provide shareholders with connecting equipment and necessary assistance, shall also state the timing of shareholders' application and other relevant notes.

Article7: (Chairman of the shareholders' meeting, attendees)

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.

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.

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.

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.

The Company may assign appointed lawyers, accountants or related personnel to attend the shareholders' meeting as nonvoting delegates.

Article8: (Recording or video recording of the shareholders' meeting proceedings as evidence)

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.

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.

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.

Article9: 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 and the number of shares reported on the virtual conferencing platform. In addition, the number of shares exercise through written or electronic voting shall be counted.

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.

However, if less than half of the total issued shares are represented by the attending shareholders, the chairman may announce a postponement of the meeting. The postponement can only be done twice, and the total postponement time should not exceed one hour. 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.

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 convened within one month; shareholders who wish to attend the shareholders' meeting via virtual conference must register again with the company according to regulations.

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.

Article10: 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; if the chairman violated the Rules of Procedure and declares an adjournment, other members of the board of directors should promptly assist shareholders in attendance to elect a new chairman in accordance with the legal procedures, with a majority vote, to continue the meeting.

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.

Article11: (Shareholder Speech)

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.

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.

Only 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.

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.

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

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

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 subjected to the articles of the first to fifth items.

Article12: (Calculation of Voting Shares, Recusal System)

The voting at the shareholders' meeting should be based on the number of shares held by the shareholders.

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.

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.

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.

Article13: 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.

When the Company convenes a shareholders' meeting, the voting rights shall be exercised

electronically and may be exercised in writing; 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.

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 indicate 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.

After shareholders exercise their voting rights in writing or electronically, if they want to attend the shareholder meeting in person or via virtual conferencing, they should indicate their intention to revoke the previous exercise of their voting rights in the same manner as exercising their voting rights, at least two days before the meeting. If they fail to revoke the exercise of their voting rights within the time limit, their voting rights exercised in writing or electronically will be considered valid. If shareholders exercise their voting rights in writing or electronically and entrust a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy in attendance will be considered valid.

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. If one of the motions has been passed, the other motions are deemed to be rejected and no further motions are required.

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 resolutions 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.

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.

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.

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 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.

If a shareholder has exercised their voting rights in writing or electronically and has not revoked their intention, and participates in the shareholder 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.

Article14: 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.

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.

Article15: 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.

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.

When the company convenes a virtual shareholder 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 encounter difficulties in participating in the shareholder meeting via virtual conferencing.

Article16: (Public Announcement)

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 video conference platform. If the total number of shares and voting rights represented by attending shareholders is calculated during the meeting, the same disclosure should be made.

If the resolutions of a shareholders' meeting involve important information that is required by laws and regulations or the Taiwan Stock Exchange Corporation's regulations, the company should transmit the content to MOPS within the specified timeframe.

Article17: (Maintenance of Order at the Venue)

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

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 worn and presented.

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.

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.

Article 18: (Breaks, Resumption of the Meeting)

During the meeting, the chairman may announce a break at an appropriate time. In the event of an uncontrollable situation, the chairman may temporarily suspend the meeting and announce the time for resumption depending on the situation.

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.

The shareholders' meeting may, in accordance with Article 182 of the Company Act, pass a resolution to postpone or resume the meeting within 5 days.

Article 19: (Disclosure of Information in Virtual Conferences)

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.

Article 20: (Location of Chairman and Recorder in Virtual Shareholders' Meeting)

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.

Article 21: (Handling of Disconnection)

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.

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.

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' 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 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.

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 shareholder meeting date.

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.

Article 22: **(Dealing with Digital Gap)**

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. Except the regulations from Article 44-9-6 of Regulations Governing the Administration of Shareholder Services of Public Companies, shall at least provide shareholders with connecting equipment and necessary assistance, shall also state the timing of shareholders' application and other relevant notes.

Article 23: 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

1<sup>st</sup> revision was made on 1999.04.23

2<sup>nd</sup> revision was made on 2000.03.31

3<sup>rd</sup> revision was made on 2022.06.19

4<sup>th</sup> revision was made on 2008.06.11

5<sup>th</sup> revision was made on 2015.06.09

6<sup>th</sup> revision was made on 2020.06.09

7<sup>th</sup> revision was made on 2021.07.21

8<sup>th</sup> revision was made on 2023.05.30

9<sup>th</sup> revision was made on 2024.05.30

## 2. Articles of Association

### **Holy Stone Enterprise Co., Ltd. Articles of Association (Pre-amendment)**

(Before Revision, approved by the shareholder's meeting on 2023.05.30)

#### **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 General 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) months 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 Shareholder Meetings 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 eleven 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:

1. Spouse
2. 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 anytime 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 budge 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 General 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 statue or competent authority.

Article20-1: Removed.

### **Section VII-Supplementary Provisions**

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

Article22: These Articles of Association is stipulated on 1981.05.06.

1<sup>st</sup> Revision was made on 1982.03.31

2<sup>nd</sup> Revision was made on 1984.07.05

3<sup>rd</sup> Revision was made on 1987.05.11

4<sup>th</sup> Revision was made on 1988.02.23

5<sup>th</sup> Revision was made on 1988.03.14

6<sup>th</sup> Revision was made on 1990.09.10

7<sup>th</sup> Revision was made on 1995.07.06

8<sup>th</sup> Revision was made on 1997.09.09

9<sup>th</sup> Revision was made on 1997.10.02

10<sup>th</sup> Revision was made on 1998.04.08

11<sup>th</sup> Revision was made on 1999.04.23

12<sup>th</sup> Revision was made on 2000.03.31

13<sup>th</sup> Revision was made on 2001.05.15

14<sup>th</sup> Revision was made on 2001.06.19  
15<sup>th</sup> Revision was made on 2003.05.28  
16<sup>th</sup> Revision was made on 2004.05.28  
17<sup>th</sup> Revision was made on 2005.06.10  
18<sup>th</sup> Revision was made on 2006.06.09  
19<sup>th</sup> Revision was made on 2007.06.15  
20<sup>th</sup> Revision was made on 2008.06.11  
21<sup>st</sup> Revision was made on 2009.06.16  
22<sup>nd</sup> Revision was made on 2010.06.14  
23<sup>rd</sup> Revision was made on 2012.06.05  
24<sup>th</sup> Revision was made on 2014.06.11  
25<sup>th</sup> Revision was made on 2015.06.09  
26<sup>th</sup> Revision was made on 2016.06.07  
27<sup>th</sup> Revision was made on 2019.06.05  
28<sup>th</sup> Revision was made on 2020.06.09  
29<sup>th</sup> Revision was made on 2021.07.21  
30<sup>th</sup> Revision was made on 2022.05.27  
31<sup>th</sup> Revision was made on 2023.05.30

### 3. 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 March 30<sup>th</sup>, 2025, the closing date of the 2025 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					165,890,318 shares			
Legal holding of all directors in number of shares					9,953,419 shares			
Title	Name		Date Elected	Terms	Shareholdings when Elected		Current shareholdings	
					Shares	%	Shares	%
Chairman	Jing-Rong Tang		2024.5.30	3 Years	3,864,365	2.33	5,864,365	3.54
Director	Lin Tan Investment Co., Ltd.	Fang-Ming Lo	2024.5.30	3 Years	7,567,071	4.56	7,567,071	4.56
Director	Shih-Yun Shen		2024.5.30	3 Years	1,170,243	0.71	928,243	0.56
Director	Shao-Kuo Huang		2024.5.30	3 Years	1,117,149	0.67	1,117,149	0.67
Director	Tang-Ming Wu		2024.5.30	3 Years	562,845	0.34	562,845	0.34
Independent Director	Ken-Yi Cheng		2024.5.30	3 Years	-	-	-	-
Independent Director	Chu-Yang Chien		2024.5.30	3 Years	-	-	-	-
Independent Director	Jen-Wei Ko		2024.5.30	3 Years	-	-	-	-
Independent Director	Jui-Chu Li		2024.5.30	3 Years				
Total					14,281,673	8.61	16,039,673	9.67
Holding of all directors in number of shares (excluding independent directors)					14,281,673	8.61	16,039,673	9.67
Common Shares Issued					165,890,318	100.00	165,890,318	100.00

#### 4. 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 27<sup>th</sup>, 2025, the board of directors of the company passed the resolution of distributing cash dividend to shareholders of NT\$5.5 per share, totaling NT\$912,396,749. All distributions are made in cash, so there were no free share allotments in the current year.
2. In accordance to the Regulation Governing the Publication of Financial Forecasts of Public Companies, and Taiwan Stock Exchange Corporation Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts, the company is not required to disclose the financial forecast information for the year of 2025. In summary, it is not applicable.

(2) Status of acceptance of shareholders' proposal rights at the Annual Shareholders Meeting

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 acceptance period for shareholders' proposals in this shareholders' meeting are as follows:
  - 3.1 Acceptance Period: 2025.03.04~2025.03.14 5p.m.
  - 3.2 Acceptance Location: Stock Affair Office of Holy Stone Enterprise Co., Ltd.
  - 3.3 Address: No.62, Sec.2, Huanshan Rd., Neihu Dist., Taipei 114012, Taiwan R.O.C.
  - 3.4 Phone: (02)2627-0383The abovementioned period and location have been announced on the MOPS website in accordance to relevant laws and regulations.
3. During the period of acceptance of the shareholders' proposal, the company has not received any shareholders' proposal.