

Sunonwealth Electric Machine Industry Co., Ltd.
2025 General Shareholders' Meeting
Meeting Minutes

Time: 9:00 a.m. May 28, 2025 (Wednesday)

Location: 9F, No. 266, Chenggong 1st Rd., Qianjin Dist., Kaohsiung City (Room D, 9FL, Grand Hi-Lai Hotel)

Attendants: The Company has issued 273,443,669 shares. The total number of shares represented by shareholders present and by proxies is 182,750,350 shares, accounting for 66.83% of the total issued shares of the Company.

Directors present: Ching-Shen Hong, Li-Ju Chen, Ching-Liang Chen, Fu-Sheng Huang and Ling-Wen Huang.

Independent Directors present: Kuang-Chih Huang, Chi-Shan Hung, Chin-Cheng Kao and Te-Tsai Lu.

Chairman: Ching-Shen Hong, Chairman of the Board of Directors

Recorder: Yenchen Huang

- I. Call the Meeting to Order: The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.
- II. Chairman's Speech: Omitted.
- III. Report Items: (Please refer to the 2025 Shareholders' Meeting Handbook of the Company)
 - (I) The Company's 2024 Business Report.
 - (II) 2024 Audit Committee's Report.
 - (III) Report the 2024 distribution of remuneration for employees and Directors.
 - (IV) Report the status of endorsements and guarantees.
 - (V) Report the 2024 remuneration of individual Directors.
- IV. Proposed Resolutions:
 - Agenda item #1 (Proposed by the Board of Directors)
 - Agenda: The 2024 Business Report and Financial Statements are filed for resolution.
 - Description:
 - I. The Company's Financial Statements for 2024 have been audited by the CPAs Kuo-Ming Li and Ling-Wen Huang of Crowe Horwath (TW). Please refer to the attachment.
 - II. The aforementioned statements of final accounts and the Business Report have been reviewed by the Audit Committee.
 - III. Hereby be filed for resolution.

Resolution: The voting result is shown below:

The total voting rights	182,750,350	Percentage of the total shares represented
Votes in favor	171,970,203	94.10%
Votes against	12,356	0.00%
Votes abstained/did not vote	10,767,791	5.89%

The proposal was resolved and approved as submitted.

Agenda item #2 (Proposed by the Board of Directors)

Agenda: The 2024 earnings distribution proposal is filed for resolution.

Description:

- I. The Company's net profit after tax in 2024 was NT\$1,492,093,467 and total distributable earnings was NT\$2,388,402,566. The Company plans to appropriate NT\$1,011,741,575 as dividends for shareholders with NT\$3.7 per share. All dividends shall be distributed in cash (calculated to the NTD and the remaining amounts below NT\$1 will be rounded down). The sum of fractional amounts of less than NT\$1 shall be tallied and transferred to the Employee Welfare Committee.
- II. After the dividends are approved by the shareholders' meeting, the Chairman of the Board is authorized to establish the dividend record date, distribution date, and other related matters.
- III. If the number of shares outstanding is affected by changes in the Company's share capital before the dividend record date for the distribution of earnings and causes changes in the shareholders' dividend rate, the Chairman of the Board is authorized process the adjustments at his full discretion.

IV. Please refer to the table below for the earnings distribution statement

Undistributed earnings at the beginning of the period	879,322,918
Plus: After-tax net profit of 2024	1,492,093,467
Minus: Appropriation for statutory reserve	(149,506,434)
Plus: Reversal of appropriation for special earnings reserve	163,521,739
Plus: Other consolidated income (loss) (remeasurement in defined benefit plans in 2024)	2,970,876
Distributable earnings in current period	<u>2,388,402,566</u>
Minus: Distributed shareholder dividends - cash dividends of NT\$3.7 per share (Note)	<u>(1,011,741,575)</u>
Undistributed retained earnings from previous years	<u>1,376,660,991</u>

Note: Stock dividends for shareholders: 273,443,669 shares *NT\$3.7 =NT\$1,011,741,575

Chairman of the Board: Ching-Shen Hong

President: Ching-Shen Hong

Head of Accounting: William Li

V. Hereby be filed for resolution.

Resolution: The voting result is shown below:

The total voting rights	182,750,350	Percentage of the total shares represented
Votes in favor	171,958,195	94.09%
Votes against	68,364	0.03%
Votes abstained/did not vote	10,723,791	5.86%

The proposal was resolved and approved as submitted.

V. Discussion Matters:

Agenda item #1 (Proposed by the Board of Directors)

Agenda: Amendments of Articles of Incorporation.

Description:

- I. In response to business requirements, we intend to expand the company's business scope by adding the new business item.
- II. In accordance with Article 14, paragraph 6 of the Securities and Exchange Act, we intend to allocate a specific percentage for the purpose of adjusting salaries or distributing compensation to junior employees.
- III. The comparison table of Articles of Incorporation before and after amendments is provided as below:

Content	After Amendment	Before Amendment	Reason for Amendment
Article 2	The Company is engaged in the following businesses: Omitted <u>7. IG03010 Energy Technical Services</u> <u>8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u>	The Company is engaged in the following businesses: Omitted <u>7. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u>	In response to business requirements, expand the company's business scope.
Article 29	Omitted If the Company is profitable, no less than 2% (inclusive) of the profits shall be allocated as compensation to employees and no more than 5% (inclusive) of the profits should be allocated as compensation to directors. While the Company has accumulated losses, the profit	Omitted If the Company is profitable, no less than 2% (inclusive) of the profits shall be allocated as compensation to employees and no more than 5% (inclusive) of the profits should be allocated as compensation to directors. While the Company has accumulated losses, the profit	In accordance with Article 14, paragraph 6 to amend.

	<p>shall be set aside to compensate losses before distribution.</p> <p><u>If the Company is profitable, no less than 3% (inclusive) of the profits shall be allocated as compensation to junior employees. While the Company has accumulated losses, the profit shall be set aside to compensate losses before distribution.</u></p> <p>The company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding <u>two</u> paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>Omitted</p>	<p>shall be set aside to compensate losses before distribution.</p> <p>The company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</p> <p>Omitted</p>	
Article 33	<p>These Article of Incorporation were enacted on Aug 12,1980.</p> <p>Omitted</p> <p>Amended on June 9, 2023 for the thirty-one time, <u>amended on May 28, 2025 for the thirty second time.</u></p>	<p>These Article of Incorporation were enacted on Aug 12,1980.</p> <p>Omitted</p> <p>Amended on June 9, 2023 for the thirty first time.</p>	Added the amendment date.

IV. Hereby be filed for resolution.

Resolution: The voting result is shown below:

The total voting rights	182,750,350	Percentage of the total shares represented
Votes in favor	172,022,180	94.12%
Votes against	11,569	0.00%
Votes abstained/did not vote	10,716,601	5.86%

The proposal was resolved and approved as submitted.

VI. Extraordinary motions: None

VII. Meeting Adjourned: 9:15 am

No questions were raised by shareholders at this shareholders' meeting.

(The meeting minutes are prepared in accordance with Article 183 of the Company Act, recording the essential points and results of the proceedings. For detailed discussions of the shareholders' meeting, please refer to the audio or video recordings.)

Chairman of the Board of Directors: Ching-Shen Hong

Recorder: Yenchen Huang

Sunonwealth Electric Machine Industry Co., Ltd.

2024 Business Report

2024 was a year of challenges and opportunities. In an economic environment of high interest rates, slowing economic recovery, and intensified disputes between China and the United States, Sunonwealth maintained its corporate resilience, responded to the rapidly changing industrial environment with caution and flexibility, upheld its core values, and continued to pursue sustainable development and steady growth.

Over the past year, the global market still suffered from weak demand suppressed by high interest rates and inventory adjustments by end customers, which continued to impact the revenue from industrial applications, laptops, home appliances, and distribution channels. However, the rapid development of AI applications has significantly increased the demand for AI servers. On the other hand, the demand in automotive applications has continued to grow steadily due to the widespread adoption and extension of related applications. Therefore, despite the difficult environment, Sunonwealth continued to thrive and achieved outstanding results with the joint efforts of all employees.

Looking forward, geopolitical tensions, trade tariffs, and inflation continue to make the global economic outlook highly uncertain. However, key industries that have attracted high attention such as generative artificial intelligence, robotics, electric vehicles, and new energy, are expected to continue flourishing in the following years. We will continue to invest in the development and innovation in related industries, accelerate, improve, and diversify our global manufacturing footprints, and uphold the concept of sustainable development to enhance the company's long-term corporate value.

Results of Business Operations in the Previous Year

The Company's business plan achievement status in 2024 is as follows:

Comparison of the 2024 Business Plan and actual achievements

	Business Plan	Actual Results	Difference	Hit Rate	2023	Growth Rate
Quantity shipped	112.2 million units	107.0 million units	-5.1 million units	95.4%	106.8 million units	0.2%
Consolidated total revenue	NT\$13.819 billion	NT\$14.624 billion	NT\$0.805 billion	105.8%	NT\$12.915 billion	13.2%
Consolidated EPS before tax	NT\$7.02	NT\$7.25	NT\$0.23	103.3%	NT\$6.78	6.9%
Consolidated EPS after tax	NT\$5.36	NT\$5.46	NT\$0.10	101.9%	NT\$5.16	5.8%

Note: The 2024 Business Plan figure was not audited by the CPA.

In terms of the achievement rate of the Company's 2024 business plan, we have been continuously affected by the high rates to curb end-market demand and inventory adjustment at customers. The Company has faced weakening demand for industrial and medical equipment, home appliances, NB and distributors. Overall, demand has fallen by 10 to 20% across the whole year. However, as the AI trend sustains, server network-related industries grew by more than 40%, becoming the main driver supporting annual revenues. Additionally, automotive applications grew by more than 30% even given the global automotive industry declined, that was mainly due to the higher automotive electronic application driving the demand for thermal solutions. Therefore, consolidated revenues increased by 13% compared to the previous year, meeting 106% of our target profits. Benefiting from the better product mix of AI servers, improved production efficiency and the depreciation of the New Taiwan Dollar and RMB, the Company expanded gross margin along with foreign exchange income, leading to its net profits grew by 12% compared to the previous year, achieving 102% of our target. In terms of income and expenditures, net cash outflows for the parent company amounted to NT\$0.315 billion and the closing cash and cash equivalents amounted to NT\$1.858 billion. The cash flow on the consolidated financial statements showed a net cash inflow of NT\$0.648 billion and closing cash and cash equivalents of NT\$4.678 billion. The Company's funding status remains healthy. The Company invested NT\$580 million in research and development expenditures in the fiscal year and invested NT\$893 million in R&D based on the consolidated financial statements. The Company has completed high-efficiency design projects for customers in six major sectors (IT and office equipment, servers and network, industrial and medical equipment, appliances, automobiles, and LED) as well as the development of the next-generation passive heat dissipation components, liquid-cooled heat dissipation modules, and important components sufficient for meeting the demand for the future evolution heat dissipation technologies.

2025 Business Plan Overview

In response to the environmental factors of 2025, the Company has formulated the following important business plans. 1. Expand the customer base and market share of AI servers and automotive markets: The demand for efficient computing increases the demand for cooling solutions, and we will capture business opportunities. 2. Continue to invest in liquid cooling technology and provide a full range of cooling system services and products: Strengthen the competitiveness of liquid cooling and modules, expand the scope of product services, and enhance partnerships with customers. 3. Diversify product portfolio and develop new markets and new customers through strategic alliances and cooperation with brands: Seek strategic alliances with local leading brands to increase product exposure and increase market presence. 4. Improve the global manufacturing footprints to meet customers' NCNT requirements: Mitigate geopolitical risks and increase production flexibility, and reduce production costs. 5. Introduce AI for intelligent and automated production: Continue to increase the coverage of automated production and establish standardized specifications and processes to stabilize

product quality and improve operational efficiency. 6. Strengthen supply chain configuration, effectively control production schedule, and reduce inventory levels: Establish a complete inventory management system, optimize supply chain partnerships, and effectively monitor inventory liquidity. 7. Work with upstream and downstream partners to advance sustainable development goals: To implement the energy transformation plan, we continue to promote energy-saving and carbon-reduction activities and introduce ISO 14067 product carbon footprint management. 8. Resource integration, organizational adjustment, and talent retention and training program: Optimize the organization structure and provide more flexible benefits to attract, cultivate, and retain talents. After adjustments for production and sales and changes implemented in response to the market, products, customers, and sales strategy, the Company plans to ship 110 million units this year.

Future Development Strategy

As a global leading thermal solution provider, Sunonwealth provides diversified and professional thermal products and services. In the past two years, the rapid development of AI-enabled technology has driven the innovation of hardware and software equipment design in many industries and continuously powered innovation and rapid growth in the cooling solution industry. The rapid growth of AI training and large-scale computing causes high-performance processors to generate more heat during operations, which leads to the development of more efficient and energy-saving cooling solutions. Larger heat dissipation modules and liquid cooling technology have also become important heat dissipation solutions for data centers. Sunonwealth thus continues to strengthen the research, development, and innovation of existing fan product technologies, and expands key products to incorporate larger EC energy-saving cooling technology, higher-watt liquid cooling solutions, and immersion cooling. Examples include liquid cooling solutions with reservoir and pumping units (RPU) for servers in data center, rear door fan walls, sidecars, water pumps, and other key components development. We also enhanced Sunonwealth's cooling product portfolio to meet the ultra-large-scale, high-performance computing, and sustainable cooling needs of next-generation data center customers. In response to intensifying climate change, attaining net zero emissions has become an important issue in the product development of Sunonwealth's global customers. In recent years, the Company has also actively invested in large-scale energy-saving EC cooling fans to meet the demand of the industry for high-energy-consuming heating and air-conditioning, energy, and refrigeration and provide more energy-efficient cooling and ventilation products.

In terms of its global manufacturing footprints, Sunonwealth continues to expand global manufacturing capacity to multiple locations to increase the flexibility of overall production operations and reduce the risks of rising protectionism in international trade. In addition to continuing to expand the new factory in the Philippines and increasing the production capacity of this manufacturing site, the Company is also actively exploring production possibilities in other countries and closely cooperating with customer trends and changes in the global economy.

We also introduced AI intelligent automated production systems to improve operational efficiency, control product quality in each area, and reduce production costs to meet customer delivery commitments and increase market share.

Impact of the Competitive Environment, Regulatory Environment, and Overall Business Environment

Businesses face several challenges due to continuous changes in the global political and economic environment. External factors such as the continued escalation of trade disputes between China and the United States, increased geopolitical risks, global tariffs, inflation, and more rigorous ESG regulations affect businesses' cost control, supply chain stability, and market competitiveness. In recent years, Sunonwealth has actively expanded new manufacturing sites, strengthened supply chain risk management, and utilized ESG strategies to stabilize operations. We continue to expand the production capacity of the Philippines plant to meet customers' diversified production location strategies. We also worked with the supply chain to build a digital carbon inventory system to implement carbon reduction targets, enhance low-carbon transformation strategies, and jointly realize the vision of sustainable development and ESG with the supply chain to enhance overall competitiveness. In 2024, Sunonwealth obtained ISO 50001 Energy Management System Certification, demonstrating the Company's steadfast commitment to sustainable development and energy management. We actively source low-carbon materials and develop technologies with lower energy consumption to meet prevailing market demand and provide cooling solutions that comply with global regulatory requirements and satisfy customer product development.

Over the past 45 years, Sunonwealth has actively responded to changes and technological innovations, and has taken "solving the world's thermal issues" as the core for technology and service development to provide customers with cooling products that best meet market demand. By enhancing manufacturing capacity for a diverse range of industries, we increase the flexibility of business operations and build a solid foundation of cooling solution technologies. The Company will continue to strengthen resilience, cope with the uncertainties and risks of the external environment, monitor the needs of the fastest-growing industries, and achieve its vision of continuously improvement of corporate value and sustainable operations.

Lastly, I would like to thank all shareholders for their trust and support for the Company. It is your support that has made us what we are today. We shall continue to work hard, innovate, and improve, in order to create greater value for the Company and our shareholders together.

Chairman of the Board Ching-Shen Hong

President Ching-Shen Hong

Accounting Managerial Officer William Li

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2024 business report, financial statements, and earnings distribution proposal. The financial statements have been audited by Crowe Horwath (TW) CPAs and they have submitted an audit report. The Audit Committee has reviewed the business report, financial statements, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

Sunonwealth Electric Machine Industry Co., Ltd.

Chairman of the Audit Committee: Chi-Shan Hung

March 6, 2025

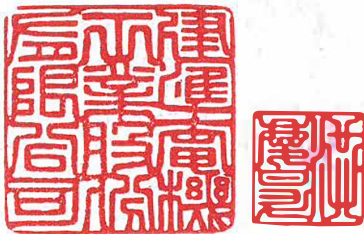
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Sunonwealth Electric Machine Industry Co., Ltd. as of and for the year ended December 31, 2024 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sunonwealth Electric Machine Industry Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Sunonwealth Electric Machine Industry Co., Ltd.

By



Ching-Shen Hong
Chairman

March 6, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunonwealth Electric Machine Industry Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Sunonwealth Electric Machine Industry Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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



Key Audit Matters

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

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

Valuation of inventory

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy of inventories, Note 5(2)G for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2024, inventory was \$2,180,914 thousand and accounted for 14.6% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included the understanding of the feature of the product and the inventory aging to confirm the appropriateness of the inventory evaluation method, testing the book value of the inventory to assess the rationality of the change in the impairment loss of the inventory, obtaining the inventory status of the Group and compare the actual write-offs of the past to assess the appropriateness of the valuation for obsolescent and damaged inventories.

Revenue recognition

Please refer to Note 4(20) to the consolidated financial statements for the accounting policy of revenue recognition, Note 5(1)B and Note 5(2)A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6 (23) for the description of revenue recognition.



Description of key audit matter:

The Group's sales revenue is easily influenced by various factors such as the industry boom and market environment, and has a significant impact on the utilization rate of the Group (the levy of idle capacity loss), inventory risk and cash flow. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition, inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date.

Other Matters

As described in Note 4(3) to the consolidated financial statements, we didn't audit the financial statements of certain subsidiaries. The financial statements of the subsidiaries were audited by the other auditors. Therefore, our opinion, insofar as it relates to the amounts and information disclosed, is solely based on the report of the other auditors. The figures as to these subsidiaries' total assets amounted to \$503,750 thousand and \$1,376,210 thousand, representing 3.36% and 10.91% of the consolidated assets, and their total liabilities amounted to \$255,170 thousand and \$460,549 thousand, representing 3.61% and 8.54% of the consolidated liabilities as of December 31, 2024 and 2023, respectively; their total revenues amounted \$653,426 thousand and \$1,231,488 thousand, representing 4.47% and 9.54% of the consolidated revenue, and their total comprehensive income amounted to (\$11,103) thousand and (\$8,642) thousand, representing both (0.67%) of the consolidated comprehensive income for the years ended December 31, 2024 and 2023, respectively. In addition, as described in Note 6(8) to the consolidated financial statements, the financial statements of investments accounted for using equity method were audited by the other auditors. The carrying value of these investments amounted to \$17,676 thousand and \$20,968 thousand, representing 0.12% and 0.17% of the consolidated assets as of December 31, 2024 and 2023, and share of profit (loss) of these associates accounted for using equity method amounted to (\$6,590) thousand and \$1,476 thousand, representing (0.33%) and 0.08% of the consolidated income before income tax for the year ended December 31, 2024 and 2023, respectively. Also, share of other comprehensive income of these associates accounted for using equity method amounted to both \$0 thousand, representing both 0% of total consolidated comprehensive income for the year ended December 31, 2024 and 2023.



We have also audited the parent company only financial statements of Sunonwealth Electric Machine Industry Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion including in the other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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



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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Li and Ling Wen Huang.

Crowe (TW) CPAs

Crowe (TW) CPAs

Kaohsiung, Taiwan (Republic of China)

March 6, 2025

Notice to Readers

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

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$4,678,438	31.2	\$4,030,886	31.9
Notes receivable, net	6(2)	5,749	-	30,090	0.2
Accounts receivable, net	6(3)	4,097,028	27.3	3,049,309	24.2
Other receivables		144,504	1.0	100,770	0.8
Current tax assets		18,624	0.1	13,151	0.1
Inventories	6(4)	2,180,914	14.6	2,052,438	16.3
Prepayments		84,871	0.6	82,655	0.7
Other financial assets - current	6(5)	228,041	1.5	216,761	1.7
Total current assets		<u>11,438,169</u>	<u>76.3</u>	<u>9,576,060</u>	<u>75.9</u>
NONCURRENT ASSETS					
Current financial assets at fair value through profit or loss - noncurrent	6(6)	173,170	1.2	-	-
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(7)	31,549	0.2	27,231	0.2
Investments accounted for using equity method	6(8)	17,676	0.1	20,968	0.2
Property, plant and equipment	6(9)	2,460,697	16.4	2,171,464	17.2
Right-of-use assets	6(10)	617,290	4.1	590,714	4.7
Investment properties, net	6(11)	84,371	0.6	84,738	0.7
Intangible assets	6(12)	53,211	0.4	23,956	0.2
Deferred income tax assets	6(29)	93,367	0.6	94,334	0.7
Refundable deposits		21,428	0.1	20,961	0.2
Other non-current assets - other		7,433	-	4,305	-
Total noncurrent assets		<u>3,560,192</u>	<u>23.7</u>	<u>3,038,671</u>	<u>24.1</u>
TOTAL ASSESTS		<u><u>\$14,998,361</u></u>	<u><u>100.0</u></u>	<u><u>\$12,614,731</u></u>	<u><u>100.0</u></u>
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(13)	\$927,601	6.2	\$457,581	3.6
Contract liabilities - current	6(23)	109,304	0.7	109,540	0.9
Notes payable		28,095	0.2	31,067	0.2
Accounts payable		3,434,772	22.9	2,737,012	21.7
Other payables	6(14)	1,152,199	7.7	942,278	7.5
Current tax liabilities		164,177	1.1	124,712	1.0
Provisions - current	6(15)	61,697	0.4	52,467	0.4
Lease liabilities - current	6(10)	82,041	0.6	82,727	0.7
Advance receipts		-	-	571	-
Current portion of long-term loans	6(17)	122,333	0.8	182,775	1.4
Total current liabilities		<u>6,082,219</u>	<u>40.6</u>	<u>4,720,730</u>	<u>37.4</u>

Liabilities and Equity	Note	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(17)	478,426	3.2	212,931	1.7
Deferred income tax liabilities	6(29)	384,761	2.5	286,730	2.3
Lease liabilities - noncurrent	6(10)	113,168	0.8	146,042	1.2
Net defined benefit liabilities - noncurrent	6(18)	18,148	0.1	28,731	0.2
Guarantee deposits		1,377	-	839	-
Total noncurrent liabilities		<u>995,880</u>	<u>6.6</u>	<u>675,273</u>	<u>5.4</u>
Total Liabilities		<u>7,078,099</u>	<u>47.2</u>	<u>5,396,003</u>	<u>42.8</u>
EQUITY					
Share capital	6(19)				
Ordinary shares		2,734,437	18.2	2,725,243	21.6
Bond conversion entitlement certificates		-	-	9,194	0.1
Capital surplus	6(20)	1,518,788	10.1	1,518,788	12.0
Retained earnings	6(21)				
Legal reserve		1,129,127	7.5	995,720	7.9
Special reserve		300,185	2.0	257,757	2.0
Unappropriated earnings		2,374,387	15.9	2,012,211	16.0
Other equity	6(22)	(136,662)	(0.9)	(300,185)	(2.4)
Total equity attributable to owners of the parent		<u>7,920,262</u>	<u>52.8</u>	<u>7,218,728</u>	<u>57.2</u>
NON-CONTROLLING INTERESTS					
Total equity		<u>7,920,262</u>	<u>52.8</u>	<u>7,218,728</u>	<u>57.2</u>
TOTAL LIABILITIES AND EQUITY		<u>\$14,998,361</u>	<u>100.0</u>	<u>\$12,614,731</u>	<u>100.0</u>

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2024		2023	
		Amount	%	Amount	%
OPERATING REVENUES	6(23)	\$14,623,817	100.0	\$12,914,685	100.0
OPERATING COSTS	6(4)	(10,467,118)	(71.6)	(9,313,327)	(72.1)
GROSS PROFIT		4,156,699	28.4	3,601,358	27.9
OPERATING EXPENSES					
Sales and marketing		(878,141)	(6.0)	(607,738)	(4.7)
General and administrative		(705,755)	(4.8)	(664,447)	(5.2)
Research and development		(892,634)	(6.1)	(799,281)	(6.2)
Expected credit gain (loss)	6(3)	(3,498)	-	483	-
Total operating expenses		(2,480,028)	(16.9)	(2,070,983)	(16.1)
INCOME FROM OPERATIONS		1,676,671	11.5	1,530,375	11.8
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(25)	132,177	0.9	95,775	0.8
Other income	6(26)	162,378	1.1	156,281	1.2
Other gains and losses	6(27)	54,415	0.4	14,676	0.1
Finance costs	6(28)	(37,317)	(0.3)	(46,995)	(0.4)
Share of loss of associates and joint ventures accounted for using equity method		(6,590)	-	1,476	-
Total non-operating income and expenses		305,063	2.1	221,213	1.7
INCOME BEFORE INCOME TAX		1,981,734	13.6	1,751,588	13.5
INCOME TAX EXPENSE	6(29)	(489,641)	(3.4)	(417,654)	(3.2)
NET INCOME		1,492,093	10.2	1,333,934	10.3
OTHER COMPREHENSIVE INCOME (LOSS)	6(30)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		3,714	-	171	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		4,206	-	5,063	-
Income tax benefit related to items that will not be reclassified subsequently		(743)	-	(34)	-
Total items that will not be reclassified subsequently to profit or loss		7,177	-	5,200	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		199,146	1.4	(59,363)	(0.4)
Income tax (expense) benefit related to items that may be reclassified subsequently to profit or loss		(39,829)	(0.3)	11,872	0.1
Total items that may be reclassified subsequently to profit or loss		159,317	1.1	(47,491)	(0.3)
Total other comprehensive loss, net of income tax		166,494	1.1	(42,291)	(0.3)
TOTAL COMPREHENSIVE INCOME		\$ 1,658,587	11.3	1,291,643	10.0
PROFIT (LOSS), ATTRIBUTABLE TO:					
Parent company owner (net profit/loss)		\$ 1,492,093	10.2	\$ 1,333,934	10.3
Non-controlling interest (net profit/loss)		-	-	-	-
		\$ 1,492,093	10.2	\$ 1,333,934	10.3
TOTAL COMPREHENSIVE PROFIT OR LOSS IS ATTRIBUTABLE TO :					
Parent company owner (comprehensive profit and loss)		\$ 1,658,587	11.3	\$ 1,291,643	10.0
Non-controlling interest (comprehensive profit and loss)		-	-	-	-
		\$ 1,658,587	11.3	\$ 1,291,643	10.0
EARNINGS PER SHARE					
Basic	6(31)	\$5.46		\$5.16	
Diluted	6(31)	\$5.45		\$5.07	

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Capital Stock						Other		Total	Non-controlling Interests	Total Equity
	Certificate of Bond		Capital Surplus	Retained Earnings			Exchange Differences on Translating foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive income			
	Ordinary Shares	Exchange Rights		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$2,509,297	\$ -	\$366,903	\$885,799	\$295,358	\$1,402,877	(\$257,757)	\$ -	\$5,202,477	\$ -	\$5,202,477
Appropriations and distributions of prior years' earnings:											
Legal reserve	-	-	-	109,921	-	(109,921)	-	-	-	-	-
Cash dividends - \$2.6 per share	-	-	-	-	-	(652,417)	-	-	(652,417)	-	(652,417)
Special reserve	-	-	-	-	(37,601)	37,601	-	-	-	-	-
Due to the issuance of convertible corporate bonds, the equity component items are recognized - stock options	-	-	1,151,885	-	-	-	-	-	1,151,885	-	1,151,885
Net income in 2023	-	-	-	-	-	1,333,934	-	-	1,333,934	-	1,333,934
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	137	(47,491)	5,063	(42,291)	-	(42,291)
Total comprehensive income in 2023	-	-	-	-	-	1,334,071	(47,491)	5,063	1,291,643	-	1,291,643
Convertible corporate bond conversion	-	225,140	-	-	-	-	-	-	225,140	-	225,140
Bond conversion entitlement certificate	215,946	(215,946)	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	2,725,243	9,194	1,518,788	995,720	257,757	2,012,211	(305,248)	5,063	7,218,728	-	7,218,728
Appropriations and distributions of prior years' earnings:											
Legal reserve	-	-	-	133,407	-	(133,407)	-	-	-	-	-
Special reserve	-	-	-	-	42,428	(42,428)	-	-	-	-	-
Cash dividends - \$3.5 per share	-	-	-	-	-	(957,053)	-	-	(957,053)	-	(957,053)
Due to the issuance of convertible corporate bonds, the equity component items are recognized - stock options	-	-	-	-	-	-	-	-	-	-	-
Net income in 2024	-	-	-	-	-	1,492,093	-	-	1,492,093	-	1,492,093
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	-	2,971	159,317	4,206	166,494	-	166,494
Total comprehensive income in 2024	-	-	-	-	-	1,495,064	159,317	4,206	1,658,587	-	1,658,587
Bond conversion entitlement certificate	9,194	(9,194)	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2024	\$2,734,437	\$ -	\$1,518,788	\$1,129,127	\$300,185	\$2,374,387	(\$145,931)	\$9,269	\$7,920,262	\$ -	\$7,920,262

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,981,734	\$ 1,751,588
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	412,906	401,759
Amortization	81,659	132,494
Expected credit loss (gain)	3,498	(483)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(12,920)	(8,229)
Interest expense	37,317	46,995
Interest income	(132,177)	(95,775)
Share of loss (gain) of associates and joint ventures accounted for using equity method	6,590	(1,476)
Loss (gain) on disposal and retirement of property, plant and equipment	10,947	4,952
Transfer of property, plant and equipment to expenses	179	2,474
Loss (gain) on disposal of other assets	(39)	29,735
Gain on disposal of investments	-	(1,806)
Other	-	14
Total adjustments to reconcile profit and loss	407,960	510,654
Net changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	-	214,172
Decrease (increase) in notes receivable	24,341	5
Decrease (increase) in accounts receivable	(1,051,379)	335,283
Decrease (increase) in other receivables	(38,073)	38,603
Decrease (increase) in inventories	(132,764)	599,615
Decrease (increase) in prepayments	(42,414)	(17,996)
Decrease (increase) in other financial assets	(11,280)	(216,761)
Total changes in operating assets	(1,251,569)	952,921
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(236)	(66,624)
Increase (decrease) in notes payable	(2,972)	(105,288)
Increase (decrease) in accounts payable	697,760	(442,276)
Increase (decrease) in other payables	155,957	(70,264)
Increase (decrease) in provisions	7,627	(1,883)
Increase (decrease) in advance receipts	(571)	571
Increase (decrease) in net defined benefit liabilities	(6,869)	(6,765)
Total changes in operating liabilities	850,696	(692,529)
Total net changes in operating assets and liabilities	(400,873)	260,392
Total adjustments	7,087	771,046

	Year Ended December 31	
	2023	2022
Cash generated from operations	\$1,988,821	\$2,522,634
Interest received	126,516	83,851
Interest paid	(36,345)	(44,409)
Income tax paid	(397,223)	(387,234)
Net cash generated from operating activities	<u>1,681,769</u>	<u>2,174,842</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income or loss	-	(22,168)
Acquisition of financial assets at fair value through profit or loss	(160,250)	-
Acquisition of investments accounted for using equity method	(2,279)	(13,819)
Acquisition of property, plant and equipment	(513,017)	(297,645)
Proceeds from disposal of property, plant and equipment	-	67
Increase in refundable deposits	(467)	(1,188)
Decrease in other receivables	-	13,229
Acquisition of intangible assets	(57,309)	(16,635)
Increase in other noncurrent assets	(11,344)	(15,909)
Net cash used in investing activities	<u>(744,666)</u>	<u>(354,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	470,020	-
Decrease in short-term loans	-	(829,935)
Issuance of corporate bonds	-	1,381,273
Proceeds from long-term loans	205,053	-
Repayment of long-term loans	-	(11,367)
Increase in guarantee deposits	538	-
Decrease in guarantee deposits	-	(2,190)
Repayments of lease principal	(129,033)	(93,750)
Cash dividends paid	(957,053)	(652,417)
Net cash generated from (used in) financing activities	<u>(410,475)</u>	<u>(208,386)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(120,924)</u>	<u>(38,839)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	647,552	1,573,549
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,030,886	2,457,337
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,678,438</u>	<u>\$ 4,030,886</u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunonwealth Electric Machine Industry Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Sunonwealth Electric Machine Industry Co., Ltd. (the "Company") as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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



Key Audit Matters

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

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2024 are stated as follows:

Valuation of inventory

Please refer to Note 4(7) to the parent company only financial statements for the accounting policy of inventories, Note 5(2)G for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2024, inventory was \$984,038 thousand and accounted for 7.8% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included the understanding of the feature of the product and the inventory aging to confirm the appropriateness of the inventory evaluation method ; testing the book value of the inventory to assess the rationality of the change in the impairment loss of the inventory, obtaining the inventory status of the Company and compare the actual write-offs of the past to assess the appropriateness of the valuation for obsolescent and damaged inventories.

Revenue recognition

Please refer to Note 4(19) to the parent company only financial statements for the accounting policy of revenue recognition, Note 5(1)B and Note 5(2)A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6(22) for the description of revenue recognition.



Description of key audit matter:

The Company's sales revenue is easily influenced by various factors such as the industry boom and market environment, and has a significant impact on the utilization rate of the Company (the levy of idle capacity loss), inventory risk and cash flow. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date.

Other Matters

We did not audit the financial statements of associates accounted for using the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements is based solely on the audit reports of other independent accountants. The balances of these associates accounted for under the equity method amounted to \$230,582 thousand and \$890,112 thousand, representing 1.83% and 8.23% of total assets as of December 31, 2024 and 2023, respectively, and share of profits from associates and joint ventures amounted to (\$27,376) thousand and (\$18,452) thousand, representing (1.46%) and (1.17%) of the income before income tax for the years ended December 31, 2024 and 2023, respectively, and shares of other comprehensive income from associates and joint ventures amounted to \$12,846 thousand and \$3,709 thousand, representing 7.72% and (8.77%) of the other comprehensive income for the year ended December 31, 2024 and 2023, respectively.



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

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

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

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

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

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

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



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

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



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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Li and Ling Wen Huang.

Crowe (TW) CPAs

Crowe (TW) CPAs

Kaohsiung, Taiwan (Republic of China)

March 6, 2025

Notice to Readers

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

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$1,857,657	14.7	\$2,172,666	20.1
Notes receivable, net	6(2)	5,749	-	18,332	0.2
Accounts receivable, net	6(3)	2,590,425	20.6	1,870,229	17.3
Accounts receivable - related parties, net	6(3), 7	928,882	7.4	805,278	7.4
Other receivables		59,257	0.5	45,124	0.4
Other receivables - related parties	7	100,707	0.8	48,414	0.4
Inventories	6(4)	984,038	7.8	844,478	7.8
Prepayments		21,434	0.2	8,453	0.1
Total current assets		<u>6,548,149</u>	<u>52.0</u>	<u>5,812,974</u>	<u>53.7</u>
NONCURRENT ASSETS					
Financial assets at fair value through profit or loss- noncurrent	6(5)	\$173,170	1.4	\$ -	-
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(6)	27,707	0.2	24,675	0.2
Investments accounted for using equity method	6(7)	4,633,660	36.8	3,813,745	35.4
Property, plant and equipment	6(8)	1,008,912	8.0	1,009,902	9.3
Right-of-use assets	6(9)	62,850	0.5	22,783	0.2
Investment properties, net	6(10)	84,371	0.7	84,738	0.8
Intangible assets	6(11)	39,545	0.3	13,895	0.1
Deferred income tax assets	6(28)	13,528	0.1	30,668	0.3
Refundable deposits		6,280	-	4,346	-
Total noncurrent assets		<u>6,050,023</u>	<u>48.0</u>	<u>5,004,752</u>	<u>46.3</u>
TOTAL ASSETS		<u><u>\$12,598,172</u></u>	<u><u>100.0</u></u>	<u><u>\$10,817,726</u></u>	<u><u>100.0</u></u>
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(12)	\$20,000	0.1	\$ -	-
Contract liabilities - current	6(22)	90,266	0.7	101,629	0.9
Notes payables		-	-	10	-
Accounts payable		902,665	7.2	774,943	7.2
Accounts payable - related parties	7	2,073,697	16.4	1,666,211	15.4
Other payables	6(13)	525,513	4.2	421,320	3.9
Other payables - related parties	6(13), 7	22,102	0.2	16,944	0.2
Current tax liabilities	6(28)	125,963	1.0	83,521	0.8
Provisions - current	6(14)	21,384	0.2	18,784	0.2
Lease liabilities - current	6(9)	15,445	0.1	12,771	0.1
Advance receipts		-	-	571	-
Current portion of long-term loans	6(16)	88,889	0.7	88,889	0.8
Total current liabilities		<u>3,885,924</u>	<u>30.8</u>	<u>3,185,593</u>	<u>29.5</u>

Liabilities and Equity	Note	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(16)	\$474,889	3.8	\$177,778	1.6
Deferred income tax liabilities	6(28)	250,906	2.0	195,556	1.8
Lease liabilities - noncurrent	6(9)	47,594	0.4	10,891	0.1
Net defined benefit liabilities - noncurrent	6(17)	18,148	0.1	28,731	0.3
Guarantee deposits		449	-	449	-
Total noncurrent liabilities		<u>791,986</u>	<u>6.3</u>	<u>413,405</u>	<u>3.8</u>
Total Liabilities		<u>4,677,910</u>	<u>37.1</u>	<u>3,598,998</u>	<u>33.3</u>
Share capital	6(18)				
Ordinary shares		2,734,437	21.7	2,725,243	25.2
Bond conversion entitlement certificates		-	-	9,194	0.1
Capital surplus	6(19)	1,518,788	12.1	1,518,788	14.0
Retained earnings	6(20)				
Legal reserve		1,129,127	9.0	995,720	9.2
Special reserve		300,185	2.4	257,757	2.4
Unappropriated earnings		2,374,387	18.8	2,012,211	18.6
Other equity	6(21)	(136,662)	(1.1)	(300,185)	(2.8)
Total Equity		<u>7,920,262</u>	<u>62.9</u>	<u>7,218,728</u>	<u>66.7</u>
TOTAL LIABILITIES AND EQUITY		<u><u>\$12,598,172</u></u>	<u><u>100.0</u></u>	<u><u>\$10,817,726</u></u>	<u><u>100.0</u></u>

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2024		2023	
		Amount	%	Amount	%
OPERATING REVENUES	6(22)	\$10,865,384	100.0	\$9,638,747	100.0
OPERATING COSTS	6(4)	(8,816,889)	(81.1)	(8,030,184)	(83.3)
GROSS PROFIT		2,048,495	18.9	1,608,563	16.7
UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIS AND ASSOCIATES		(63,158)	(0.6)	(72,864)	(0.8)
REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIS AND ASSOCIATES		72,864	0.7	93,389	1.0
OPERATING EXPENSES					
Sales and marketing		(547,914)	(5.0)	(368,026)	(3.8)
General and administrative		(375,806)	(3.5)	(331,717)	(3.4)
Research and development		(579,688)	(5.4)	(503,429)	(5.3)
Expected credit gain (loss)	6(3)	(3,488)	-	1,389	-
Total operating expenses		(1,506,896)	(13.9)	(1,201,783)	(12.5)
INCOME FROM OPERATIONS		551,305	5.1	427,305	4.4
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(24)	76,593	0.7	67,965	0.7
Other income	6(25)	374,424	3.4	207,984	2.2
Other gains and losses	6(26)	59,808	0.6	(27,883)	(0.3)
Finance costs	6(27)	(9,606)	(0.1)	(18,580)	(0.2)
Share of profits of subsidiaries, associates and joint ventures		825,434	7.6	925,489	9.6
Total non-operating income and expenses		1,326,653	12.2	1,154,975	12.0
INCOME BEFORE INCOME TAX		1,877,958	17.3	1,582,280	16.4
INCOME TAX EXPENSE	6(28)	(385,865)	(3.6)	(248,346)	(2.6)
NET INCOME		1,492,093	13.7	1,333,934	13.8
OTHER COMPREHENSIVE INCOME (LOSS)	6(29)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		3,714	0.1	171	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		3,032	-	4,675	0.1
Share of other comprehensive loss of subsidiaries, associates and joint ventures		1,174	-	388	-
Income tax benefit related to items that will not be reclassified subsequently		(743)	-	(34)	-
Total items that will not be reclassified subsequently to profit or loss		7,177	0.1	5,200	0.1
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of subsidiaries, associates and joint ventures		199,146	1.8	(59,363)	(0.6)
Income tax benefit related to items that may be reclassified subsequently to profit or loss		(39,829)	(0.4)	11,872	0.1
Total items that may be reclassified subsequently to profit or loss		159,317	1.4	(47,491)	(0.5)
Total other comprehensive loss, net of income tax		166,494	1.5	(42,291)	(0.4)
TOTAL COMPREHENSIVE INCOME		1,658,587	15.2	1,291,643	13.4
EARNINGS PER SHARE					
Basic	6(30)	\$5.46		\$5.16	
Diluted	6(30)	\$5.45		\$5.07	

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Others Equity		Total Equity
	Ordinary Shares	Certificate of Bond		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive income	
		Exchange Rights	Capital Surplus						
BALANCE AT JANUARY 1, 2023	\$ 2,509,297	\$ -	\$ 366,903	\$885,799	\$295,358	\$1,402,877	\$ (257,757)	\$ -	\$ 5,202,477
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	-	109,921	-	(109,921)	-	-	-
Cash dividends - \$2.6 per share	-	-	-	-	-	(652,417)	-	-	(652,417)
Special reserve	-	-	-	-	(37,601)	37,601	-	-	-
Due to the issuance of convertible corporate bonds	-	-	1,151,885	-	-	-	-	-	1,151,885
, the equity component items are recognized - stock options									
Net income in 2023	-	-	-	-	-	1,333,934	-	-	1,333,934
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	137	(47,491)	5,063	(42,291)
Total comprehensive income in 2023	-	-	-	-	-	1,334,071	(47,491)	5,063	1,291,643
Convertible corporate bond conversion	-	225,140	-	-	-	-	-	-	225,140
Bond conversion entitlement certificate	215,946	(215,946)	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	2,725,243	9,194	1,518,788	995,720	257,757	2,012,211	(305,248)	5,063	7,218,728
Appropriations and distributions of prior years' earnings:									
Legal reserve	-	-	-	133,407	-	(133,407)	-	-	-
Special reserve	-	-	-	-	42,428	(42,428)	-	-	-
Cash dividends - \$3.5 per share	-	-	-	-	-	(957,053)	-	-	(957,053)
Net income in 2024	-	-	-	-	-	1,492,093	-	-	1,492,093
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	-	2,971	159,317	4,206	166,494
Total comprehensive income in 2024	-	-	-	-	-	1,495,064	159,317	4,206	1,658,587
Bond conversion entitlement certificate	9,194	(9,194)	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2024	\$ 2,734,437	\$ -	\$ 1,518,788	\$ 1,129,127	\$ 300,185	\$ 2,374,387	\$ (145,931)	\$ 9,269	\$ 7,920,262

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,877,958	\$ 1,582,280
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	57,863	61,512
Amortization expense	25,684	14,422
Expected credit loss (gain)	3,488	(1,389)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(12,920)	(8,406)
Interest expense	9,606	18,580
Interest income	(76,593)	(67,965)
Share of profits of subsidiaries, associates and joint ventures	(825,434)	(925,489)
Loss (gain) on disposal and retirement of property, plant and equipment	(2,496)	(496)
Unrealized gross profit on sales to subsidiaries and associates	63,158	72,864
Realized gross profit on sales to subsidiaries and associates	(72,864)	(93,389)
Other	4,171	40,425
Total adjustments to reconcile profit and loss	(826,337)	(889,331)
Net changes in operating assets and liabilities		
Decrease (increase) in notes receivable	12,583	5,015
Decrease (increase) in accounts receivable	(723,684)	498,742
Decrease (increase) in accounts receivable - related parties	(123,604)	376,903
Decrease (increase) in other receivables	(18,179)	(3,128)
Decrease (increase) in other receivables - related parties	(52,293)	(1,740)
Decrease (increase) in inventories	(139,560)	80,602
Decrease (increase) in prepayments	(12,981)	3,946
Total changes in operating assets	(1,057,718)	960,340
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(11,363)	(29,572)
Increase (decrease) in notes payable	(10)	10
Increase (decrease) in accounts payable	127,722	(136,046)
Increase (decrease) in accounts payable - related parties	407,486	437,674
Increase (decrease) in other payables	102,110	60,962
Increase (decrease) in other payables - related parties	5,158	(9,635)
Increase (decrease) in provisions	2,600	905
Increase (decrease) in advance receipts	(571)	571
Increase (decrease) in net defined benefit liabilities	(6,869)	(6,765)
Total changes in operating liabilities	626,263	318,104
Total net changes in operating assets and liabilities	(431,455)	1,278,444
Total adjustments	(1,257,792)	389,113

	Year Ended December 31	
	2024	2023
Cash generated from operations	\$620,166	\$1,971,393
Interest received	80,639	62,279
Dividends received	777,539	386,977
Interest paid	(9,414)	(14,963)
Income tax paid	(311,505)	(265,930)
Net cash generated from operating activities	<u>1,157,425</u>	<u>2,139,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income or loss	-	(20,000)
Acquisition of financial assets at fair value through profit or loss	(160,250)	-
Acquisition of investments accounted for using equity method	(646,850)	(217,215)
Proceeds from capital reduction of investments accounted for using equity method	81,269	61,820
Acquisition of property, plant and equipment	(48,059)	(13,094)
Proceeds from disposal of property, plant and equipment	7,980	280
Increase in refundable deposits	(1,934)	(641)
Acquisition of intangible assets	(50,510)	(12,011)
Net cash used in investing activities	<u>(818,354)</u>	<u>(200,861)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	20,000	-
Decrease in short-term loans	-	(795,000)
Issuance of corporate bonds	-	1,381,273
Proceeds from long-term borrowings	386,000	-
Repayment of long-term borrowings	(88,889)	(88,889)
Increase in guarantee deposits	-	22
Repayments of lease principal	(14,138)	(11,811)
Cash dividends paid	(957,053)	(652,417)
Net cash generated from (used in) financing activities	<u>(654,080)</u>	<u>(166,822)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(315,009)	1,772,073
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,172,666	400,593
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,857,657</u>	<u>\$ 2,172,666</u>

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

Sunonwealth Electric Machine Industry CO., LTD.

Articles of Incorporation (Amended Version)

SECTION I: General Principals

- Article 1. The Company is called 建準電機工業股份有限公司 and is registered as a company limited by shares according to the ROC Company Act. The English name of the Company is 「 SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD 」 .
- Article 2. The Company is engaged in the following businesses:
01. CC01080 Electronic Parts and Components Manufacturing
 02. CC01990 Electrical Machinery, Supplies Manufacturing
 03. CB01010 Machinery and Equipment Manufacturing
 04. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
 05. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
 06. F401010 International Trade
 07. IG03010 Energy Technical Services
 08. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company's headquarter is located in Kaohsiung city, Taiwan and may set up domestic or foreign branches, offices or business establishments as resolved by the Board of Directors, if necessary.
- Article 4. Public announcements by the Company are to be made following Article 28 of Company Act.
- Article 5. The total amount of the Company's reinvestment shall not be subject to the restriction of not exceeding 40% of its paid-in capital, and the Company may act as a guarantor.

SECTION II: Shares

- Article 6. The total capital amount of the Company shall be five billion New Taiwan Dollars (NT\$5,000,000,000), divided into five hundred million (500,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be issued separately according to the resolution of the Board of Directors.

An additional NT\$700 million shall be reserved in the authorized capital in the preceding paragraph for the issuance of employee stock options issuable in 70 million shares of NT\$10 per share. The Board of Directors is authorized to issue shares in installments.

Article 6-1.

The Company may transfer shares at prices lower than the average repurchase prices to employees or issue employee stock options with a subscription price lower than the closing price of common shares on the issuance date with the approval of two-thirds of all shareholders in the most recent shareholders' meeting attended by at least one-half of all shareholders of outstanding shares.

Article 6-2.

When the Company issues new shares, the employees eligible for share subscription shall include employees of subsidiaries of the Company that meet certain conditions, which are to be prescribed by the Board of Directors.

The recipients of new restricted employee shares issued by the Company include employees of subsidiaries of the Company that meet certain conditions. The conditions and methods of distribution are to be prescribed by the Board of Directors.

Article 7.

The Company's stocks shall be registered. Share certificates shall be affixed with the signatures or personal seals of the director representing the Company and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof.

The Company may issue shares without printing share certificate(s), but shall have the shares registered with the Taiwan Depository & Clearing Corporation.

Article 8.

A shareholder shall for record purposes provide to the Company his official name. It shall state the official name and registered address of each shareholder and (or) the proxy of the shareholder in the roster of shareholder. Where there are several persons owning the same share or shares, such co-owners shall select one of them for the exercise of their shareholders rights.

Article 9.

Unless otherwise required by the laws and the Securities and Exchange Act, the shareholder services including transferring of share ownership, creation of pledge, removal of pledge, reporting of loss, inheritance, gift, change of basic shareholder information, etc. shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by competent authority

Article 10.

A company shall not handle any requests for transfers of shares within 60 days prior to the shareholders meeting, 30 days prior to the special shareholders meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.

SECTION III: General Shareholders' Meeting

Article 11.

Shareholders' meetings include regular meetings and extraordinary meetings. Regular meetings are convened once a year, and usually within six months of the end of each fiscal year. The regular meeting requires a 30-day advance notice from the Board of Directors. Where necessary, extraordinary meetings may be convened with a notice to shareholders 15 days in advance according to the law.

The shareholders' meeting of the Company may be held by means of visual communication network or other methods announced by the central competent authority.

Article 12.

Any shareholder, who for any reason is unable to attend general shareholders' meetings, may execute a proxy printed by the Company, in which the authorized matters shall be expressly stated, to authorize a proxy to attend the meeting for him/her.

Article 13.

Shareholders' meeting shall be convened by the Board of Directors and, be presided over by the Chairman of the Board of Directors; in case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the Chairman of the Board of Directors shall designate a director to act as the chairman; if no such designation, the directors shall elect one from among themselves.

Article 14.

Except in the circumstances otherwise provided under the Article 179 of the Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 15.

Unless otherwise required by the Company Act, shareholders' resolutions shall be adopted by at least half of the votes of the shareholders present at a general shareholders' meeting who hold at least half of all issued and outstanding shares of the Company.

Article 16.

Shareholder meeting minutes made for the purpose of recording all proceedings and resolutions at meetings of the holders of any class of Shares should be signed by respective chairpersons and dispatched within 20 days from the date the meetings concluded to all of the Shareholders for the time being entitled to receive notice of and to attend and vote at the meetings. Minutes shall also specify the place, the day and the hour of the meeting and name of the chairperson and are to be kept in the Company along with relevant Shareholder sign-in records and instruments of proxies. The attendance list bearing the signatures of the shareholders present at the shareholders meeting and the powers of attorney of the proxies shall be kept for a period of at least one year.

SECTION IV: Director

Article 17.

The Company shall have seven to nine Directors. The election of Directors is held by nomination in accordance with Article 192-1 of the Company Act, and the shareholders shall vote on the list of candidates. They shall serve three-year terms and they may be reelected. The

total number of registered shares of the Company held by all Directors shall meet requirements in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.

The number of Independent Directors among the Directors specified above shall be no less than three and no less than one fifth of the total number of Directors. Independent Directors shall be elected from among the nominees in the shareholders' meeting. Independent Directors may not serve for more than three consecutive terms. With respect to professional qualifications, shareholdings, restrictions on taking part-time jobs, independence, nomination, and other compliance-related requirements for independent supervisors, the Company shall follow the relevant regulations announced by the competent authority in charge of the securities industry.

The monthly salaries and transportation allowances for Directors of the Company shall be determined in accordance with prevailing rates in the industry.

The Company shall purchase liability insurance for all Directors in their tenure, and therefore insure itself against liabilities incurred by the directors over the course of service.

- Article 18. Tenure of incumbent Directors and Supervisor may be extended until such date new Directors and new Supervisor are appointed if shareholder general meeting to elect new Directors and new Supervisor, for any reason, is not convened in time.
- Article 19. The Board of Directors is formed by the Directors. The Chairman shall be elected by a majority voting of the Directors present at a meeting of its Board of Directors attended by two-thirds or more of the Directors of the Company. The Board of Directors may elect one person to serve as the Vice Chairman in the same manner. The Chairman shall execute all matters of the Company in accordance with laws, regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting and the Board of Directors.
- Article 20. By-elections shall be convened for the purpose of filling vacant seats in the board of Directors if any such vacancy arises prior to expiration of the designated 3-year tenure. Appointment through by-election shall not carry tenure beyond the original expiration date of the vacant position for which the by-election is held.
- Article 21. The meeting of the Board of Directors shall be held once every quarter; special meeting of the Board of Directors may be held when Chairman deems necessary or requested by two (2) or more Board members. Unless otherwise stipulated in the Company Act, board meetings shall be called and chaired by the Chairman of the Company. When the Chairman cannot exercise his power and authority, the act on his behalf shall be in according with the provisions of Article 192-1 of the Company Act.
- In convening a meeting of the Board of Directors, a notice indicated the purpose(s) for convening the meeting shall be given to each director no later than 7 days prior to the

scheduled meeting date in writing or via e-mail or fax. However, in the case of urgency, the meeting may be convened at any time.

Article 22. Unless otherwise required by the Company Act, shareholders' resolutions shall be adopted by at least half of the votes of the shareholders present at a general shareholders' meeting who hold at least half of all issued and outstanding shares of the Company. A director may execute a proxy to appoint another director to attend the Board of Directors meeting and to exercise his/her voting right, but a director can accept only one proxy. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 23. Board meeting minutes made for the purpose of recording all proceedings and resolutions at meetings of the Directors should be signed by the chairman and dispatched within 20 days from the date the meetings concluded to all of the Directors. Minutes shall be kept in the Company along with relevant Director sign-in records and instruments of proxies.

Article 24. The Company shall set forth the Audit Committee, which comprises of all the independent directors, in accordance with the Securities and Exchange Act. One of the independent directors shall be the convener, and at least one of whom shall have accounting or financial expertise.

After the establishment of the Audit Committee, the Audit Committee shall be responsible for performing the power of supervisors as provided in the Company Act, the Securities and Exchange Act, the Articles of Incorporation and the internal rules of the Company and the relevant laws and regulations.

The resolution of the Audit Committee shall be made at the meeting in which a majority of the independent directors shall vote in favor of the resolution.

When holding a meeting of the board of directors, the company may invite personnel of relevant departments to attend the meeting as nonvoting participants.

Article 25.

SECTION V: Manager

Article 26. The Company may have managers whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Article 27. (Deleted)

SECTION VI: ACCOUNTING

Article 28. At the end of each fiscal year, the Board of Directors shall prepare financial and accounting books in accordance with the ROC Company Act and submit them according to law to the ordinary general shareholders' meeting for approval.

1. the business report;
2. the financial statements; and
3. the surplus earning distribution or loss off-setting proposals.

Article 29. The company operates the business of electronic components industry and it is currently at the growth stage of the industry life cycle. Research, development and increasing production capacity are the key to competitive capability and sustainable operation. Based on the factors including capital required for operation and stable dividends distribution, the Company adopts Residual Dividend Policy with fixed dividends. If the Company is profitable, no less than 2% (inclusive) of the profits shall be allocated as compensation to employees and no more than 5% (inclusive) or less of the profits should be allocated as compensation to directors. While the Company has accumulated losses, the profit shall be set aside to compensate losses before distribution.

If the Company is profitable, no less than 3% (inclusive) of the profits shall be allocated as compensation to junior employees. While the Company has accumulated losses, the profit shall be set aside to compensate losses before distribution.

The company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash.

At each fiscal year-end, the Company should allocate as legal surplus ten percent (10%) of earnings that are net of tax payment and net of adjustments for any losses from prior years. Total of earnings balance from current fiscal year and undistributed earnings from previous years is considered earnings available for distribution. Proposal of earnings distribution shall be presented in board meetings and resolved in shareholder general meetings.

In the case of dividends distribution by the Company, the Board of Directors may refer to the operational and capital expenditure requirements to draw a proposal of appropriate proportions of cash and stock dividends, and such proposal shall be submitted to the shareholders' meeting for approval. Stock dividend provided that the cash dividends shall not be less than 20% of the total dividends.

SECTION VII: Appendix

Article 30. The internal organization of the Company and the detailed procedures of business operation

shall be determined by the Board of Directors.

- Article 31. In regard to all matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.
- Article 32. Terms of these articles of incorporation have been fully ratified, confirmed, and approved by shareholder general meeting and filed with authority for adoption. Any future amendment to the terms of these articles shall be approved by shareholder general meeting and file with authority for adoption.
- Article 33. These Article of Incorporation were enacted on Aug 12,1980 and amended on Sep. 26, 1980 for the first time, on May 25, 1983 for the second time, on Sep. 1,1986 for the third time, on Oct. 5,1988 for the fourth time, on Mar. 7,1989 for the fifth time, on Mar. 23,1989 for the sixth time, on Oct. 1,1989 for the seventh time, on Mar. 1,1991 for the eighth time, on June 23,1981 for the ninth time, on June 19,1983 for the tenth time, on Aug. 20,1994 for the eleventh time, on June 16,1995 for the twelfth time, on May 30,1996 for the thirteenth time, on Apr 3,1997 for the fourteenth time, and on May 14, 1999 for the fifteenth time, on May 26, 2000 for the sixteenth time, on May 28,2002 for the seventeenth time, on June 3,2003 for the eighteenth time, on June 27,2005 for the nineteenth time, on June 16,2006 for the twentieth time, on June 22,2007 for the twenty-first time, on June 19,2008 for the twenty-second time, on May 27,2009 for the twenty-third time, on June 9,2010 for the twenty-fourth time, on May 25,2012 for the twenty-fifth time, on June 4,2014 for the twenty-sixth time, on June 9,2015 for the twenty-seventh time, on June 3,2016 for the twenty-eighth time, on June 19,2019 for the twenty-ninth time, on Jul. 1, 2021 for the thirty time, on June 9, 2023 for the thirty-one time, on May 28, 2025 for the thirty-two time.