

LOTES CO., LTD

General Meeting of Shareholders, 2026 Agenda Handbook

June 12, 2026

**No. 59, Wuxun St., Anle Dist., Keelung City
(Dawulun (with Ruifang) Industrial Park Service Center)**

Meeting Method: Physical Meeting

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

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Lotes Co., Ltd.

Procedure for the 2026 Annual Meeting of Shareholders

- 1. Report on the Number of Shares Represented
at the Meeting**
- 2. Call the Meeting to Order**
- 3. Chairman Remarks**
- 4. Company Reports**
- 5. Ratifications**
- 6. Discussion**
- 7. Extempore Motions**
- 8. Adjournment**

Lotes Co., Ltd.

Year 2026

Agenda of Annual Meeting of Shareholders

Meeting Method: Physical meeting

Time: 9:00 AM, June 12 (Friday), 2026

Place: No. 59, Wuxun St., Anle Dist., Keelung City (Dawulun (with Ruifang) Industrial Park Service Center)

Chairman: CHU, TE-HSIANG, Chairman

1. Report on the Number of Shares Represented at the Meeting
2. Call the Meeting to Order
3. Chairman Remarks
4. Company Reports
 - (1) 2025 Business Report
 - (2) Audit Committee's Review Report on the 2025 Financial Statements
 - (3) 2025 Distribution of Compensation to Employees and Directors
5. Ratifications
 - (1) Adoption of the 2025 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2025 Profits
6. Discussion
 - (1) Amendment to the "Procedures for Acquisition or Disposal of Assets"
7. Extempore Motions
8. Adjournment

Company Reports

Report No. 1

2025 Business Report

Explanation:

The 2025 Business Report is attached as pp.6-8, Attachment 1.

Report No. 2

Audit Committee's Review Report on the 2025 Financial Statements

Explanation:

The Audit Committee's Review Report on the 2025 Financial Statements is attached as p.9, Attachment 2.

Report No. 3

2025 Distribution of Compensation to Employees and Directors

Explanation:

1. This proposal is handled in accordance with Article 19 of the Company's Articles of Incorporation.
2. For the year 2025, the Company has appropriated NT\$191,000,000 as compensation to employees and NT\$8,000,000 as compensation to directors. Of the employee compensation, NT\$38,200,000 (representing 20% of the total employee compensation) is allocated to non-executive employees, and the full amount will be distributed in cash.
3. This proposal was approved by the Board of Directors on March 11, 2026.

Ratifications

1

Proposed by the Board

Proposal:

Adoption of the 2025 Business Report and Financial Statements

Explanation:

1. The Company's 2025 financial statements and consolidated financial statements have been audited and signed by LI, FENG-HUI and HSIAO, YA-WEN from KPMG Taiwan. The business report was approved by the Company's board on March 11, 2026.
2. The above financial and business reports have been reviewed and approved by the Audit Committee.
3. The 2025 Business Report is attached as pp.6-8, Attachment 1; the Independent Auditors' Report and Financial Statements are attached as pp.10-27, Attachment 3.
4. Please proceed to ratify.

Resolution:

2

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2025 Profits

Explanation:

1. This proposal is handled in accordance with Article 228 of the Company Act and Article 19-1 of the Company's Articles of Incorporation.
2. The Company's 2025 earnings distribution proposal is to appropriate NT\$3,927,788,235, with a cash dividend of NT\$35 per common share.
3. The Earnings Distribution Table is attached as p.28, Attachment 4.
4. This proposal has been reviewed by the Audit Committee and approved by the Board of Directors.
5. Upon approval by the Annual Meeting of Shareholders, the Board of Directors is authorized to determine the record date for dividend distribution and other related matters. Cash dividends shall be calculated to the nearest NT dollar, with fractional amounts less than NT\$1 discarded and transferred to the Company's other income.
6. In the event that the number of outstanding shares is affected by subsequent changes such as treasury stock transfer or cancellation, resulting in a change in the dividend distribution ratio requiring adjustment, the Chairman is authorized to handle such matters at full discretion.

Resolution:

Discussion

1

Proposed by the Board

Amendment to the “Procedures for Acquisition or Disposal of Assets”

Explanation:

1. In accordance with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies as promulgated by the Financial Supervisory Commission under Letter No. Jin-Guan-Zheng-Fa-1140383333 dated July 24, 2025, and in response to operational needs, it is proposed to revise certain provisions of the Company’s “Procedures for Acquisition or Disposal of Assets.”
2. The Comparison Table of “Procedures for Acquisition or Disposal of Assets” is attached as pp.29-32, Attachment 5.

Resolution:

Extempore Motions

Adjournment

【Attachment 1】

Lotes Co., Ltd.
2025 Business Report

A. Operating Results for 2025

1. Overview of Operations

The Company's consolidated operating revenue for 2025 amounted to NT\$33,783 million, representing an increase of 12.3% from NT\$30,089 million in 2024. The revenue scale continued to expand, maintaining strong growth momentum. In the same year, net profit attributable to owners of the Company after tax was NT\$7,866 million, a decrease of 15.2% from NT\$9,277 million in 2024. Earnings per share (EPS) were NT\$70.17, down 15.2% from NT\$82.77 in the prior year.

Overall, while revenue continued to grow and reached new highs, profitability declined compared to the previous year, primarily due to the impact of exchange rate fluctuations. As the Company primarily conducts transactions and collects payments in U.S. dollars, an appreciation of the New Taiwan Dollar results in a reduction in translated revenue when converted into NT dollars, and exchange gains or losses arising from currency fluctuations further affect profitability for the period.

Looking ahead, the Company will continue to focus on high-growth application areas, including servers, AI-related connectivity solutions, and high-speed transmission products. Through optimizing the product mix, increasing the penetration of high-end products, and strengthening customer relationships, the Company aims to continuously enhance its core competitiveness and profitability foundation. In addition, regarding exchange rate risk management, the Company will closely monitor global economic conditions and foreign exchange market movements. Based on its foreign currency positions, funding needs, and risk exposure, the Company will prudently adopt natural hedging strategies and, where necessary, appropriate foreign exchange hedging measures. These will be complemented by integrated planning of pricing strategies, procurement management, and capital allocation to mitigate the impact of exchange rate fluctuations on revenue and profitability. At the same time, the Company will continue to strengthen cost control and operational efficiency, respond prudently to external environmental changes, and strive to enhance overall operating performance to create long-term value for shareholders.

2. Implementation Results of Business Plan and Profitability Analysis

(1) Implementation Results of Business Plan

Unit: NT\$ thousand

Item	2025	2024	Difference	%
Operating Revenue	33,783,411	30,088,992	3,694,419	12.28%
Operating Costs	16,449,732	14,319,522	2,130,210	14.88%
Gross Profit	17,333,679	15,769,470	1,564,209	9.92%
Net Profit Attributable to the Company (After Tax)	7,865,999	9,276,952	-1,410,953	-15.21%

(2) Financial Position and Profitability Analysis

Item			2025	2024
Profitability (%)	Return on Assets		15.73	21.20
	Return on Equity		21.14	29.10
	Ratio to Paid-in Capital	Operating Income	919.21	910.35
		Profit Before Tax	905.57	1054.68
	Net Profit Margin		23.28	30.83
	Earnings Per Share (After Tax)		70.17	82.77

(3) Research and Development Status

To continuously provide customers with high-quality and high-precision products, the Company has long invested in the development of design, manufacturing processes, quality control, and testing capabilities. It continues to advance toward technologies featuring fine pitch, high density, and high-speed transmission, in order to meet the growing demand for high-frequency, high-speed, and highly reliable interconnect solutions driven by server/AI and high-performance computing applications.

In recent years, the Company's R&D focus has centered on high-speed transmission connectors and cables, QD-related products, and innovative interconnect solutions for AI server applications. Through co-development, certification, and mass production introduction mechanisms with international customers, the Company accelerates the transition of new products from design to large-scale production.

At the same time, for certain new products that may initially experience relatively lower gross margins due to process ramp-up or limited

production scale, the Company will improve cost structures through product mix optimization, enhancement of manufacturing efficiency, and economies of scale, thereby maintaining stable overall profitability.

B. Business Plan and Outlook for 2026

1. Business Plan

(1) Operating Strategies

- a. Deepen presence in core markets, including Europe, the United States, Mainland China, and Taiwan, and strengthen local business connections. Meanwhile, flexibly allocate production capacity between Mainland China and Vietnam to optimize resource utilization and respond agilely to changes in global market demand.
- b. Strengthen the R&D team, continuously develop new products, and enhance technological capabilities to build core competitive advantages.
- c. Integrate group resources to improve production and management capabilities, reduce production costs, and enhance operational efficiency.

(2) Key Production and Sales Policies

- a. Strengthen customer relationship management to enhance competitive efficiency and maintain close cooperation with leading international enterprises.
- b. Adopt a customer-oriented approach by closely aligning with market leaders and providing diversified product services.
- c. Enhance factory management efficiency and optimize the division of labor among domestic and overseas plants, while strengthening inventory management capabilities to effectively control production costs and improve the production and sales system.

2. Future Outlook

Looking ahead, the Company will continue to face a highly competitive market and a variable economic environment. However, besides striving to strengthen close cooperative relationships with customers, the Company will also continue to improve and develop existing products and adopt a diversified strategy. By maintaining good cooperation with top international manufacturers, we aim to enhance market sensitivity, fully grasp new product development trends, and research and develop niche products. This approach is intended to enhance the Company's competitive advantage in the industry and successfully achieve our operational goals, thereby continuing to create maximum value for shareholders.

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

【Attachment 2】

Lotes Co., Ltd. **Audit Committee Review Report**

The board of directors has submitted the Company's 2025 business report, annual financial statements, and profit distribution proposal. The financial statements have been audited and completed by certified public accountants, LI, FENG-HUI and HSIAO, Ya-Wen from KPMG Taiwan, who have issued an audit report. The aforementioned business report, financial statements, and profit distribution table have been reviewed by the Audit Committee, and no discrepancies were found. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have prepared this report and kindly request your review.

Yours sincerely,

The 2026 Shareholders' Annual Meeting of Lotes Co., Ltd.

Lotes Co., Ltd.

Convener of the Audit Committee: Wu, Chang -Hsiu

【Attachment 3】

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Lotes Co., Ltd. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, 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.

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, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our judgment, should be communicated in the audit report are as follows:

1. Revenue Recognition

For the accounting policies on revenue recognition, please refer to Note IV (16) to the consolidated financial statements; for the description of refund liabilities, please refer to Note VI (16); and for the disclosure of revenue, please refer to Note VI (24).

Description of Key Audit Matter:

Operating revenue is the most critical factor in determining the operating performance of the Group of significant concern to users of the financial statements. In addition, certain sales transactions involve sales discounts granted to customers in response to market conditions and business needs. Management estimates refund liabilities based on agreements with customers and records them as a deduction from operating revenue. Accordingly, testing of revenue recognition is one of the key areas of focus in our audit of the Group's financial statements.

Audit Procedures Performed:

Our principal audit procedures included understanding and testing the design and operating effectiveness of internal controls related to sales transactions; performing cut-off testing by sampling sales transactions occurring near the balance sheet date and examining supporting external documentation to assess the appropriateness of the timing of revenue recognition; obtaining management's methodology for estimating refund liabilities and evaluating whether such estimates are based on contractual terms with customers; and assessing the reasonableness of refund liability estimates by comparing them with subsequent actual results.

2. Inventory Valuation

For the accounting policies on inventory valuation, please refer to Note IV (8) to the consolidated financial statements; for the uncertainty in accounting estimates and assumptions related to inventory valuation, please refer to Note V; and for information on inventory write-downs, please refer to Note VI (4).

Description of Key Audit Matter:

Due to rapid changes in market demand and advancements in production technology, existing products may face risks of obsolescence or reduced market demand. Certain inventories may become slow-moving or subject to declines in market prices. Therefore, testing of inventory valuation is one of the key areas of focus in our audit of the Group's financial statements.

Audit Procedures Performed:

Our principal audit procedures included understanding the basis and methodology used by management in assessing the net realizable value of inventories; reviewing and recalculating the data used by management in its assessment, including testing estimated selling prices against the most recent sales records; examining the accuracy of inventory aging reports; and analyzing changes in inventory aging over different periods to evaluate the appropriateness of inventory write-downs.

Other Matter

We have also audited the parent company only financial statements of Lotes Co., Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 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 Lee, Feng-Hui and Hsiao, Ya-Wen.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' audit 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' audit report and consolidated financial statements shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Lotes Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NT\$ thousands

Assets		Dec. 31, 2025		Dec. 31, 2024		Liabilities and equity		Dec. 31, 2025		Dec. 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI (1) and (27))	\$ 12,499,891	25	18,658,882	37	2100	Short-term loans (Note VI (13), (27), (30) VIII and IX)	\$ 225,010	-	3,765,000	7
1110	Current financial assets at fair value through profit or loss (Note VI (2), (14) and (27))	1,028,962	2	190,867	-	2130	Current contract liabilities (Note VI (24))	26,435	-	29,134	-
1150	Notes receivable, net (Note VI (3) and (27))	880,787	2	693,156	1	2150	Notes payable (Note VI (27))	8,742	-	6,761	-
1170	Accounts receivables , net (Note VI (3) and (27))	13,301,285	26	11,945,095	24	2170	Accounts payable (Note VI (27))	3,669,225	7	2,834,594	6
1200	Other receivables (Note VI (3) and (27))	668,373	1	658,417	1	2180	Accounts payable – related parties (Note VI (27) and VII)	-	-	268	-
1220	Current tax assets (Note VI (20))	21,753	-	1,094	-	2200	Other payables (Note VI (27))	2,792,129	6	2,592,146	5
130X	Inventories (Note VI (4))	4,374,928	9	3,418,496	7	2220	Other payables – related parties (Note VI (27) and VII)	2,645	-	-	-
1410	Advance payment	364,426	1	190,548	-	2230	Current tax liabilities f (Note VI (20))	1,115,886	2	1,227,751	2
1476	Other current financial assets (Note VI (12) and (8))	89,934	-	1,560	-	2280	Current lease liabilities (Note VI (15), (27), (30) and VII)	156,265	-	136,656	-
1479	Other current assets	3,830	-	3,622	-	2365	Current refund liabilities (Note VI (16))	626,736	1	548,478	1
		33,234,169	66	35,761,737	70	2300	Other current liabilities	381,851	1	41,186	-
								9,004,924	17	11,181,974	21
Non-current assets:						Non-current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (Note VI (2), (14) and (27))	247,232	-	230,008	1	2530	Bonds payable (Note VI (14), (27) and (30))	294,278	1	288,665	1
1517	Non-current financial assets at fair value through other comprehensive income (Note VI (2) and (27))	281,100	1	186,472	-	2550	Non-current provisions (Note VI (17) and (19))	107,206	-	73,097	-
1550	Investments accounted for using the equity method (Note VI (5))	181,094	-	153,048	-	2560	Income tax liabilities for the period – non-current (Note VI (20))	6,289	-	-	-
1600	Property, plant and equipment (Note VI (8) and VIII)	13,429,301	27	10,990,051	22	2570	Deferred tax liabilities (Note VI (20))	225,995	1	269,524	1
1755	Right-of-use assets (Note VI (9))	1,424,273	3	1,228,926	3	2580	Lease liabilities - non-current (Note VI (15), (27), (30) and VII)	358,762	1	413,844	1
1760	Investment property(Note VI (10) and (27))	252,074	-	525,789	1	2600	Other non-current liabilities	20,962	-	24,073	-
1780	Intangible assets (Note VI (11))	302,176	1	217,364	1			1,013,492	3	1,069,203	3
1840	Deferred tax assets (Note VI (20))	333,422	1	306,440	1		Total liabilities	10,018,416	20	12,251,177	24
1980	Other non-current financial assets (Note VI (12))	157,360	-	-	-		Equity attributable to owners of parent:				
1900	Other non-current assets	591,050	1	611,214	1		Share capital:				
		17,199,082	34	14,449,312	30	3110	Ordinary shares (Note VI (21))	1,125,347	2	1,125,347	2
						3200	Capital surplus (Note VI (21))	9,863,444	19	9,830,950	20
						3300	Retained earnings (Note VI (21))	28,127,001	56	24,935,301	50
						3400	Other equity (Note VI (21))	4,202	-	78,419	-
						3500	Treasury stock (Note VI (21))	(676,152)	(1)	-	-
							Total equity attributable to owners of parent	38,443,842	76	35,970,017	72
						36XX	Non-controlling interest (Note VI (7))	1,970,993	4	1,989,855	4
							Total equity	40,414,835	80	37,959,872	76
							Total liabilities and equity	\$ 50,433,251	100	50,211,049	100
Total assets		\$ 50,433,251	100	50,211,049	100						

Chairman: CHU, TE-HSIANG

(Please read the Notes to the Consolidated Financial Statements)
Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Note VI (16), (24) and XIV)	\$ 33,783,411	100	30,088,992	100
5000	Operating cost (Note VI (4) and XII)	16,449,732	49	14,319,522	48
	Gross profit	17,333,679	51	15,769,470	52
	Operating expense (Note VI (15), (18), (19), (26), (27), VII and XII):				
6100	Selling expenses	1,367,316	4	911,892	3
6200	Administrative expenses	2,118,824	6	1,880,568	6
6300	Research and development expenses	3,503,012	10	2,730,694	9
6450	Impairment loss (gain) determined in accordance with IFRS 9	118	-	1,696	-
	Total operating expense	6,989,270	20	5,524,850	18
	Net operating profit	10,344,409	31	10,244,620	34
	Non-operating income and expenses (Note VI (5), (18) and (25)):				
7100	Interest income	373,061	1	557,248	2
7010	Other income	415,786	1	347,561	1
7020	Other gains and losses	114,292	-	(78,110)	-
7630	Foreign exchange (losses) gains	(946,099)	(3)	910,021	3
7050	Finance costs	(68,345)	-	(86,360)	-
7055	Reversal of impairment loss determined in accordance with IFRS 9	-	-	2,119	-
7070	Share in the gain or loss of associate and joint ventures accounted for using the equity method	(42,195)	-	(28,274)	-
	Total non-operating income and expenses	(153,500)	(1)	1,624,205	6
	Net profit before tax from continuing operations	10,190,909	30	11,868,825	40
7950	Less: Income tax expense(Note VI (20))	2,243,827	7	2,487,788	8
	Net profit for the period	7,947,082	23	9,381,037	32
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(5,136)	-	4,579	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	28,987	-	(3,463)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	33	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,027)	-	916	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	24,878	-	233	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(103,245)	-	899,449	3
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method – items that may be reclassified subsequently to profit or loss	27	-	3	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	183	-	9,858	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(103,401)	-	889,594	3
8300	Other comprehensive income for the period (net)	(78,523)	-	889,827	3
	Total other comprehensive income for the period	\$ 7,868,559	23	10,270,864	35
	Net profit for the period attributable to:				
8610	Owners of parent	\$ 7,865,999	23	9,276,952	32
8620	Non-controlling interests	81,083	-	104,085	-
		\$ 7,947,082	23	9,381,037	32
	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 7,785,561	23	10,146,370	35
8720	Non-controlling interests	82,998	-	124,494	-
		\$ 7,868,559	23	10,270,864	35
	Basic earnings per share (Unit: NT\$) (Note VI (23))	\$ 70.17		82.77	
	Diluted earnings per share (Unit: NT\$) (Note VI (23))	\$ 70.06		82.33	

(Please read the Notes to the Consolidated Financial Statements)

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	Equity attributable to owners of parent												
	Share capital						Other equity						
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at FVTOCI	Unearned compensation to employees	Treasury stock	Unrealized gains (losses) on financial assets measured at FVTOCI	Non-controlling interests	Total equity
	Ordinary shares	Certificates of bond-to-stock conversion	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance on January 1, 2024	\$ 1,113,298	1,423	8,896,393	2,544,335	339,030	15,669,563	(769,007)	(15,814)	(6,162)	-	27,773,059	1,607,943	29,381,002
Profit for the period	-	-	-	-	-	9,276,952	-	-	-	-	9,276,952	104,085	9,381,037
Other comprehensive income for the period	-	-	-	-	-	3,696	868,885	(3,163)	-	-	869,418	20,409	889,827
Total other comprehensive income for the period	-	-	-	-	-	9,280,648	868,885	(3,163)	-	-	10,146,370	124,494	10,270,864
Appropriation and distribution of retained earnings:													
Appropriation of legal reserve	-	-	-	559,120	-	(559,120)	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	451,954	(451,954)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	(2,898,275)	-	-	-	-	(2,898,275)	-	(2,898,275)
Other changes in capital surplus:													
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	-	90,994	-	-	-	-	-	-	-	90,994	-	90,994
Conversion of convertible bonds	12,049	(1,423)	843,563	-	-	-	-	-	-	-	854,189	-	854,189
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	3,680	-	3,680	3,855	7,535
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	366,856	366,856
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(113,293)	(113,293)
Balance on December 31, 2024	1,125,347	-	9,830,950	3,103,455	790,984	21,040,862	99,878	(18,977)	(2,482)	-	35,970,017	1,989,855	37,959,872
Profit for the period	-	-	-	-	-	7,865,999	-	-	-	-	7,865,999	81,083	7,947,082
Other comprehensive income for the period	-	-	-	-	-	(4,109)	(101,364)	25,035	-	-	(80,438)	1,915	(78,523)
Total other comprehensive income for the period	-	-	-	-	-	7,861,890	(101,364)	25,035	-	-	7,785,561	82,998	7,868,559
Appropriation and distribution of retained earnings:													
Appropriation of legal reserve	-	-	-	928,494	-	(928,494)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(869,403)	869,403	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	(4,670,190)	-	-	-	-	(4,670,190)	-	(4,670,190)
Other changes in capital surplus:													
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	-	(6,585)	-	-	-	-	-	-	-	(6,585)	-	(6,585)
Treasury shares repurchase	-	-	-	-	-	-	-	-	-	(676,152)	(676,152)	-	(676,152)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	2,112	-	2,112	2,247	4,359
Share-based payment transactions	-	-	39,079	-	-	-	-	-	-	-	39,079	-	39,079
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	29,036	29,036
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(133,143)	(133,143)
Balance on December 31, 2025	\$ 1,125,347	-	9,863,444	4,031,949	(78,419)	24,173,471	(1,486)	6,058	(370)	(676,152)	38,443,842	1,970,993	40,414,835

Chairman: CHU, TE-HSIANG

(Please read the Notes to the Consolidated Financial Statements)
Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 10,190,909	11,868,825
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	2,541,139	2,214,846
Amortization expenses	68,975	64,142
Expected credit loss (gain)	118	(423)
Net (gain) loss on financial assets or liabilities at FVTPL	(186,847)	32,605
Interest expenses	68,345	86,360
Interest income	(373,061)	(557,248)
Dividend income	(6,921)	(3,520)
Compensation expense for share-based payment	44,442	25,649
Share of the gain or loss of subsidiaries, associate and joint ventures accounted for using the equity method	42,195	28,274
Loss on disposal of property, plant and equipment	32,653	20,899
Gain on disposal of investments	(2,002)	-
Inventory (reversal gain) write-down and scrap loss	36,327	(156,817)
Other adjustments	(58)	(66)
Total adjustments to reconcile profit (loss)	2,265,305	1,754,701
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(187,631)	(387,592)
Increase in accounts receivable	(1,356,308)	(2,641,382)
Increase in other receivables	(56,539)	(123,205)
Increase in inventory	(992,759)	(604,366)
Increase in advance payment	(173,878)	(87,993)
Decrease (increase) in other current assets	(208)	210
Increase in other financial assets	(245,734)	(1,560)
Total changes in operating assets	(3,013,057)	(3,845,888)
Changes in operating liabilities:		
Decrease in contract liabilities	(2,699)	(1,483)
Increase in notes payable	1,981	1,552
Increase in accounts payable	834,363	1,012,043
Increase in other payables	197,403	731,875
Increase in provisions	26,778	30,896
Increase in other current liabilities	15,717	3,127
Increase in refund liabilities	78,258	128,296
Total changes in operating liabilities	1,151,801	1,906,306
Total changes in operating assets and liabilities	(1,861,256)	(1,939,582)
Total adjustments	404,049	(184,881)
Cash inflow generated from operations	10,594,958	11,683,944
Interest received	419,294	530,362
Dividends received	6,921	3,520
Interest paid	(58,932)	(70,740)
Income taxes paid	(2,434,369)	(2,089,491)
Net cash flows from operating activities	8,527,872	10,057,595

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Lotes Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	2,544
Acquisition of financial assets at fair value through other comprehensive income	(70,000)	(112,500)
Acquisition of financial assets measured at fair value through profit or loss	(692,199)	(370,860)
Proceeds from disposal of financial assets measured at fair value through profit or loss	16,200	8,035
Acquisition of investments accounted for using the equity method	(64,301)	(107,491)
Proceeds from disposal of investments accounted for using the equity method	2,279	-
Cash outflow from loss of control over subsidiaries	(33)	-
Acquisition of property, plant and equipment	(4,975,982)	(3,749,026)
Proceeds from disposal of property, plant and equipment	56,143	49,705
Increase in other receivables	350	-
Acquisition of intangible assets	(122,778)	(126,469)
Increase in other non-current assets	(6,972)	(281,005)
Net cash flows from (used in) investing activities:	<u>(5,857,293)</u>	<u>(4,687,067)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(3,551,260)	2,185,000
Payments of lease liabilities	(154,337)	(141,087)
Decrease in other non-current liabilities	(3,111)	(1,199)
Cash dividends paid	(4,670,190)	(2,898,275)
Cash dividends paid to non-controlling interests	(133,143)	(113,293)
Repurchase of restricted stock awards	(306)	(343)
Proceeds from issuing bonds	-	341,862
Employee purchase of treasury shares	324,948	-
Payments to acquire treasury shares	(676,152)	-
Changes in non-controlling interests	19,189	305,459
Net cash flows from (used in) financing activities	<u>(8,844,362)</u>	<u>(321,876)</u>
Effect of exchange rate changes on cash and cash equivalents	14,792	477,739
Net increase (decrease) in cash and cash equivalents	(6,158,991)	5,526,391
Cash and cash equivalents at beginning of period	18,658,882	13,132,491
Cash and cash equivalents at end of period	<u><u>\$ 12,499,891</u></u>	<u><u>18,658,882</u></u>

(Please read the Notes to the Consolidated Financial Statements)

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

Independent Auditors' Report

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

Opinion

We have audited the accompanying Parent Company Only Financial Statements of Lotes Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the Parent Company Only Financial Statements, including material accounting policy information.

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our judgment, should be communicated in the audit report are as follows:

1. Revenue Recognition

For the accounting policies on revenue recognition, please refer to Note IV (16) to the Parent Company Only Financial Statements; for the description of refund liabilities, please refer to Note VI (13); and for the disclosure of revenue, please refer to Note VI (21).

Description of Key Audit Matter:

Operating revenue is the most critical factor in determining the operating performance of the Company of significant concern to users of the financial statements. In addition, certain sales transactions involve sales discounts granted to customers in response to market conditions and business needs. Management estimates refund liabilities based on agreements with customers and records them as a deduction from operating revenue. Accordingly, testing of revenue recognition is one of the key areas of focus in our audit of the Company's financial statements.

Audit Procedures Performed:

Our principal audit procedures included understanding and testing the design and operating effectiveness of internal controls related to sales transactions; performing cut-off testing by sampling sales transactions occurring near the balance sheet date and examining supporting external documentation to assess the appropriateness of the timing of revenue recognition; obtaining management's methodology for estimating refund liabilities and evaluating whether such estimates are based on contractual terms with customers; and assessing the reasonableness of refund liability estimates by comparing them with subsequent actual results.

2. Inventory Valuation

For the accounting policies on inventory valuation, please refer to Note IV (7) to the Parent Company Only Financial Statements; for the uncertainty in accounting estimates and assumptions related to inventory valuation, please refer to Note V; and for information on inventory write-downs, please refer to Note VI (4).

Description of Key Audit Matter:

Due to rapid changes in market demand and advancements in production technology, existing products may face risks of obsolescence or reduced market demand. Certain inventories may become slow-moving or subject to declines in market prices. Therefore, testing of inventory valuation is one of the key areas of focus in our audit of the Company's financial statements.

Audit Procedures Performed:

Our principal audit procedures included understanding the basis and methodology used by management in assessing the net realizable value of inventories; reviewing and recalculating the data used by management in its assessment, including testing estimated selling prices against the most recent sales records; examining the accuracy of inventory aging reports; and analyzing changes in inventory aging over different periods to evaluate the appropriateness of inventory write-downs.

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 (including members 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 and appropriate audit evidence regarding the financial information of investees accounted for using the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

The engagement partners on the audits resulting in this independent auditors' report are Lee, Feng-Hui and Hsiao, Ya-Wen.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2026

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 Parent Company Only Financial Statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' audit 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' auditreport and Parent Company Only Financial Statements shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Lotes Co., Ltd.

Balance Sheets

December 31, 2025 and 2024

Unit: NT\$ thousands

Assets		Dec. 31, 2025		Dec. 31, 2024		Liabilities and equity		Dec. 31, 2025		Dec. 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI (1) and (24))	\$ 4,228,167	9	11,074,514	23	2100	Short-term loans (Note VI (10), (24), (27) VIII and IX)	\$ -	-	3,730,000	8
1110	Current financial assets at fair value through profit or loss (Note VI (2) and (24))	831,264	2	-	-	2130	Current contract ontract liabilities (Note VI (21))	573	-	1,810	-
1150	Notes receivable, net (Note VI (3) and (24))	2,116	-	1,615	-	2150	Notes payable (Note VI (24))	8,133	-	6,761	-
1170	Accounts receivables , net (Note VI (3) and (24))	7,858,650	17	7,755,548	16	2170	Accounts payable (Note VI (24))	1,938	-	1,777	-
1181	Accounts receivable - related parties (Notes VI (3), (24) and VII)	1,723,474	4	806,006	2	2180	Accounts payable – related parties (Note VI (24) and VII)	6,692,003	14	6,204,159	13
1200	Other receivables (Note VI (3) and (24))	32,068	-	86,060	-	2200	Other payables (Note VI (24))	477,767	1	423,908	1
1210	Other receivables - related parties (Notes VI (3), (24) and VII)	2,255	-	-	-	2220	Other payables – related parties (Note VI (24) and VII)	8,003	-	7,426	-
1220	Current tax assets (Note VI (27))	66	-	-	-	2230	Current tax liabilities f (Note VI (17))	889,126	2	913,640	2
130X	Inventories (Note VI (4))	1,114,420	2	1,069,881	2	2280	Current lease liabilities (Note VI (12), (24), (27) and VII)	59	-	-	-
1410	Advance payment	8,518	-	8,709	-	2365	Current refund liabilities (Note VI (13))	626,736	1	548,478	1
1476	Other current financial assets (Note VIII)	205	-	-	-	2300	Other current liabilities	329,935	1	20,929	-
		15,801,203	34	20,802,333	43			9,034,273	19	11,858,888	25
Non-current assets:						Non-current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (Note VI (2) and (24))	247,232	1	230,008	1	2550	Non-current provisions (Note VI (14) and (16))	43,187	-	38,516	-
1517	Non-current financial assets at fair value through other comprehensive income (Note VI (2) and (24))	199,140	-	103,716	-	2570	Deferred tax liabilities (Note VI (17))	93,011	-	64,833	-
1550	Investments accounted for using the equity method (Note VI (5) and XIII)	30,176,033	63	26,077,007	54	2600	Other non-current liabilities	193	-	193	-
1600	Property, plant and equipment (Note VI (6) and VIII)	730,610	2	289,259	1			136,391	-	103,542	-
1755	Right-of-use assets (Note VI (7))	58	-	-	-		Total liabilities	9,170,664	19	11,962,430	25
1760	Investment property(Note VI (8), (24) and VIII)	212,079	-	216,733	1		Equity attributable to owners of parent:				
1780	Intangible assets (Note VI (9))	73,743	-	16,225	-	3110	Share capital:				
1840	Deferred tax assets (Note VI (17))	147,171	-	136,523	-	3200	Ordinary shares (Note VI (18))	1,125,347	2	1,125,347	2
1900	Other non-current assets	27,237	-	60,643	-	3300	Capital surplus (Note VI (18))	9,863,444	21	9,830,950	21
		31,813,303	66	27,130,114	57	3400	Retained earnings (Note VI (18))	28,127,001	59	24,935,301	52
						3500	Other equity (Note VI (18))	4,202	-	78,419	-
							Treasury stock (Note VI (18))	(676,152)	(1)	-	-
							Total equity	38,443,842	81	35,970,017	75
Total assets		\$ 47,614,506	100	47,932,447	100	Total liabilities and equity		\$ 47,614,506	100	47,932,447	100

(Please read the Notes to the Parent Company Only Financial Statements)
Manager: HO, TE-YU

Chairman: CHU, TE-HSIANG

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd.

Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Note VI (13), (24), VII and XIV)	\$ 24,023,091	100	19,418,200	100
5000	Operating cost (Note VI (4) and XII)	16,405,159	68	13,261,717	68
	Gross profit	7,617,932	32	6,156,483	32
5910	Less: Unrealized sales (loss) gain	27,104	-	-	-
	Realized gross profit	7,590,828	32	6,156,483	32
	Operating expense (Note VI (12), (15), (16), (23), (24), VII and XII):				
6100	Selling expenses	733,856	3	353,102	2
6200	Administrative expenses	524,954	2	458,889	2
6300	Research and development expenses	90,644	-	69,533	-
6450	Impairment loss (gain) determined in accordance with IFRS 9	(43)	-	679	-
	Total operating expense	1,349,411	5	882,203	4
	Net operating profit	6,241,417	27	5,274,280	28
	Non-operating income and expenses (Note VI (5), (15), (22) and VII):				
7100	Interest income	226,192	1	453,430	2
7010	Other income	195,708	1	160,101	1
7020	Other gains and losses	(682,355)	(3)	650,974	3
7050	Finance costs	(26,598)	-	(43,992)	-
7055	Reversal of impairment loss determined in accordance with IFRS 9	-	-	1,644	-
7070	Share in the gain or loss of subsidiaries, associates and joint ventures accounted for using the equity method	3,373,686	14	4,237,150	22
	Total non-operating income and expenses	3,086,633	13	5,459,307	28
	Net profit before tax from continuing operations	9,328,050	40	10,733,587	56
7950	Less: Income tax expense(Note VI (27))	1,462,051	6	1,456,635	8
	Net profit for the period	7,865,999	34	9,276,952	48
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(5,136)	-	4,579	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	25,424	-	(2,884)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(389)	-	(246)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,027)	-	916	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	20,926	-	533	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(101,391)	-	868,882	4
8380	Share of other comprehensive income of associates and joint ventures accounted for using the equity method – items that may be reclassified subsequently to profit or loss	27	-	3	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(101,364)	-	868,885	4
8300	Other comprehensive income for the period (net)	(80,438)	-	869,418	4
	Total other comprehensive income for the period	\$ 7,785,561	34	10,146,370	52
	Basic earnings per share (Unit: NT\$) (Note VI (20))	\$ 70.17		82.77	
	Diluted earnings per share (Unit: NT\$) (Note VI (20))	\$ 70.06		82.33	

(Please read the Notes to the Parent Company Only Financial Statements)

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd.

Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	Share capital		Retained earnings				Other equity				
	Ordinary shares	Certificates of bond-to-stock conversion	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at FVTOCI	Unearned compensation to employees	Treasury stock	Total equity
Balance on January 1, 2024	\$ 1,113,298	1,423	8,896,393	2,544,335	339,030	15,669,563	(769,007)	(15,814)	(6,162)	-	27,773,059
Profit for the period	-	-	-	-	-	9,276,952	-	-	-	-	9,276,952
Other comprehensive income for the period	-	-	-	-	-	3,696	868,885	(3,163)	-	-	869,418
Total other comprehensive income for the period	-	-	-	-	-	9,280,648	868,885	(3,163)	-	-	10,146,370
Appropriation and distribution of retained earnings:											
Appropriation of legal reserve	-	-	-	559,120	-	(559,120)	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	451,954	(451,954)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	(2,898,275)	-	-	-	-	(2,898,275)
Other changes in capital surplus:											
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	-	90,994	-	-	-	-	-	-	-	90,994
Conversion of convertible bonds	12,049	(1,423)	843,563	-	-	-	-	-	-	-	854,189
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	3,680	-	3,680
Balance on December 31, 2024	1,125,347	-	9,830,950	3,103,455	790,984	21,040,862	99,878	(18,977)	(2,482)	-	35,970,017
Profit for the period	-	-	-	-	-	7,865,999	-	-	-	-	7,865,999
Other comprehensive income for the period	-	-	-	-	-	(4,109)	(101,364)	25,035	-	-	(80,438)
Total other comprehensive income for the period	-	-	-	-	-	7,861,890	(101,364)	25,035	-	-	7,785,561
Appropriation and distribution of retained earnings:											
Appropriation of legal reserve	-	-	-	928,494	-	(928,494)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(869,403)	869,403	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	(4,670,190)	-	-	-	-	(4,670,190)
Other changes in capital surplus:											
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	-	(6,585)	-	-	-	-	-	-	-	(6,585)
Treasury shares repurchase	-	-	-	-	-	-	-	-	-	(676,152)	(676,152)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	2,112	-	2,112
Share-based payment transactions	-	-	39,079	-	-	-	-	-	-	-	39,079
Balance on December 31, 2025	<u>\$ 1,125,347</u>	<u>-</u>	<u>9,863,444</u>	<u>4,031,949</u>	<u>(78,419)</u>	<u>24,173,471</u>	<u>(1,486)</u>	<u>6,058</u>	<u>(370)</u>	<u>(676,152)</u>	<u>38,443,842</u>

(Please read the Notes to the Parent Company Only Financial Statements)

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

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

Lotes Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 9,328,050	10,733,587
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	13,092	12,054
Amortization expenses	20,244	22,139
Expected credit loss (gain)	(43)	(965)
Interest expenses	26,598	43,992
Interest income	(226,192)	(453,430)
Dividend income	(2,811)	-
Share of the gain of subsidiaries, associate and joint ventures accounted for using the equity method	(3,346,582)	(4,237,150)
Net (gain) loss on financial assets at fair value through profit or loss	(194,689)	21,837
Inventory write-downs and obsolescence (reversal gains)	(460)	(42,088)
Loss (gain) on disposal of property, plant and equipment	(4)	(17)
Compensation expense for share-based payment	40,054	-
Total adjustments to reconcile profit (loss)	<u>(3,670,793)</u>	<u>(4,633,628)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(501)	(232)
Increase in accounts receivable	(1,020,527)	(2,686,641)
Increase in other receivables	(387)	(7,935)
Increase in inventory	(44,079)	(427,428)
Decrease (increase) in advance payment	191	(1,494)
Decrease in other current assets	-	15
Increase in other financial assets	(205)	-
Total changes in operating assets	<u>(1,065,508)</u>	<u>(3,123,715)</u>
Changes in operating liabilities:		
Decrease in contract liabilities	(1,237)	(1,795)
Increase in notes payable	1,372	1,570
Increase in accounts payable	488,005	2,461,274
Increase in other payables	55,628	38,160
Decrease in provisions	(465)	(439)
Decrease (increase) in other current liabilities	(15,942)	2,869
Increase in refund liabilities	78,258	128,296
Increase in other non-current liabilities	-	150
Total changes in operating liabilities	<u>605,619</u>	<u>2,630,085</u>
Net changes in assets and liabilities related to operating activities	<u>(459,889)</u>	<u>(493,630)</u>
Total adjustments	<u>(4,130,682)</u>	<u>(5,127,258)</u>
Cash inflow generated from operations	5,197,368	5,606,329
Interest received	280,564	431,843
Dividends received	103,176	129,080
Interest paid	(28,765)	(36,014)
Income taxes paid	<u>(1,468,008)</u>	<u>(1,045,726)</u>
Net cash flows from operating activities	<u>4,084,335</u>	<u>5,085,512</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Lotes Co., Ltd.

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousands

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	2,544
Acquisition of financial assets at fair value through other comprehensive income	(70,000)	(108,000)
Acquisition of financial assets measured at fair value through profit or loss	(632,769)	(223,001)
Proceeds from disposal of financial assets measured at fair value through profit or loss	16,200	8,035
Acquisition of investments accounted for using the equity method	(1,004,911)	(824,023)
Cash inflow from simplified consolidation of subsidiaries	703	-
Acquisition of property, plant and equipment	(449,730)	(2,832)
Proceeds from disposal of property, plant and equipment	4	17
Increase in other receivables	(1,898)	-
Acquisition of intangible assets	(77,762)	(17)
Decrease (increase) in other non-current assets	33,406	(47,368)
Net cash flows from (used in) investing activities:	<u>(2,186,757)</u>	<u>(1,194,645)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(3,730,000)	2,150,000
Payments of lease liabilities	(58)	(59)
Cash dividends paid	(4,670,190)	(2,898,275)
Employee purchase of treasury shares	324,948	-
Payments to acquire treasury shares	(676,152)	-
Net cash flows from (used in) financing activities	<u>(8,751,452)</u>	<u>(748,334)</u>
Effect of exchange rate changes on cash and cash equivalents	7,527	(4,853)
Net increase (decrease) in cash and cash equivalents	(6,846,347)	3,137,680
Cash and cash equivalents at beginning of period	11,074,514	7,936,834
Cash and cash equivalents at end of period	<u><u>\$ 4,228,167</u></u>	<u><u>11,074,514</u></u>

(Please read the Notes to the Parent Company Only Financial Statements)

Chairman: CHU, TE-HSIANG

Manager: HO, TE-YU

Accounting Manager: WU, CHIA-CHI

【Attachment 4】

Lotes Co., Ltd.
2025 Earnings Distribution Table

Unit: NT\$

Item	Amount
Unappropriated Retained Earnings at the Beginning of 2025	16,311,581,562
Less: Remeasurement of Defined Benefit Liabilities	(4,109,433)
Adjusted Unappropriated Retained Earnings at the Beginning of 2025	16,307,472,129
Add: Net Profit After Tax for 2025	7,865,999,394
Less: Special Reserve Appropriated Due to Deductions from Equity (Note 1)	(74,217,473)
Less: Legal Reserve (10%)	(786,188,996)
Total Distributable Earnings	23,313,065,054
Less: Cash Dividends to Shareholders (NT\$35 per share)	(3,927,788,235)
Unappropriated Retained Earnings at the End of 2025	19,385,276,819
Note 1: In 2025, the net amount recognized as an increase in other components of equity was NT\$4,201,026. Accordingly, an equivalent amount of special reserve shall be reversed from current-period earnings and prior unappropriated retained earnings. However, NT\$78,418,499 had already been reversed from prior-period earnings to special reserve in 2024; therefore, an additional special reserve of NT\$74,217,473 shall be appropriated to cover the difference. Note 2: The dividend distribution ratio is calculated based on 112,222,521 shares entitled to participate in distribution as of January 20, 2026.	

【Attachment 5】

Lotes Co., Ltd.

Comparison Table of “Procedures for Acquisition or Disposal of Assets”

Article	Amended Provision	Current Provision	Explanation
2.5.2.	Operating or Hedging Strategy: The primary purpose of engaging in derivatives transactions is to hedge against <u>risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices resulting</u> from operating activities.	Operating or Hedging Strategy: The primary purpose of engaging in derivatives transactions is to hedge against <u>foreign exchange risks</u> arising from operating activities.	Revised to address risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices in connection with the Company’s operations.
2.5.3.	2.5.3.1. Finance Division: <u>Responsible for maintaining expertise in financial instruments and operational techniques, and, in accordance with the hedging policies established by the evaluation team, consolidating risk positions and planning, executing, and tracking hedging strategies, as well as preparing relevant documents for public announcement and regulatory reporting.</u> 2.5.3.2. Accounting Division: <u>Responsible for handling accounting treatment of hedging transactions, performing fair value measurements, and reviewing transaction data and evaluation results, as well as making disclosures in financial reports.</u> 2.5.3.3. Materials Management Department: <u>Responsible for providing inventory positions, raw material requirement plans, procurement plans, procurement transaction data, and spot market information as the basis for commodity price hedging evaluation.</u> 2.5.3.4. Sales Department: <u>Responsible for providing order information, expected shipment schedules, product pricing conditions, and other sales-related data as the basis for foreign exchange and commodity price hedging evaluation.</u> 2.5.3.5. Internal Audit Unit:	2.5.3.1. Finance Division: Responsible for foreign exchange operations management, including collecting foreign exchange market information, assessing trends and risks, and maintaining familiarity with financial instruments and operational techniques. The Finance Division shall manage foreign exchange positions in accordance with Company policies and authorization levels to hedge foreign exchange risks. 2.5.3.2. Accounting Division: Responsible for monitoring the Company’s overall foreign exchange position and periodically calculating realized and unrealized exchange gains and losses, in order to provide information to the treasury function for hedging operations.	Revised to address risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices in connection with the Company’s operations.

Article	Amended Provision	Current Provision	Explanation
	<u>Responsible for conducting audits and compliance reviews of internal controls over derivatives transactions in accordance with relevant regulations.</u> <u>2.5.3.6. Chairman / President: Responsible for reviewing hedging policies and annual hedging limits.</u> <u>2.5.3.7. Board of Directors: Responsible for approving significant hedging transactions or adjustments to hedging limits.</u>		
2.5.4.	2.5.4. Performance Evaluation: Transaction details (including amount, <u>hedged items, financial institutions</u>, and maturity date) shall be recorded on a daily basis to monitor profit and loss conditions. Exchange gains and losses shall be settled on a monthly, quarterly, semi-annual, and annual basis.	2.5.4. Performance Evaluation: Transaction details (including amount, <u>exchange rate, counterparty bank</u>, and maturity date) shall be recorded on a daily basis to monitor profit and loss conditions. Exchange gains and losses shall be settled on a monthly, quarterly, semi-annual, and annual basis.	Revised to address risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices in connection with the Company's operations.
2.5.5.	2.5.5. Transaction Limits: The Company's derivatives transactions shall be based on actual or reasonably foreseeable risk exposures. The calculation methods for transaction limits, estimation periods, data sources, and approval procedures for each type of transaction shall be governed by the Company's Operating Procedures for Hedging Transactions.	2.5.5. Transaction Limits: The total amount of forward foreign exchange contracts and other derivatives transactions undertaken for hedging foreign exchange risks shall not exceed the Company's actual foreign currency requirements arising from import and export activities.	Revised to address risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices in connection with the Company's operations.
2.5.9.	2.5.9. Operating Procedures 2.5.9.1. Personnel of the Finance Department shall place orders with financial institutions within the authorized limits. Where the transaction amount exceeds the aforementioned authorization limits, prior written approval from the relevant authorized supervisor shall be obtained. 2.5.9.2. Upon confirmation of transaction details based on the <u>financial institution</u>'s execution report, Finance Department personnel shall prepare a "Transaction Contract" and apply for official seal affixation to confirm the validity of the transaction. 2.5.9.3. Upon settlement of transactions, where gains or losses arise, the settlement personnel shall use the approved "Transaction	2.5.9. Operating Procedures 2.5.9.1. Personnel of the Finance Department shall place orders with banks within the authorized limits. Where the transaction amount exceeds the aforementioned authorization limits, prior written approval from the relevant authorized supervisor shall be obtained. 2.5.9.2. Upon confirmation of transaction details based on the <u>bank</u>'s execution report, Finance Department personnel shall prepare a "Transaction Contract" and apply for official seal affixation to confirm the validity of the transaction. 2.5.9.3. Upon settlement of <u>foreign exchange</u> transactions, where <u>exchange</u> gains or losses arise, the settlement personnel shall use the approved "Transaction Contract" and <u>"Outward Remittance</u>	Revised to address risks arising from fluctuations in foreign exchange rates, interest rates, and commodity prices in connection with the Company's operations.

Article	Amended Provision	Current Provision	Explanation
	Contract” and <u>relevant supporting documents to the Accounting Division</u> as supporting documents for accounting entries. 2.5.9.4. The Finance <u>Division</u> shall compile a monthly “Register of Derivative Financial Instruments” as a basis for accounting evaluation.	<u>Application</u> ” as supporting documents for accounting entries. 2.5.9.4. The Finance <u>Department</u> shall compile a monthly “Register of Derivative Financial Instruments” as a basis for accounting evaluation.	
3.1.4.3.	<u>3.1.4.3. For public companies with paid-in capital of NT\$50 billion or more, transactions reaching 5% or more of the Company’s paid-in capital.</u>		1. This article is newly added. 2. Revised in accordance with the amendments promulgated under Letter No. Jin-Guan-Zheng-Fa-Zi No.1140383333 issued by the Financial Supervisory Commission on July 24, 2025.
3.1.7.	<u>3.1.7. For public companies with paid-in capital of NT\$50 billion or more, transactions involving government bonds, ordinary corporate bonds, or general financial bonds not involving equity (excluding subordinated bonds) traded on a stock exchange or at a securities firm’s place of business, where such transactions are not subject to the proviso under Subparagraph 8, the counterparty is not a related party, and the transaction amount reaches 5% or more of the Company’s paid-in capital.</u>		1. This article is newly added. 2. Revised in accordance with the amendments promulgated under Letter No. Jin-Guan-Zheng-Fa-Zi No.1140383333 issued by the Financial Supervisory Commission on July 24, 2025.
4.1.	4.1. Where a subsidiary of the Company that is not a domestic public company acquires or disposes of assets and meets the standards for public announcement and reporting as specified in Article 3, the Company shall handle the announcement and reporting on behalf of such subsidiary. For such subsidiaries, the thresholds for public announcement and reporting based on 20% of paid-in capital or 10% of total assets shall be calculated based on the Company’s paid-in capital or total assets.	4.1. Where a subsidiary of the Company that is not a domestic public company acquires or disposes of assets and meets the standards for public announcement and reporting as specified in Article 3, the Company shall handle the announcement and reporting on behalf of such subsidiary. For such subsidiaries, the thresholds for public announcement and reporting based on 20% of paid-in capital or 10% of total assets shall be calculated based on the Company’s paid-in capital or total assets.	Revised in accordance with the amendments promulgated under Letter No. Jin-Guan-Zheng-Fa-Zi No.1140383333 issued by the Financial Supervisory Commission on July 24, 2025.

Article	Amended Provision	Current Provision	Explanation
	For the purpose of the 10% of total assets threshold under these Procedures, the amount shall be calculated based on the total assets reported in the most recent parent company only or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company has no par value shares or a par value other than NT\$10 per share, the transaction amount threshold of 20% of paid-in capital under these Procedures shall be calculated based on 10% of equity attributable to owners of the parent. <u>For provisions under these Procedures referring to a transaction amount of 5% of paid-in capital, such amount shall be calculated as 2.5% of equity attributable to owners of the parent.</u> For provisions under these Procedures referring to a transaction amount of NT\$10 billion in paid-in capital, such amount shall be calculated as NT\$20 billion in equity attributable to owners of the parent. <u>For provisions under these Procedures referring to paid-in capital of NT\$50 billion, such amount shall be calculated as NT\$100 billion in equity attributable to owners of the parent.</u>	For the purpose of the 10% of total assets threshold under these Procedures, the amount shall be calculated based on the total assets reported in the most recent parent company only or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company has no par value shares or a par value other than NT\$10 per share, the transaction amount threshold of 20% of paid-in capital under these Procedures shall be calculated based on 10% of equity attributable to owners of the parent. For provisions under these Procedures referring to a transaction amount of NT\$10 billion in paid-in capital, such amount shall be calculated as NT\$20 billion in equity attributable to owners of the parent.	

【Appendix 1】

Lotes Co., Ltd.

Procedures for Acquisition or Disposal of Assets (before Amendment)

1. General Provisions

1.1. Purpose

- 1.1.1. These Procedures are established to regulate the operating standards for the acquisition or disposal of assets of the Company.

1.2. Scope of Application

- 1.2.1. All acquisitions or disposals of assets by the Company shall be managed in accordance with the framework set forth in these Procedures.
- 1.2.2. The term “assets” as used in these Procedures includes the following items:
 - 1.2.2.1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - 1.2.2.2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
 - 1.2.2.3. Memberships.
 - 1.2.2.4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - 1.2.2.5. Right-of-use assets.
 - 1.2.2.6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - 1.2.2.7. Derivatives.
 - 1.2.2.8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - 1.2.2.9. Other major assets.

1.3. Responsible Unit

- 1.3.1. The Finance and Accounting Department shall be the responsible unit for these Procedures. The head of the responsible unit, as authorized by the approving authority, shall be responsible for the control of these Procedures and ensure compliance therewith.

1.4. Definitions

- 1.4.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 1.4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- 1.4.3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- 1.4.4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- 1.4.5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 1.4.6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 1.4.7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- 1.4.8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 1.4.9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- 1.5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - 1.5.1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - 1.5.2. May not be a related party or de facto related party of any party to the transaction.
 - 1.5.3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:
 - 1.5.3.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - 1.5.3.2 When conducting a case, they shall appropriately plan and execute adequate

working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

1.5.3.3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

1.5.3.4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

2. Disposition Procedures

2.1. Procedures for Establishment and Amendment

The establishment of these Procedures shall be subject to approval by the Board of Directors and submitted to the shareholders' meeting for approval. Any amendment hereto shall, prior to submission to the Board of Directors for resolution, be approved by more than one-half of all members of the Audit Committee. If such approval is not obtained, the amendment may be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

If the Company has established independent directors, when these Procedures are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, full consideration shall be given to the opinions of each independent director, and their opinions for or against, together with the reasons therefor, shall be recorded in the meeting minutes.

The term "all members of the Audit Committee" and "all directors" as referred to above shall be calculated based on the actual number of incumbents.

2.2. Acquisition or Disposal of Assets

2.2.1. Procedures for Acquisition or Disposal of Real Property, Other Fixed Assets, Membership Certificates, and Intangible Assets

2.2.1.1. The acquisition or disposal of real property, other fixed assets, membership certificates, and intangible assets shall be initiated by the requesting unit based on actual needs, or by the original user unit through a special report explaining the reasons. The transaction shall be conducted, in conjunction with relevant units, through one of the following methods: price inquiry, price comparison, negotiation, or tendering. For transactions with an amount exceeding NT\$100 million, approval by the Board of Directors is required. For transactions with an amount of NT\$100 million or less (inclusive), the Chairman is authorized by the Board of Directors to make the final decision.

2.2.2. Procedures for Acquisition or Disposal of Long-term and Short-term Securities Investments

2.2.2.1. The purchase or sale of long-term or short-term securities investments shall be proposed by the Finance and Accounting Department or relevant units, accompanied by an evaluation report, and shall be subject to approval by the Chairman. For each transaction with an amount exceeding NT\$100 million, approval by the Board of Directors is required. For each transaction with an amount of NT\$100 million or less (inclusive), the Chairman is authorized by the Board of Directors to make the final decision.

2.2.3. Limits on Non-operating Real Property, Right-of-use Assets, and Securities Investments

- 2.2.3.1 The total amount of real property and right-of-use assets acquired by the Company for non-operating use shall not exceed 20% of the Company's net worth as stated in its most recent financial statements.
- 2.2.3.2 The total amount of short-term investments shall not exceed 20% of the Company's net worth as stated in its most recent financial statements, and the amount of investment in any single security shall not exceed 10% of the Company's net worth. However, transactions in securities that do not affect capital gains or losses (such as repurchase agreements and domestic money market funds) are not included in the calculation of non-operating securities investments.
- 2.2.3.3 The total amount of real property and right-of-use assets acquired by subsidiaries for non-operating use shall not exceed the paid-in capital of each subsidiary.
- 2.2.3.4 The total amount of short-term investments by subsidiaries shall not exceed the paid-in capital of each subsidiary, and the amount of investment in any single security shall not exceed 80% of the paid-in capital of each subsidiary.
- 2.3. Reference Basis for Transaction Prices of Asset Acquisition or Disposal
 - 2.3.1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - 2.3.1.1. The types of appraised values shall, in principle, be based on normal prices. Where restricted prices, specific prices, or special prices are adopted, it shall be specified whether such prices comply with Article 10 or Article 11 of the Regulations on Real Estate Appraisal. Where, due to special circumstances, restricted prices, specific prices, or special prices are used as the reference basis for transaction prices, such transactions shall first be submitted to the Board of Directors for approval and reported to the next shareholders' meeting. The same shall apply in the event of any subsequent changes to transaction conditions. The appraisal report shall separately assess normal prices and restricted or specific prices, and shall itemize the conditions for such restricted or specific prices, indicate whether such conditions are currently met, and explain the reasons for and reasonableness of any differences from normal prices. It shall also clearly state whether such restricted or specific prices are sufficient to serve as a reference for the transaction price.
 - 2.3.1.2. Where the discrepancy between the appraised value and the transaction amount reaches 20% or more of the transaction amount, except where all appraised values for acquisition exceed the transaction amount or all appraised values for disposal are lower than the transaction amount, a certified public accountant shall be engaged to perform procedures in accordance with Article 13 of Statement of Auditing Standards No. 20 and to express a specific opinion on the reasons for the discrepancy and the appropriateness of the transaction price. The discrepancy between the appraised value and the transaction amount shall be calculated based on the transaction amount.
 - 2.3.1.3. Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. If the discrepancy between the appraised values of two or more appraisal institutions reaches 10% or more

of the transaction amount, except where all appraised values for acquisition exceed the transaction amount or all appraised values for disposal are lower than the transaction amount, a certified public accountant shall be engaged to express a specific opinion on the reasons for the discrepancy and the appropriateness of the transaction price.

- 2.3.1.4. The date of the appraisal report issued by a professional appraiser shall not be more than three months prior to the contract date. However, where the same publicly announced current land value is applied and the period does not exceed six months, a supplementary opinion may be issued by the original appraisal institution.
- 2.3.1.5. Where appraisal institutions issue reports such as a “Current Value Appraisal Report” or “Appraisal Report” in lieu of a formal appraisal report, the contents thereof shall still comply with the required contents of appraisal reports as specified above.
- 2.3.2. The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- 2.3.3. Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. The certified public accountant shall perform such engagement in accordance with Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.
- 2.3.4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- 2.3.5. Where the appraisal institution or certified public accountant engaged under these Procedures issues any report or opinion containing false statements or concealment, the Company responsible for public disclosure, the appraisal institution, and the certified public accountant shall bear the corresponding legal liabilities in accordance with applicable regulations.
- 2.3.6. The calculation of transaction amounts under Articles 2.3.1 through 2.3.3 shall be conducted in accordance with Article 3.2 of these internal control procedures. The term “within one year” shall be calculated retrospectively from the date of occurrence of the current transaction. Any portion for which an appraisal report issued by a professional appraiser or a CPA opinion has already been obtained in accordance with these Procedures shall be exempted from inclusion in such calculation.

2.4. Related Party Transactions

When the Company acquires or disposes of assets with a related party, in addition to

complying with the procedures set forth in Articles 2.2 and 2.3 and the provisions of this Article regarding resolution procedures and the assessment of the reasonableness of transaction terms, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion from a certified public accountant in accordance with Article 2.3.

The calculation of the transaction amount under the preceding paragraph shall be conducted in accordance with Article 2.3.6 of these internal control procedures. The term "within one year" shall be calculated retrospectively from the date of occurrence of the current transaction. Any portion for which an appraisal report issued by a professional appraiser or a CPA opinion has already been obtained in accordance with these Procedures shall be exempted from inclusion.

In determining whether a transaction counterparty is a related party, in addition to its legal form, the substance of the relationship shall also be taken into consideration.

2.4.1. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more—except in trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises—the following information shall be submitted to the Audit Committee for approval by more than one-half of all its members, and subsequently to the Board of Directors for approval, before entering into the transaction contract and making any payment:

2.4.1.1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

2.4.1.2 The reason for choosing the related party as a transaction counterparty.

2.4.1.3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 2.4.2 and Article 2.4.3.

2.4.1.4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

2.4.1.5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

2.4.1.6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 2.3.

2.4.1.7. Restrictive covenants and other important stipulations associated with the transaction.

For the following transactions conducted between the Company and its subsidiaries, or between subsidiaries in which the Company directly or indirectly holds 100% of the issued shares or total capital, the Board of Directors authorizes the Chairman to make decisions in advance within a limit of NT\$80 million, subject to subsequent ratification at the next Board meeting:

A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

B. Acquisition or disposal of real property right-of-use assets held for business

use.

Where independent directors have been appointed, when matters are submitted to the Board of Directors for discussion in accordance with Article 2.4.1, full consideration shall be given to the opinions of each independent director. Any objections or reservations expressed by independent directors shall be recorded in the minutes of the Board meeting.

Where an Audit Committee has been established, matters that would otherwise require approval by supervisors under Article 2.4.1 shall first be approved by more than one-half of all members of the Audit Committee and then submitted to the Board of Directors for resolution.

Where the Company or a subsidiary that is not a domestic public company engages in a transaction under Article 2.4.1 and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information specified in Article 2.4.1 to the shareholders' meeting for approval before entering into the transaction contract and making any payment.

However, this requirement does not apply to transactions between the Company and its parent company or subsidiaries, or between its subsidiaries.

The calculation of the transaction amount under Article 2.4.1 shall be conducted in accordance with Article 3.2 of these Procedures. The term "within one year" shall be calculated retrospectively from the date of occurrence of the current transaction. Any portion that has already been submitted to the shareholders' meeting, approved by the Board of Directors, and approved by the Audit Committee in accordance with these Procedures shall be exempted from inclusion.

2.4.2. Assessment of the Reasonableness of Transaction Costs

2.4.2.1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2.4.2.2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

2.4.2.3. Where land and buildings on the same property are acquired or leased in a combined transaction, the transaction cost may be assessed separately for the land and the buildings in accordance with any of the methods specified in Articles 2.4.2.1 and 2.4.2.2.

2.4.2.4. Where the Company acquires real property or right-of-use assets thereof from a related party, it shall assess the cost of such real property or right-of-use assets in accordance with Articles 2.4.2.1 and 2.4.2.3, and shall engage a certified public accountant to review the assessment and express a specific opinion.

2.4.2.5. Where the Company acquires real property or right-of-use assets thereof from a related party under any of the following circumstances, it shall comply with Article 2.4.1, and the provisions of the preceding three paragraphs shall not

apply:

- 2.4.2.5.1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- 2.4.2.5.2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 2.4.2.5.3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- 2.4.2.5.4. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

2.4.3. Handling of Abnormal Transaction Prices

- 2.4.3.1. Where the results of the assessment conducted in accordance with Articles 2.4.2.1 and 2.4.2.3 are both lower than the transaction price, the Company shall proceed in accordance with Article 2.4.3.2. However, this shall not apply where any of the following circumstances exist and objective evidence is provided, together with specific and reasonable opinions issued by a professional real estate appraiser and a certified public accountant:

- 2.4.3.1.1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

- 2.4.3.1.1.1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- 2.4.3.1.1.2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

- 2.4.3.1.2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

- 2.4.3.1.3. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year

refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

2.4.3.2. Where the Company acquires real property or right-of-use assets thereof from a related party, and the assessment results conducted in accordance with Articles 2.4.2 and 2.4.3 are both lower than the transaction price, the following actions shall be taken:

2.4.3.2.1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2.4.3.2.2. The independent director members of the Audit Committee shall handle the matter in accordance with Article 218 of the Company Act.

2.4.3.2.3. The handling status under Articles 2.4.2.1 and 2.4.2.2 shall be reported to the shareholders' meeting, and detailed information of the transaction shall be disclosed in the annual report and prospectus.

2.4.3.3. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

2.4.3.4. When the Company acquires real property or right-of-use assets thereof from a related party, it shall also comply with the provisions of Articles 2.4.3.2 and 2.4.3.3 if there is other evidence indicating that the transaction was not conducted on an arm's length basis.

2.5. Derivatives Transactions

2.5.1. Scope of Derivatives Transactions

The derivatives transactions conducted by the Company refer to transaction contracts whose value is derived from underlying assets, interest rates, exchange rates, indices, or other interests, including forward contracts, futures, interest rate or foreign exchange swaps, and composite contracts formed by a combination of the foregoing instruments.

The Company may engage in option contracts; however, it shall not undertake transactions involving the writing (selling) of call or put options.

2.5.2. Operating or Hedging Strategy: The primary purpose of engaging in derivatives transactions is to hedge against foreign exchange risks arising from operating activities.

2.5.3. Division of Responsibilities:

2.5.3.1. Finance Division: Responsible for foreign exchange operations management, including collecting foreign exchange market information, assessing trends and risks, and maintaining familiarity with financial instruments and operational techniques. The Finance Division shall manage foreign exchange positions in accordance with Company policies and authorization levels to hedge foreign exchange risks.

- 2.5.3.2. Accounting Division: Responsible for monitoring the Company's overall foreign exchange position and periodically calculating realized and unrealized exchange gains and losses, in order to provide information to the treasury function for hedging operations.
- 2.5.4. Performance Evaluation: Transaction details (including amount, exchange rate, counterparty bank, and maturity date) shall be recorded on a daily basis to monitor profit and loss conditions. Exchange gains and losses shall be settled on a monthly, quarterly, semi-annual, and annual basis.
- 2.5.5. Transaction Limits: The total amount of forward foreign exchange contracts and other derivatives transactions undertaken for hedging foreign exchange risks shall not exceed the Company's actual foreign currency requirements arising from import and export activities.
- 2.5.6. Loss Limits: For derivatives transactions, the loss on any individual transaction shall not exceed 20% of the contract amount, and the total loss shall not exceed 3% of the Company's net worth as stated in its most recent financial statements. If the total loss exceeds the prescribed limit, the matter shall be reported immediately to the Chairman and subsequently to the Board of Directors for discussion of necessary responsive measures.
- 2.5.7. Authorization Levels: Based on the Company's operating revenue and changes in net accumulated positions, the authorization limits are established as follows:
- | Level | Single Transaction Limit | Aggregate Outstanding Position |
|-----------|--------------------------|--------------------------------|
| Chairman | Above USD 1,000,000 | USD 4,000,000 and above |
| President | Up to USD 1,000,000 | Up to USD 4,000,000 |
- 2.5.8. Execution Unit: The Finance Department is authorized to designate personnel to execute derivatives transactions.
- 2.5.9. Operating Procedures
- 2.5.9.1. Personnel of the Finance Department shall place orders with banks within the authorized limits. Where the transaction amount exceeds the aforementioned authorization limits, prior written approval from the relevant authorized supervisor shall be obtained.
- 2.5.9.2. Upon confirmation of transaction details based on the bank's execution report, Finance Department personnel shall prepare a "Transaction Contract" and apply for official seal affixation to confirm the validity of the transaction.
- 2.5.9.3. Upon settlement of foreign exchange transactions, where exchange gains or losses arise, the settlement personnel shall use the approved "Transaction Contract" and "Outward Remittance Application" as supporting documents for accounting entries.
- 2.5.9.4. The Finance Department shall compile a monthly "Register of Derivative Financial Instruments" as a basis for accounting evaluation.
- 2.5.10. Accounting Treatment: Accounting treatment shall be handled in accordance with International Financial Reporting Standard 9.
- 2.5.11. Internal Control System
- 2.5.11.1. Risk Management Measures:
- 2.5.11.1.1. Credit Risk: Counterparties shall be limited to banks with which the Company maintains business relationships.
- 2.5.11.1.2. Market Risk: Transactions shall be limited to publicly traded foreign exchange markets conducted through banks.
- 2.5.11.1.3. Liquidity Risk: To ensure liquidity, counterpart banks must possess adequate facilities, information systems, and trading capabilities.

- 2.5.11.1.4. Operational Risk: Authorization limits and operational procedures must be strictly followed.
- 2.5.11.1.5. Legal Risk: All documents executed with banks shall be reviewed by legal personnel.
- 2.5.11.2. Internal Control Measures:
 - 2.5.11.2.1. Trading personnel shall not concurrently perform confirmation, settlement, or related functions.
 - 2.5.11.2.2. Personnel responsible for risk measurement, monitoring, and control shall belong to departments independent from those specified in Article 2.5.11.2.1, and shall report to the Board of Directors or to senior management not responsible for trading or position decisions.
 - 2.5.11.2.3. Confirmation personnel shall regularly reconcile transaction details and totals with counterpart banks.
 - 2.5.11.2.4. Trading personnel shall continuously monitor whether total transaction amounts exceed the limits prescribed under these Procedures.
- 2.5.11.3. Periodic Evaluation
 - 2.5.11.3.1. Positions held shall be evaluated twice monthly and submitted to the highest financial officer for review.
 - 2.5.11.3.2. Exchange gains and losses shall be settled based on market value on a monthly, quarterly, semi-annual, and annual basis, and disclosed in the financial statements.
- 2.5.12. Internal Audit System

The Company shall maintain a register for derivatives transactions, detailing the types and amounts of transactions, dates of Board approval, periodic evaluation of transaction positions, whether transaction performance aligns with the Company's operating strategy and risk tolerance, and assessments of risk management measures.

Internal auditors shall periodically review the appropriateness of internal controls over derivatives transactions, conduct monthly audits on the trading department's compliance with these Procedures, and analyze the transaction cycle. Audit reports shall be prepared accordingly. In the event of any material violations, written notifications shall be provided to all members of the Audit Committee.
- 2.5.13. Handling of Abnormal Situations

The Company's highest financial officer shall supervise trading activities and profit and loss conditions. Upon identifying any abnormal situations, necessary responsive measures shall be taken and reported immediately to the Board of Directors. Where independent directors have been appointed, at least one independent director shall attend the Board meeting and express opinions.
- 2.6. Mergers, Demergers, Acquisitions, and Share Transfers
 - 2.6.1. Submission of Reasonableness Opinion

The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective

subsidiaries issued shares or authorized capital.

2.6.2. Information Disclosure Prior to Shareholders' Meeting

The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2.6.3 Convening of Board and Shareholders' Meetings

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

Companies participating in share transfers shall convene their respective Board meetings on the same day, unless otherwise provided by law or where prior approval has been obtained from the competent securities authority due to special circumstances.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. °

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or

transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Article 3 and Article 4.

2.6.4. Confidentiality Obligations

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

2.6.5. Determination and Adjustment of Share Exchange Ratio

The company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- 2.6.5.1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- 2.6.5.2. An action, such as a disposal of major assets, that affects the company's financial operations.
- 2.6.5.3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
- 2.6.5.4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- 2.6.5.5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- 2.6.5.6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

2.6.6. Matters to be Specified in Contracts

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- 2.6.6.1. Handling of breach of contract.
- 2.6.6.2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- 2.6.6.3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- 2.6.6.4. The manner of handling changes in the number of participating entities or companies.
- 2.6.6.5. Preliminary progress schedule for plan execution, and anticipated completion date.
- 2.6.6.6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

2.6.7 Handling Changes in the Number of Participating Companies

After public disclosure of the information, if any company participating in the

merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

2.6.8 Handling Where Participating Companies Are Not Public Companies

Where the Company participates in a merger, demerger, acquisition, or share transfer and the counterparty is not a public company, the Company shall enter into an agreement with such counterparty and handle the matter in accordance with Articles 2.6.3, 2.6.4, and 2.6.7.

3. Information Disclosure

3.1. Where the Company acquires or disposes of assets under any of the following circumstances, it shall, in accordance with the nature of the transaction and the prescribed format, publicly announce and report the relevant information on the website designated by the competent authority within two days from the date of occurrence of the event:

3.1.1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

3.1.2. Merger, demerger, acquisition, or transfer of shares.

3.1.3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

3.1.4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

3.1.4.1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

3.1.4.2. For a public company whose paid-in capital is NT\$10 billion, the transaction amount reaches NT\$1,000 million or more.

3.1.5. Acquisition or disposal by the company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

3.1.6 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction

- counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- 3.1.8. In addition to the transactions specified in Articles 3.1.1 through 3.1.7, any asset transaction, disposal of receivables by a financial institution, or investment in Mainland China with a transaction amount reaching 20% or more of the Company's paid-in capital or NT\$300 million or more shall be publicly announced and reported.
- 3.1.8.1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
- 3.1.8.2. Where done by professional investors Xsecurities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
- 3.1.8.3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- 3.2. The amount of transactions above shall be calculated as follows:
- 3.2.1. The amount of any individual transaction.
- 3.2.2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- 3.2.3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- 3.2.4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- 3.3. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- 3.4. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- 3.5. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- 3.6. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
- 3.7. After the Company has made a public announcement and report in accordance with Articles 3.1 through 3.6, if any of the following events occurs, the Company shall,

within two days from the date of occurrence of such event, publicly announce and report the relevant information on the website designated by the competent authority:

3.7.1. Change, termination, or rescission of a contract signed in regard to the original transaction.

3.7.2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

3.7.3. Change to the originally publicly announced and reported information.

- 4.1. Where a subsidiary of the Company that is not a domestic public company acquires or disposes of assets and meets the standards for public announcement and reporting as specified in Article 3, the Company shall handle the announcement and reporting on behalf of such subsidiary.

For such subsidiaries, the thresholds for public announcement and reporting based on 20% of paid-in capital or 10% of total assets shall be calculated based on the Company's paid-in capital or total assets.

For the purpose of the 10% of total assets threshold under these Procedures, the amount shall be calculated based on the total assets reported in the most recent parent company only or individual financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the Company has no par value shares or a par value other than NT\$10 per share, the transaction amount threshold of 20% of paid-in capital under these Procedures shall be calculated based on 10% of equity attributable to owners of the parent. For provisions under these Procedures referring to a transaction amount of NT\$10 billion in paid-in capital, such amount shall be calculated as NT\$20 billion in equity attributable to owners of the parent.

【Appendix 2】

Lotes Co., Ltd. Rules of Procedure of Shareholders' Meeting

Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby, and shall be distributed at the shareholders' meeting.

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

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion ; their main contents should be placed on the website designated by the securities regulatory authority or the Company, and the URL should be included in the notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of

the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

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

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

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

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

Article 4

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

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

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

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

Article 5

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6

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

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

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

The Company shall furnish attending shareholders or their proxy agents (hereinafter referred to as shareholders) with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders must attend the shareholders' meeting with their attendance certificate, sign-in card, or other attendance documents; solicitors of proxies should also carry identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder designates more than one representative to attend the shareholders' meeting, only one representative may speak on the same agenda item.

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

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

Article 7

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

For a shareholders' meeting convened by the board of directors, the meeting shall be attended

by a majority of the directors; where as for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

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

Article 8

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

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

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

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

Article 9

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

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

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

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

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

Article 10

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

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

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

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

Article 11

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

Article 12

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

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

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any

other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

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

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

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

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

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

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

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

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

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

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

Article 14

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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

Article 15

The resolutions of the shareholders' meeting shall be recorded in the minutes, and shall be processed in accordance with Article 183 of the Company Act.

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

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

Article 16

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

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

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

Article 17

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

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

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

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

Article 18

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

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

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

Article 19

In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations.

Article 20

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

【Appendix 3】

Lotes Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

Article 1

In accordance with the Company Act, the Company is registered as LOTES CO., LTD.

Article 2

The business scope of the Company is stated as follows:

1. Manufacturing, processing and trading of various hardware parts and tool parts.
2. Manufacturing, processing and trading of terminals and their finished products.
3. Manufacture, processing and trading of circuit boards for electrical appliances.
4. Import and export business in respect of the preceding item.
5. Conducting tender quotations and distribution for domestic and foreign manufacturers' products in connection with said business
6. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing.
7. CC01080 Electronic Parts and Components Manufacturing
8. CC01110 Computers and Computing Peripheral Equipment Manufacturing
9. CC01990 Electrical Machinery, Supplies Manufacturing
10. CF01011 Medical Materials and Equipment Manufacturing
11. CQ01010 Die Manufacturing
12. CZ99990 Other Industrial Products Manufacturing Not Elsewhere Classified
13. F106030 Wholesale of Die
14. F108031 Wholesale of Drugs, Medical Goods
15. F113020 Wholesale of Household Appliance
16. F113030 Wholesale of Precision Instruments
17. F113050 Wholesale of Computing and Business Machinery Equipment
18. F113070 Wholesale of Telecom Instruments
19. F401010 International Trade
20. CI01010 Rope, Cable and Net Manufacturing
21. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3

Headquarter of the Company is located at Keelung City and when necessary, could set up a subsidiary company inside or outside of the country, with the approval by the Board.

Article 4

The Company may make investments in other companies as it deems necessary for its business and may, by resolution of the Board, become a limited liability shareholder of such company. The total amount of which is not limited to the amount of such investments as provided in Article 13 of the Company Act.

Article 5

The company may provide external endorsement and guarantee for business purposes.

Chapter 2 Shares

Article 6

The Company's total capital is set at NT\$15.5 billion, divided into 155 million shares. The amount

of each share is NT\$10 per share, of which the Board is authorized to issue the unissued shares in tranches; the issue price per share shall be determined by the Board in accordance with relevant laws and regulations.

The total amount of the former capital is reserved for the issuance of Employee stock options warrants in the amount of NT\$5 million, which are subject to the Board's resolution.

Article 6-1

If the Company intends to repurchase the Company's shares and transfer the shares at a price lower than the average repurchased price, it shall follow the relevant regulations and proceed to such transfer after the resolution of the most recent shareholders' meeting.

Article 6-2

If the Company intends to issue stock warrants for employees at a subscription price lower than the market price, it shall follow the relevant regulations and proceed to such transfer after the resolution of the most recent shareholders' meeting.

Article 6-3

If the Company purchases the treasury stock in accordance with the Company Act, the object of the transfer should include the employees who control or subordinate the Company and meet certain conditions.

The object of distribution of the stock warrants for employees should include the employees who control or subordinate the Company and meet certain conditions.

When the company issues new shares, employees who control or subordinate the Company and meet certain conditions should be included for the subscription.

The object of the new restricted employee shares issued by the Company should include the employees who control or subordinate the Company and meet certain conditions.

Article 7

The Company's shares are inscribed shares. The serial number should be signed or stamped by the directors who represent the Company. The shares shall be signed by the bank that acts as the share issuer according to the laws. When the Company issues new shares, the free-print share is adopted to issue shares, the same for other marketable securities. However, it shall contact the centralized securities depository enterprises for registration.

Article 8

The change of shareholders' list shall be made no later than 60 days prior to the ordinary meeting of shareholders, no later than 30 days prior to the provisional meeting of shareholders, or no later than 5 days prior to the basis date of the Company's resolution to distribute dividends and bonuses or other benefits.

Article 8-1

The Company's share transactions are conducted in accordance with the "Guidelines Governing the Disposal of Shares of Public Companies" issued by the competent authorities.

Chapter 3: Shareholder's Meeting

Article 9

There shall be two kinds of general meetings, ordinary and interim, which shall be convened once a year, within six months after the end of each fiscal year, as required by law, and shall be notified to each shareholder by thirty days in advance; interim meetings shall be convened as required by law, and shall be notified to each shareholder by fifteen days in advance.

The preceding notice shall state the date, place and cause of the meeting. The shareholders' meeting shall be convened by the Board, unless otherwise provided by the Act.

Notice of the convening of a general meeting may be given in writing or by electronic means with the consent of the shareholders.

The shareholders' meeting may be held by video conference or other means announced by the central competent authority. If the meeting is held by video conference, the shareholder is deemed to be present in person if he/she participates by video.

Article 10

In the event that a shareholder is unable to attend the general meeting for any reason, he/she may appoint a proxy to attend the meeting by issuing a letter of proxy issued by the Company specifying the scope of the authority. In addition to the provisions of Article 177 of the Company Act, the rules for the use of proxies to attend shareholders' meetings of public companies shall be in accordance with the "Rules for the Use of Proxy Forms by Public Companies" issued by the competent authorities.

Article 11

Each share is entitled one voting right. However, those restricted or those deemed by Article 179 of the Company Act to have voting rights are not within this restriction.

Article 12

Unless otherwise regulated by the relevant laws and regulations, shareholders representing more than half of the total number of issued shares should attend in person or by proxy in the shareholder meetings. Resolutions should be approved by more than half of the attended shareholders.

Article 12-1

The board shall convene the shareholder meeting and the Chairman of the board shall be the chairman of the meeting. In the event of the Chairman's absence, the Chairman shall assign a director as its proxy. If the assignment is not made, the directors shall choose one. If the meeting is convened by other conveners not belonging to the Board, the convener shall be the chairman of the meeting. If there is more than one convener, the conveners should decide and one of them should be the chairman.

Article 12-2

The resolutions of the shareholders' meeting shall be published in minutes and shall be dealt with in accordance with Article 183 of the Company Act.

Article 12-3

If the Company wishes to cancel the public offering of its shares in the future, it must be submitted to the shareholders' meeting for discussion and resolution.

Chapter 4: Directors and Audit Committee

Article 13

The Company has five to nine directors, all of whom are appointed for a term of three years and all the seats are entitled to be re-elected.

For the aforementioned number of directors of this Company, the number of independent directors should not be less than two persons and should not be less than one-fifth of the total numbers of directors. In terms of the professional qualifications, shareholding, and part-time restrictions, independence determination, nomination and selection methods, and other compliance matters, the regulations of the competent securities authority must be followed.

The nomination system is adopted for the election of the directors in this Company. The shareholders must elect from the candidate list of directors.

The regulations of the competent securities authority must be followed in terms of the total shareholding ratio of all its directors.

The Company's Audit Committee is composed of all independent directors in accordance with the law. The Audit Committee and its members exercise their powers and responsibilities and deal with related matters in accordance with the Securities and Exchange Act and relevant laws and regulations.

Article 13-1

The meeting of the Board shall be convened in accordance with Article 204 of the Company Act.

Article 13-2

In the event that the seats of one-third of the Directors are vacant, the Board shall convene an interim election within 60 days and the term of office shall be limited to the period for which the original seats were filled.

Article 13-3

The Directors of the Company shall be notified of the convening of the Board seven days in advance and the Company may convene the Board at any time in case of emergency. The Board of the Company may be convened in writing, by e-mail or by fax.

Article 14

The board shall be composed of the directors. The chairman of the board shall be elected from the directors with the agreement of over half of the directors attending the meeting, and the attendance rate should be no less than 2/3. Chairman represents the Company externally.

Article 15

If the chairman cannot performance his/her duties due to certain reason, the assignment of his/her deputy shall be conducted in accordance with the regulations of Company Act, Art. 208.

Article 15-1

When a meeting of the Board is held by video conference, a director who participates in the meeting by video shall be deemed to be present in person; if a director is unable to attend in person for any reason, he may appoint another director to attend by proxy, and his proxy shall be in accordance with Article 205 of the Company Act.

Article 15-2

A resolution of the Board shall, unless otherwise provided in the Company Act, be passed by a majority of the Directors present and agreed to by a majority of the Directors present.

Article 15-3

All directors of the company must be insured with the corresponding liability insurance during the term of office based on their business scope with the purpose to reduce and diversity the risk of losses of the directors of the Company, the Company, and the shareholders. In terms of the liability insurance of the directors, the Board is authorized to take in charge of it.

Article 16

When the directors of the Company are executing operations of the Company, the Company must pay their compensation regardless of the Company's financial status, with surplus or loss. The compensation is based on the level of participation and contribution to the company's operations, and the Board is authorized to consult the industry's usual standards, not exceeding the standard of the highest salary scale set by the Company's salary assessment method. If the company records profit for a fiscal year, the compensation shall be distributed in accordance with the provisions of Article 19.

Chapter 5: Manager

Article 17

The Company shall employ managers to conduct business operations. The appointment and dismissal as well as the salary policies shall be made in accordance with the Company Act Art.29.

Chapter 6: Accounting**Article 18**

At the end of every fiscal year, the board shall submit the papers and lists as below before the start of shareholder's meeting to the shareholders for approval.

(1). Business Report (2). Financial Statements (3). Proposal on distribution of surplus and recovery of losses

Article 19

If the Company records profit for a fiscal year, it shall allocate not less than two percent as employee compensation and not higher than three percent as compensation for the directors. If the Company has accumulated loss, it shall preserve in advance to make-up and then allocate the aforementioned proportion as employees' and directors' compensation. The objects of distribution of the aforementioned stock or cash compensation for the employees should include the employees who control or subordinate the Company and meet certain conditions.

Of the total amount of employee compensation referred to in the preceding paragraph, no less than 20% shall be allocated to non-executive employees.

Article 19-1

If the Company has a surplus after the annual accounts, it should first complete the tax payment, make up for the previous year's losses, and deposit 10% of the legal reserve unless it has reached to the total capital. It should allocate or reserve into special surplus reserve according to the laws and regulations. If there are still surpluses, it shall be merged with the accumulated undistributed surplus. The Board shall draft a surplus allocation plan and propose to the shareholder meeting for a final resolution of distribution. The shareholder dividends distributed shall not be less than 20% of the net after-tax net profit of this year after deducting the surplus reserve provided according to law. The dividends distributed to the shareholders shall not be less than 20% of the annual net profit after tax of this year after deducting the surplus reserve allocation according to the laws and regulations.

The Company shall take the surrounding environment and growth stage of the Company, as well as the future business expansion, into consideration so that the future expenditure budget and capital needs shall be considered in the distribution of surplus. Among the dividends distributed in the current year, not less than 10% of cash dividends shall be offered.

Chapter 7: Supplementary**Article 20**

The Articles of Association and the Bye-Laws of the Company shall be prescribed by the Board separately.

Article 21

Matters not provided for in these Articles of Incorporation shall be handled in according to the Company Act and other relevant regulations.

Article 22

This Articles of Incorporation were adopted on Aug.9, 1986.

1st amendment was made on Jan.19,1987.

2nd amendment was made on Nov.20,1987.

3rd amendment was made on Dec.29,1987.
4th amendment was made on Jan.30,1993.
5th amendment was made on May 21,1993.
6th amendment was made on Aug.2.1998.
7th amendment was made on Aug.9,2004.
8th amendment was made on Aug.25, 2004.
9th amendment was made on Oct.8, 2004.
10th amendment was made on Nov.8, 2004.
11th amendment was made on Jun.24,2005.
12th amendment was made on May 3,2006.
13th amendment was made on Jun.29,2006.
14th amendment was made on Dec.15,2006.
15th amendment was made on May 31,2007.
16th amendment was made on Jun.13,2008.
17th amendment was made on Jun.10,2009.
18th amendment was made on Jun.14,2010
19th amendment was made on Jun.10,2011.
20th amendment was made on Jun.20,2012.
21st amendment was made on Jun.10, 2014.
22nd amendment was made on Jun.6,2016.
23rd amendment was made on Jun.14,2017.
24th amendment was made on Jun.14,2019.
25th amendment was made on Jun.26,2021.
26th amendment was made on Jun.17, 2022
27th amendment was made on Jun.13, 2024.
28th amendment was made on Jun.13, 2025.

Lotes Co., Ltd.

Chairman: CHU, TE-HSIANG

【Appendix 4】**Lotes Co., Ltd.
Shareholding of Directors**

Position	Name	Current Shareholding	
		Number of Shares	% (Note)
Chairman	Jia Ming Investment Co., Ltd. Rep.: CHU, TE-HSIANG	9,797,037	8.71%
Director	Golden Grown Co., Ltd. Rep.: HO, TE-YU	10,956,237	9.74%
Director	XIE, JIA-YING	0	0%
Director	SUN, CHENG-ZHONG	0	0%
Independent Director	WANG, REN-JUN	0	0%
Independent Director	JIANG, YI-CHENG	0	0%
Independent Director	WU, ZHANG-XIU	0	0%
Total Number of Shares Held by All Directors		20,753,274	18.45%
Minimum Number of Shares Required to be Held by All Directors		8,000,000	6%

Note: As of the book closure date on April 14, 2026, the total number of shares is 112,534,691.