

Stock Code: 6125



KENMEC MECHANICAL ENGINEERING CO., LTD.

2022 Annual General Meeting

Meeting Agenda Handbook

Date: June 24, 2022

**Location: No. 69, Dingping Rd., Ruifang Industrial
Park, Ruifang Dist., New Taipei City, Taiwan**

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KENMEC MECHANICAL ENGINEERING CO., LTD.

2022 Annual General Meeting Procedure

- I. Calling meeting to order (Announcing the voting rights represented by the attending shareholders)
- II. Statement by the chairperson
- III. Reports
- IV. Ratifications
- V. Discussions
- VI. Election matters
- VII. Other motions
- VIII. Extempore motions
- IX. Adjournment

KENMEC MECHANICAL ENGINEERING CO., LTD.

2022 Annual General Meeting Agenda

Date & Time: 9:00 a.m., Friday, June 24, 2022

How is the shareholders' meeting convened: Physical shareholders' meeting

Location: No. 69, Dingping Rd., Ruifang Industrial Park, Ruifang Dist., New Taipei City, Taiwan

I. Reports

- (1). 2021 Business Report.
- (2). 2021 Audit Committee's Review Report.
- (3). Report on implementation of the 2021 proposal for treasury stocks.
- (4). Report on appropriation of the remuneration to employees and directors in 2021.
- (5). Report on improvement progress for loans over the limit of subsidiary Kenmec Technology (Suzhou) Co., Ltd.

II. Ratifications

- (1). 2021 Business Report and financial statements.
- (2). Distribution of the earnings for 2021.

III. Discussions

- (1). Distribution of shareholder dividends from capital reserves.
- (2). Motion for amendments to the Company's "Articles of Incorporation".
- (3). Motion for amendment of the "Rules of Procedure for Shareholders' Meeting".
- (4). Motion for amendment to the Company's "Operating Procedures of Acquisition or Disposal of Assets".

IV. Election matters

Motion for the election of directors.

V. Other motions

Motion for lifting the restriction of competition for new directors and their representatives.

VI. Extempore motions

VII. Adjournment

I. Reports

Item 1: (Submitted by the Board of Directors)

Motion: 2021 Business Report.

Descriptions: For the 2021 Business Report, see Attachment 1 on p.11 of this Handbook.

Item 2: (Submitted by the Board of Directors)

Motion: 2021 Audit Committee's Review Report.

Descriptions: The financial statements and consolidated financial statements of the Company's 2021 final accounts were audited by accountants from Deloitte Taiwan, approved by the Board of Directors and reviewed by the Audit Committee, and an audit report was issued. For the audit report, see Attachment 2 on p.13 of this Handbook.

Item 3: (Submitted by the Board of Directors)

Motion: Report on implementation of the 2021 proposal for treasury stocks.

Descriptions: 1. During the period from January 27 to March 5, 2021, the Company repurchased 2,000,000 shares of treasury stocks at a cost of NTD 49,596,440 with an average repurchase price of NTD 24.8 per share. The purpose of such repurchase was to transfer the shares to employees. At present, these shares have not yet been transferred.

2. During the period from March 21 to May 20, 2022, the Company expected to repurchase 2,000,000 shares for treasury stocks, and 2,000,000 shares were actually repurchased at a cost of NTD 48,036,972 with an average repurchase price of NTD 24.02 per share. The purpose of such repurchase was to transfer the shares to employees. At present, these shares have not yet been transferred.

Item 4: (Submitted by the Board of Directors)

Motion: Report on appropriation of the remuneration to employees and directors in 2021.

Descriptions: 1. According to Article 20 of the "Articles of Incorporation," 5%–15% of the Company's annual net profits before tax, if any, shall be appropriated as employee's remuneration, and 1%–3% of the said profits shall be appropriated as director's remuneration.

2. In accordance with the "Articles of Incorporation", no appropriation for employees' and directors' remuneration will be made due to a net loss in the current period.

Item 5: (Submitted by the Board of Directors)

Motion: Report on improvement progress for loans over the limit of subsidiary Kenmec Technology (Suzhou) Co., Ltd.

Descriptions: 1. At the end of June 2021, Kenmec Technology (Suzhou) Co., Ltd. went over the limit by RMB 31,271,000. As of the end of April 2022, a sum of RMB 21,500,000 has been recovered.

2. Based on the Company's net worth at the end of December 2021, the remaining excess amount was RMB10,686,000.

II. Ratifications

Item 1: (Submitted by the Board of Directors)

Motion: 2021 Business Report and financial statements.

Descriptions: 1. The Company's 2021 financial statements (consolidated financial statements) were audited by LI-HUANG LI and HUI-MING CHEN, the accountants of Deloitte Taiwan, and an audit report sufficient for fair presentation was issued by them. The above-mentioned financial statements and consolidated financial statements, the Business Report and the table of profit distribution have been submitted to the Audit Committee for review and record.

2. The Business Report (see Attachments 1 on p.11 of this Handbook), the Independent Auditors' Report and the above-mentioned financial statements (see Attachment 3 on p.14-36 of this Handbook) are hereby submitted for ratification.

Resolution:

Item 2: (Submitted by the Board of Directors)

Motion: Distribution of the earnings for 2021.

- Descriptions: 1. The Company's losses after tax in 2021 amounted to NTD (282,867,000). After adding the accumulated earnings of NTD 427,260,000 and the reversal of special reserve of NTD 9,455,000 following adjustment in the previous period, the amount of distributable earnings for the current year is NTD 153,848,000.
2. Due to losses in the current year, no earnings will be set aside as legal reserve in accordance with the law.
3. Considering that the distributable earnings for the current year are earnings generated in 2019, and that the Statute for Industrial Innovation was amended in 2019 to add Article 23-3 stating that any substantial investment made by a company with undistributed earnings may be exempt from the 5% profit-seeking enterprise income tax for the purposes of driving domestic investment and encouraging companies to make substantial investments with profits, no earnings will be distributed for 2021.
4. The following table of profit distribution for 2021 is hereby submitted for ratification.

KENMEC MECHANICAL ENGINEERING CO., LTD.

Table of Profit Distribution for 2021

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the period	419,347,852
+: Retained earnings adjusted by investment accounted for using the equity method	467,381
+: Remeasurement of defined benefit plans recognized as retained profits	7,444,321
Undistributed earnings after adjustment	427,259,554
+: Current net loss after tax	(282,866,239)
Less: Profits set aside as legal reserves (10%)	0
Add: Reversal of special reserves	9,454,650
Distributable earnings for the current period	153,847,965
Distribution of earnings for the current period:	
Shareholder bonus – cash	-
Total amount distributed	-
Undistributed earnings at the end of the period	153,847,965

Chairman:
CHING-FU HSIEH

Manager:
CHING-FU HSIEH

Accounting
Manager: CHIN-I LAI

Resolution:

III. Discussions

Item 1: (Submitted by the Board of Directors)

Motion: Distribution of shareholder dividends from capital reserves.

Descriptions: 1. Based on the dividend policy established in accordance with the “Articles of Incorporation” and taking into account the actual funding situation of the Company, it is proposed that an amount of NTD 395,217,840 be distributed as cash dividends to shareholders from the capital reserves with which the Company may legally distribute cash dividends. If calculated with the 247,011,150 shares actually outstanding (= 249,011,150 shares currently outstanding – 2,000,000 shares repurchased as treasury stocks as of March 18, 2022), an amount of NTD 1.6 will be distributed in cash per share.

2. If subsequently the number of the outstanding shares is affected by any change in the Company’s share capital which results in a change in the shareholder dividend payout ratio, it is proposed that the Chairman be authorized by the annual general meeting to deal with the related matters.

3. Cash dividends will be distributed by the calculation method of “rounding down to the nearest dollar”, with the total of all fractional amounts less than NTD 1 adjusted in order from the largest to the smallest decimals and from the earliest to the latest account numbers until it conforms with the total cash dividends distributed.

4. The Chairman will be authorized to determine the ex-dividend date after the cash dividends have been approved by the annual general meeting, with an announcement made separately. This proposal is hereby submitted for discussion.

Resolution:

Item 2: (Submitted by the Board of Directors)

Motion: Motion for amendments to the Company’s “Articles of Incorporation.”

Descriptions: In line with laws and regulations already announced and current operations in the distribution of the Company’s profits, it is proposed that certain clauses of the “Articles of Incorporation” be amended. For the comparison table of the clauses before and after amendment, see Attachment 4 on p.37 of this Handbook. This proposal is hereby submitted for discussion.

Resolution:

Item 3: (Submitted by the Board of Directors)

Motion: Motion for amendment of the “Rules of Procedure for Shareholders’ Meeting”.

Descriptions: In accordance with the amendment of the law, it is proposed that certain clauses of the “Rules of Procedure for Shareholders’ Meeting”

be amended. For the comparison table of the clauses before and after amendment, see Attachment 5 on p.41 of this Handbook. This proposal is hereby submitted for discussion.

Resolution:

Item 4: (Submitted by the Board of Directors)

Motion: Motion for amendment to the Company's "Operating Procedures of Acquisition or Disposal of Assets".

Descriptions: In accordance with the amendment of the law, it is proposed that certain clauses of the "Operating Procedures of Acquisition or Disposal of Assets" be amended. For the comparison table of the clauses before and after amendment, see Attachment 6 on p.58 of this Handbook. This proposal is hereby submitted for discussion.

Resolution:

IV. Election matters

Motion: Motion for the election of directors.

- Descriptions:
1. After the term of office of the Company's Board of Directors expires on June 24, 2022, an election will be conducted at the annual general meeting of shareholders this year in accordance with the Articles of Incorporation and relevant laws and regulations.
 2. As stipulated in the Articles of Incorporation, the Company's Board shall comprise 5–9 directors (at least 3 independent directors). At the shareholders' meeting, 5–7 directors will be elected (3 of them being independent directors) with the nomination system adopted. The new directors will serve a term of three years starting from June 24, 2022, to June 23, 2025. The term of office of the original directors will end when the election is completed at the annual general meeting of shareholders.
 3. The election is conducted in accordance with the Company's Regulations Governing Elections of Directors.
 4. For information on director and independent director candidates, please see Attachment 7 on p.66 of this Handbook.
 5. Please proceed with election.

Election results:

V. Other motions

Motion: Motion for lifting the restriction for new directors and their representatives from competition.

Descriptions: 1. Article 209 of the Company Act stipulates that: “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. In response to considerations of the Company’s development diversification and business alliance strategy, the proposal for shareholders to approve lifting the restriction for newly appointed directors and their representatives from competition was submitted to the annual general meeting of shareholders. For directors who also hold positions in other companies and their titles, please refer to Attachment 8 on p.70 of this Handbook.

3. This proposal is hereby submitted for discussion.

Resolution:

VI. Extempore motions

VII. Adjournment

KENMEC MECHANICAL ENGINEERING CO., LTD.

Business Report

It has been 45 years since the founding of the Company in 1976. Last year, despite drastic changes in the global economy, all employees of the Company managed to keep up their hard work. In 2021, the consolidated operating revenue was NTD 4,038,095,000, a decrease of NTD 260,195,000 from 2020. The consolidated net loss before tax was NTD (889,000,000), a significant decrease of NTD 785,872,000 from 2020, which was mainly due to operating losses of the consolidation of a subsidiary. The operating performance of 2021 is summarized as follows:

I. Business plan and implementation

Unit: NTD thousand

Item	2022		2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	4,038,095	100.0	4,298,290	100.0	(260,195)	(6.1)
Gross operating profit	171,645	4.3	536,987	12.5	(365,342)	(68.0)
Operating profit (loss)	(728,624)	(18.0)	(153,324)	(3.6)	(575,300)	(375.2)
Net profit (loss) before tax	(889,000)	(22.0)	(103,128)	(2.4)	(785,872)	(762.0)

II. Status of budget implementation

The Company was not required to disclose its financial forecast in 2021.

III. Revenues, expenses, and profitability analysis

Unit: NTD thousand

		2022	2021	% of increase (decrease)	
Revenues and expenses	Operating revenue	4,038,905	4,298,290	(6.0)	
	Gross operating profit	171,645	536,987	(68.0)	
	Net profit (loss) before tax	(889,000)	(103,128)	(762.0)	
Profitability	Return on assets (%)	(8.76)	(8.72)	0.5	
	Return on equity (%)	(19.00)	(17.11)	11.0	
	Ratio to paid-up capital (%)	Operating profit	(29.26)	(6.16)	(375.2)
		Net profit before tax	(35.70)	(4.14)	762.0
	Net profit margin (%)	(23.64)	(2.32)	920.0	
EPS (NTD)	(1.14)	(0.39)	192.3		

IV. Performance in research and development

As one of the few professional companies in Taiwan with turnkey integration of automated logistics systems, the Company possesses over 40 years of rich experience and has nearly 100 expert technical engineers. Our great R&D team has continued to put efforts into R&D and innovation to keep maximizing benefits for the Company and shareholders.

In light of the rapidly changing market demands and the increasing quality needs of customers, the Company must specifically focus on R&D in response to changes in market demands.

Our future R&D projects include the following:

1. Continuing research on and improvement of the current product quality to keep the Company ahead of its competitors.
2. Enhancing process automation to increase productivity and reduce costs.

To sum up, the Company has gained recognition by its peers and trust from its customers in terms of industry, profitability, production and R&D technologies. In the future, the Company and its staff will strive to use every business opportunity to maximize profits for shareholders amid an environment of constantly changing market competition.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Audit Committee's Audit Report

The Company's 2021 separate and consolidated financial statements, prepared and submitted by the Board of Directors, were audited by Deloitte Taiwan with an audit report issued thereafter.

The above-mentioned separate and consolidated financial statements, the business report and the proposal for profit distribution were audited by the Audit Committee and deemed in compliance with the Company Act and other applicable laws. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we present this report for further examination.

To

2022 Annual General Meeting of KENMEC
MECHANICAL ENGINEERING CO., LTD.

Members of the Audit Committee: FU-HSIUNG CHENG

CHEN-TAI HSIAO

CHIEN-CHOU CHU

March 30, 2022

Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit Opinion

We audited the separate balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2021 and 2020, the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the periods from January 1 to December 31, 2021 and 2020, and the notes to the separate financial statements (including the summary of significant accounting policies).

In our opinion, the said separate financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the separate financial positions of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2021 and 2020, and the separate financial performance and cash flows for the periods from January 1 to December 31, 2021 and 2020.

Basis of Audit Opinions

The audit is conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the separate financial statements" section in this report. We were independent of Kenmec Mechanical Engineering Co., Ltd. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the separate financial statements of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year of 2021. Such matters were addressed during the overall audit of the separate financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the separate financial statements of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year of 2021 are as follows:

Project incomes recognized on the basis of stage of completion

As KENMEC is mainly engaged in contracting automation projects, its project income is recognized based on the degree of the completion of contracts. The estimated total cost of projects is an important factor in calculating the percentage of completion. The estimated total costs of projects and contract items are evaluated and judged by management based on the nature of projects, estimated contract amounts, project approaches and work methods. However, due to the long duration of the work period, the contracts are likely to be affected by fluctuations in prices of raw materials and labor, as well as addition/reduction of projects, making them subject

to inherent risks of complexity. As there is a certain degree of subjectivity in these estimates, the calculation of the percentage of revenue from the completion of some projects may have errors or have a significant impact on the misinterpretation of revenue in each period. Therefore, the total estimated cost for project contracts is a material estimate and judgement of the Company, hence it is considered a key audit item. For accounting policies and disclosure information relevant to the recognition of construction incomes, see Notes 4, 5 and 24 to the financial statements.

For the above key audit matters, the audit procedures we performed are as follows:

1. To understand and test the Company's internal control procedures relevant to the preparation of the estimated total project cost.
2. To select samples and examine the documents of the Company's projects to confirm the reasonableness of the estimated total project cost.

Responsibility of the management and governance unit for the separate financial statements

The management was responsible for preparation of the separate financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the separate financial statements to ensure that the separate financial statements were free of material misstatement due to fraud or error.

During preparation of the separate financial statements, the management was also responsible for evaluating KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to liquidate KENMEC MECHANICAL ENGINEERING CO., LTD. or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

KENMEC MECHANICAL ENGINEERING CO., LTD.'s governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

Responsibilities of the Accountants for the Audit of the Separate Financial Statements

The purpose of our audit of the separate financial statements is to obtain reasonable assurance about whether the separate financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance refers to a high level of assurance. However, we could not guarantee the detection of all material misstatements in the separate financial statements with the audit conducted based on the generally accepted auditing standards. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the separate financial statements, the misstatement was deemed as material.

We used our professional judgment to be skeptical during the audit conducted based on the generally accepted auditing standards. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the separate financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of KENMEC MECHANICAL ENGINEERING CO., LTD.'s internal control.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.

4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the events or circumstances which might cause major doubts about KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability as a going concern had material uncertainties. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the separate financial statements for the users to pay attention to relevant disclosures therein, or amend our audit opinions when such disclosures were inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where KENMEC MECHANICAL ENGINEERING CO., LTD. would no longer have the ability to continue as a going concern.
5. We evaluated the overall presentation, structure, and contents of the separate financial statements (including relevant notes), and whether the separate financial statements presented the relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming KENMEC MECHANICAL ENGINEERING CO., LTD. to provide opinions regarding the separate financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on KENMEC MECHANICAL ENGINEERING CO., LTD.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in KENMEC MECHANICAL ENGINEERING CO., LTD.'s separate financial statements in 2021 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan
CPA HUI-MING CHEN

CPA LI-HUANG LI

Approval No. from the Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Zi No. 0920123784

Approval No. from the Securities and Futures
Commission
Tai-Cai-Zheng-Liu-Zi No. 0930128050

March 30, 2022

KENMEC MECHANICAL ENGINEERING CO., LTD.
Separate Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Note 6)	\$ 371,626	6	\$ 207,070	4
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	411,171	7	330,895	6
1136	Financial assets measured at amortized cost – current (Note 9)	197,076	3	206,071	4
1140	Contract assets – current (Notes 22 and 24)	314,344	5	256,168	4
1150	Notes receivable – non-related parties (Note 10)	436	-	275	-
1170	Accounts receivable – non-related parties (Note 10)	122,309	2	157,718	3
1180	Accounts receivable – related parties (Notes 10 and 33)	2,637	-	12,184	-
1200	Other receivables (Note 10)	3,162	-	1,475	-
1210	Other receivables – related parties (Notes 10 and 33)	806,093	14	1,053,495	19
1220	Current income tax assets (Note 26)	-	-	7,595	-
130X	Inventory (Note 11)	49,796	1	20,392	-
1429	Prepayments (Note 16)	44,214	1	50,357	1
1470	Other current assets (Notes 16 and 34)	143,018	3	165,084	3
11XX	Total current assets	<u>2,465,882</u>	<u>42</u>	<u>2,468,779</u>	<u>44</u>
Non-current assets					
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	74,100	1	44,141	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	35,805	1	28,145	-
1535	Financial assets measured at amortized cost – non-current (Note 9)	33,904	1	26,752	-
1550	Investment under the equity method (Note 12)	1,284,261	22	1,393,853	25
1600	Property, plants and equipment (Notes 13 and 34)	1,116,827	19	1,119,159	20
1755	Right-of-use assets (Note 14)	365,128	7	8,979	-
1780	Other intangible assets (Note 15)	4,949	-	7,168	-
1840	Deferred income tax assets (Note 26)	187,834	3	201,308	4
1990	Other non-current assets (Notes 10, 16 and 34)	247,051	4	328,813	6
15XX	Total non-current assets	<u>3,349,859</u>	<u>58</u>	<u>3,158,318</u>	<u>56</u>
1XXX	Total assets	<u>\$ 5,815,741</u>	<u>100</u>	<u>\$ 5,627,097</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 17)	\$ 20,000	1	\$ 200,000	4
2130	Contract liabilities – current (Notes 22 and 24)	971,393	17	522,798	9
2150	Notes payable – non-related parties (Note 18)	231	-	208	-
2170	Accounts payable – non-related parties (Note 18)	334,361	6	147,885	3
2180	Accounts payable – related parties (Note 18 and 33)	12,734	-	2,962	-
2219	Other payables (Note 19)	129,969	2	106,503	2
2220	Other payables – related parties (Notes 19 and 33)	-	-	138	-
2230	Current income tax liabilities (Note 26)	5,225	-	14,842	-
2250	Liability reserve – current (Note 20)	12,985	-	19,580	-
2280	Lease liabilities – current (Note 14)	397	-	4,792	-
2320	Long-term loans maturing within one year (Note 17)	54,323	1	11,784	-
2399	Other current liabilities	3,793	-	3,100	-
21XX	Total current liabilities	<u>1,545,411</u>	<u>27</u>	<u>1,034,592</u>	<u>18</u>
Non-current liabilities					
2540	Long-term loans (Note 17)	477,715	8	446,817	8
2580	Lease liabilities – non-current (Note 14)	264,811	5	-	-
2570	Deferred income tax liabilities (Note 26)	60,605	1	56,330	1
2640	Net defined benefit liabilities – non-current (Note 21)	72,246	1	86,165	2
2670	Other non-current liabilities (Notes 19 and 33)	5,733	-	5,837	-
25XX	Total non-current liabilities	<u>881,110</u>	<u>15</u>	<u>595,149</u>	<u>11</u>
2XXX	Total liabilities	<u>2,426,521</u>	<u>42</u>	<u>1,629,741</u>	<u>29</u>
Equity (Note 23)					
3110	Common stock capital	2,490,112	43	2,490,112	44
3200	Capital reserves	604,226	10	903,455	16
Retained earnings					
3310	Legal reserves	134,786	2	134,786	2
3320	Special reserves	328,572	6	328,572	6
3350	Undistributed earnings	144,392	2	419,348	8
3300	Total retained earnings	<u>607,750</u>	<u>10</u>	<u>882,706</u>	<u>16</u>
Other equity					
3410	Exchange differences on translation of financial statements of foreign operations	(256,306)	(4)	(264,268)	(5)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(6,966)	-	(14,649)	-
3400	Total of other equity	<u>(263,272)</u>	<u>(4)</u>	<u>(278,917)</u>	<u>(5)</u>
3500	Treasury stocks	(49,596)	(1)	-	-
31XX	Total equity	<u>3,389,220</u>	<u>58</u>	<u>3,997,356</u>	<u>71</u>
Total liabilities and equity		<u>\$ 5,815,741</u>	<u>100</u>	<u>\$ 5,627,097</u>	<u>100</u>

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.

Separate Statement of Comprehensive Income

January 1 to December 31, 2021 and 2020

		Unit: NTD thousand; however loss per share is in NTD			
		2021		2020	
Code		Amount	%	Amount	%
	Operating revenue (Notes 5, 24 and 33)				
4100	Sales revenue	\$ 5,839	-	\$ 4,030	-
4520	Project income	1,292,735	96	869,235	92
4600	Service income	<u>51,556</u>	<u>4</u>	<u>77,319</u>	<u>8</u>
4000	Total operating revenue	<u>1,350,130</u>	<u>100</u>	<u>950,584</u>	<u>100</u>
	Operating expenses (Notes 11, 21 and 33)				
5110	Cost of sales	(2,707)	-	(1,872)	-
5520	Project cost	(964,489)	(72)	(660,008)	(69)
5600	Service cost	(38,344)	(3)	(47,600)	(5)
5800	Other operating expenses	(<u>5,809</u>)	<u>-</u>	(<u>25,643</u>)	(<u>3</u>)
5000	Total operating expenses	(<u>1,011,349</u>)	(<u>75</u>)	(<u>735,123</u>)	(<u>77</u>)
5900	Operating gross profit	338,781	25	215,461	23
5910	Unrealized profits/losses from subsidiaries, associates and joint ventures (Note 33)	(23,978)	(2)	(9,051)	(1)
5920	Realized profits/losses from subsidiaries, associates and joint ventures (Note 33)	<u>25,900</u>	<u>2</u>	<u>35,482</u>	<u>4</u>
5950	Realized operating gross profit	<u>340,703</u>	<u>25</u>	<u>241,892</u>	<u>26</u>
	Operating expenses (Notes 10, 21 and 33)				
6100	Marketing expense	(105,537)	(8)	(100,474)	(11)
6200	Administrative expense	(143,441)	(10)	(126,611)	(13)
6300	R&D expense	(70,168)	(5)	(63,436)	(7)
6450	Expected credit impairment losses	(<u>27,871</u>)	(<u>2</u>)	(<u>149</u>)	<u>-</u>
6000	Total operating expenses	(<u>347,017</u>)	(<u>25</u>)	(<u>290,670</u>)	(<u>31</u>)

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Code		2021		2020	
		Amount	%	Amount	%
6900	Operating loss – net	(6,314)	-	(48,778)	(5)
	Non-operating revenue and expenses (Notes 25 and 33)				
7100	Interest income	34,214	3	41,581	4
7010	Other revenue	48,749	4	57,743	6
7020	Other profits and losses	33,125	2	(13,118)	(1)
7050	Financial costs	(11,241)	(1)	(10,338)	(1)
7070	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	(360,373)	(27)	(117,517)	(12)
7000	Total non-operating revenue and expenses	(255,526)	(19)	(41,649)	(4)
7900	Net profit (loss) before tax	(261,840)	(19)	(90,427)	(9)
7950	Income tax expense (Note 26)	(21,027)	(2)	(6,725)	(1)
8200	Current net loss	(282,867)	(21)	(97,152)	(10)
	Other comprehensive income (Notes 21 and 23)				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of defined benefit plans	9,305	1	4,852	1
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income	7,660	-	(7,917)	(1)

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<u>Code</u>		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	468	-	796	-
8349	Income tax relating to non-reclassified items	(<u>1,862</u>)	<u>-</u>	(<u>970</u>)	<u>-</u>
8310		<u>15,571</u>	<u>1</u>	(<u>3,239</u>)	<u>-</u>
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations	6,511	-	(1,774)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	(2,833)	-	3,518	-
8399	Income tax related to items likely to be reclassified	(<u>1,302</u>)	<u>-</u>	<u>355</u>	<u>-</u>
8360		<u>2,376</u>	<u>-</u>	<u>2,099</u>	<u>-</u>

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<u>Code</u>		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8300	Total other comprehensive income (net) for the year	<u>17,947</u>	<u>1</u>	<u>(1,140)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>(\$ 264,920)</u>	<u>(20)</u>	<u>(\$ 98,292)</u>	<u>(10)</u>
	Loss per share (Note 27)				
9710	Basic	<u>(\$ 1.14)</u>		<u>(\$ 0.39)</u>	
9810	Diluted	<u>(\$ 1.14)</u>		<u>(\$ 0.39)</u>	

The attached notes are part of the separate financial statements.

Chairman:
CHING-FU HSIEH

Manager:
CHING-FU HSIEH

Accounting Manager:
CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Separate Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		Share capital		Retained earnings			Other equity		Treasury stocks	Total equity	
		Number of shares (thousand shares)	Amount	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations			Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income
A1	Balance on January 1, 2020	249,011	\$ 2,490,112	\$ 887,095	\$ -	\$ 119,346	\$ 1,347,856	(\$ 265,996)	(\$ 6,731)	(\$ 31,113)	\$ 4,540,569
	Allocation and distribution of earnings in 2019										
B1	Legal reserves	-	-	-	134,786	-	(134,786)	-	-	-	-
B3	Special reserves	-	-	-	-	209,226	(209,226)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(492,022)	-	-	-	(492,022)
	Other changes in capital reserves										
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	54	-	-	-	(371)	(1)	-	(318)
M7	Changes in ownership interests in subsidiaries	-	-	12	-	-	-	-	-	-	12
D1	Net loss in 2020	-	-	-	-	-	(97,152)	-	-	-	(97,152)
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	4,678	2,099	(7,917)	-	(1,140)
D5	Total comprehensive income in 2020	-	-	-	-	-	(92,474)	2,099	(7,917)	-	(98,292)
N1	Employee stock options issued by the Company	-	-	16,294	-	-	-	-	-	45,881	62,175
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(14,768)	(14,768)
Z1	Balance on December 31, 2020	249,011	2,490,112	903,455	134,786	328,572	419,348	(264,268)	(14,649)	-	3,997,356
	Other changes in capital reserves										
C15	Cash dividends distributed from capital reserves	-	-	(370,517)	-	-	-	-	-	-	(370,517)
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	66,032	-	-	-	5,586	23	-	71,641
M7	Changes in ownership interests in subsidiaries	-	-	5,256	-	-	-	-	-	-	5,256
D1	Net loss in 2021	-	-	-	-	-	(282,867)	-	-	-	(282,867)
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	7,911	2,376	7,660	-	17,947
D5	Total comprehensive income in 2021	-	-	-	-	-	(274,956)	2,376	7,660	-	(264,920)
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(49,596)	(49,596)
Z1	Balance on December 31, 2021	<u>249,011</u>	<u>\$ 2,490,112</u>	<u>\$ 604,226</u>	<u>\$ 134,786</u>	<u>\$ 328,572</u>	<u>\$ 144,392</u>	<u>(\$ 256,306)</u>	<u>(\$ 6,966)</u>	<u>(\$ 49,596)</u>	<u>\$ 3,389,220</u>

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
 Separate Statement of Cash Flow
 January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A10000	Net loss before tax in the year	(\$ 261,840)	(\$ 90,427)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	50,310	52,624
A20200	Amortization expenses	4,427	4,554
A20300	Expected credit impairment losses	27,871	149
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	(49,537)	79
A20900	Financial costs	11,241	10,338
A21200	Interest income	(34,214)	(41,581)
A21300	Dividend revenue	(1,955)	(1,811)
A21900	Compensation cost of employee stock options	-	15,586
A22400	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	360,373	117,517
A23700	Loss on inventory devaluation and obsolescence	227	300
A23900	Unrealized profits/losses from subsidiaries, associates and joint ventures	23,978	9,051
A24000	Realized profits/losses from subsidiaries, associates and joint ventures	(25,900)	(35,482)
A29900	Profit (loss) on lease modification	(5)	(1)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(61,257)	(20,460)
A31130	Notes receivable	(161)	10,772
A31150	Accounts receivable	7,538	(5,514)
A31160	Accounts receivable – related parties	9,547	(2,373)
A31180	Other receivables	(977)	140
A31190	Other receivables – related parties	(224)	5,171

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Code		2021	2020
A31200	Inventory	(29,631)	(8,190)
A31230	Prepayments	6,143	(34,942)
A31240	Other current assets	32,366	69,133
A31250	Other non-current assets	11,619	(338)
A32125	Contract liabilities	448,595	32,918
A32130	Notes payable	23	(2,199)
A32150	Accounts payable	186,476	(3,626)
A32160	Accounts payable – related parties	9,772	(1,413)
A32180	Other payables	28,430	(128,963)
A32190	Other payables – related parties	(138)	(802)
A32200	Liability reserve	(6,595)	(2,814)
A32230	Other current liabilities	693	(2,018)
A32240	Net defined benefit liabilities	(<u>4,614</u>)	(<u>1,259</u>)
A33000	Cash generated from operations	742,581	(55,881)
A33100	Interest received	34,296	41,819
A33300	Interest paid	(11,241)	(10,338)
A33500	Income tax paid	(<u>8,464</u>)	(<u>1,131</u>)
AAAA	Net cash inflow (outflow) from operating activities	<u>757,172</u>	<u>(25,531)</u>
Cash flows from investing activities			
B00050	Disposal of financial assets measured at amortized cost	1,843	186,041
B00100	Acquisition of financial assets measured at fair value through profit or loss	(1,820,801)	(1,620,042)
B00200	Disposal of financial assets measured at fair value through profit or loss	1,775,103	1,404,147
B01800	Acquisition of investment under the equity method	(168,608)	(91,333)
B02000	Increase in prepayments for investment	-	(15,000)
B02300	Net cash inflow from disposal of subsidiaries	792	-
B02700	Purchase of property, plants and equipment	(40,913)	(255,659)
B03700	Increase in guarantee deposits paid	-	(16,977)
B03800	Decrease in guarantee deposits paid	116,734	-
B04100	Other receivables	(792)	12,298
B04300	Other receivables – related parties	247,626	351,706

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Code		2021	2020
B04500	Purchase of intangible assets	(2,208)	(5,854)
B05350	Acquisition of right-of-use assets	(97,572)	-
B07100	Decrease (Increase) in prepayments for equipment	(61,286)	543
B07600	Dividends received	<u>1,955</u>	<u>1,811</u>
BBBB	Net cash outflow from investing activities	(<u>48,127</u>)	(<u>48,319</u>)
	Cash flows from financing activities		
C01700	Repayment of long-term loans	(26,563)	(64,946)
C01600	Borrowing of long-term loans	100,000	350,000
C00200	Decrease in short-term loans	(180,000)	-
C00100	Increase in short-term loans	-	130,000
C03000	Increase in guarantee deposits received	-	380
C03100	Decrease in guarantee deposits received	(104)	-
C04020	Repayment of the principal of leases	(17,709)	(4,931)
C04500	Payment of dividends	(370,517)	(492,022)
C09900	Purchase of treasury stocks	(49,596)	(14,768)
C05100	Purchase of treasury stocks by employees	<u>-</u>	<u>45,753</u>
CCCC	Net cash outflow from financing activities	(<u>544,489</u>)	(<u>50,534</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	164,556	(124,384)
E00100	Balance of cash and cash equivalents at beginning of the year	<u>207,070</u>	<u>331,454</u>
E00200	Balance of cash and cash equivalents at ending of the year	<u>\$ 371,626</u>	<u>\$ 207,070</u>

The attached notes are part of the separate financial statements.

Chairman:
CHING-FU HSIEH

Manager:
CHING-FU HSIEH

Accounting Manager:
CHIN-I LAI

Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit Opinion

We audited the consolidated balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. and its subsidiaries (Kenmec Group) as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2021 and 2020, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the consolidated financial positions of the Kenmec Group as of December 31, 2021 and 2020, and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2021 and 2020.

Basis of Audit Opinions

The audit is conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the consolidated financial statements" section in this report. We were independent of Kenmec Group, in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Kenmec Group for the year of 2021. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the consolidated financial statements of Kenmec Group for the year of 2021 are as follows:

Project incomes recognized on the basis of stage of completion

As KENMEC is mainly engaged in contracting automation projects, its project income is recognized based on the degree of the completion of contracts. The estimated total cost of projects is an important factor in calculating the percentage of completion. The estimated total costs of projects and contract items are evaluated and judged by management based on the nature of projects, estimated contract amounts, project approaches and work methods. However, due to the long duration of the work period, the contracts are likely to be affected by fluctuations in prices of raw materials and labor, as well as addition/reduction of projects, making them subject

to inherent risks of complexity. As there is a certain degree of subjectivity in these estimates, the calculation of the percentage of revenue from the completion of some projects may have errors or have a significant impact on the misinterpretation of revenue in each period. Therefore, the total estimated cost for project contracts is a material estimate and judgement of the Company, hence it is considered a key audit item. For accounting policies and disclosure information relevant to the recognition of project income, see Notes 4, 5 and 27 to the financial statements.

For the above key audit matters, the audit procedures we performed are as follows:

1. To understand and test the Company's internal control procedures relevant to the preparation of the estimated total project cost.
2. To select samples and examine the documents of the Company's projects to confirm the reasonableness of the estimated total project cost.

Property, plant and equipment impairment

As of December 31, 2021, the carrying value of the Group's property, plant and equipment was NTD 2,568,926,000, accounting for 24% of total assets, which was significant. For accounting policies and related disclosures on asset impairment assessment, please refer to Notes 4, 5 and 15 on the consolidated financial report.

The Group's Tainergy Tech. Group is mainly engaged in the research, design, manufacturing and sales of solar cells, modules and related systems. In 2021, some equipment of the subsidiary VIETENERGY COMPANY LIMITED was idled due to adjustments to operations. Management expected that future economic benefits of equipment, plant and equipment will reduce, resulting in the recoverable being less than the book value. The recognized impairment losses in 2021 was NTD 312,976,000.

Management evaluated the recoverable amount of the property, plant and equipment impairment mentioned above based on the model of fair value less cost to sell, while referring to the adoption of the opinions in the expert's report as the basis. As the method and key assumption parameters used in the evaluation of the expert's valuation report have a high degree of professional judgment, the evaluation of property, plant, and equipment impairment is listed as a key audit item.

Our principal audit procedures for the above description include:

1. To understand management's process and approval process in evaluating the provision of impairment for property, plant and equipment.
2. We evaluated the professional experience, suitability and independence of the independent valuation experts appointed by management and verified the qualifications of the independent valuation experts. We also adopted our financial advisors to assist in the evaluation of the appropriateness of the methods and assumptions used by the independent valuation experts in the evaluation of fair value.
3. We have used our financial advisors to assist in sampling parameters and historic information or external information used by the independent valuation experts to ensure the reasonableness of the valuation parameters used.

Other matters

For the separate financial statements prepared by Kenmec Mechanical Engineering Co., Ltd. in 2021 and 2020, we had an independent auditors' report issued with an unqualified opinion for reference.

Responsibility of the management and governance unit for the consolidated financial statements

Management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related

to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or errors.

During preparation of the consolidated financial statements, management was also responsible for evaluating Kenmec Group's ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless management intended to make Kenmec Group enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Kenmec Group's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or error and issuing an audit report. Reasonable assurance refers to a high level of assurance. However, we could not guarantee the detection of all material misstatements in the consolidated financial statements with the audit conducted based on the generally accepted auditing standards. The misstatements might be due to fraud or error. If the individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of the users of the consolidated financial statements, the misstatement was deemed material.

We used our professional judgment to be skeptical during the audit conducted based on the generally accepted auditing standards. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the consolidated financial statements due to fraud or errors, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Kenmec Group's internal control.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by management and whether the event or circumstances which might cause major doubts about Kenmec Group's ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or amend our audit opinions when such disclosures were inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Kenmec Group, would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the expression of the audit opinions for the Group.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Kenmec Group consolidated financial statements in 2021 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan
CPA HUI-MING CHEN

CPA LI-HUANG LI

Approval No. from the Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Zi No. 0920123784

Approval No. from the Securities and Futures
Commission
Tai-Cai-Zheng-Liu-Zi No. 0930128050

March 30, 2022

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,320,252	13	\$ 1,207,173	12
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	652,480	6	331,014	3
1136	Financial assets measured at amortized cost – current (Note 9)	314,006	3	565,047	6
1140	Contract assets – current (Notes 25 and 27)	444,997	4	449,254	4
1150	Notes receivable – non-related parties (Note 10)	47,453	-	49,325	1
1170	Accounts receivable – non-related parties (Note 10)	507,909	5	485,973	5
1180	Accounts receivable – related parties (Notes 10 and 39)	2,702	-	-	-
1200	Other receivables (Note 10)	24,639	-	34,042	-
1210	Other receivables – related parties (Notes 10 and 39)	38,381	-	-	-
1220	Income tax assets in the current period (Note 29)	1,005	-	9,169	-
130X	Inventory (Note 11)	1,015,198	10	1,784,535	17
1421	Prepayments (Note 19)	188,296	2	163,491	2
1460	Non-current assets held for sale (Note 12)	894,761	9	-	-
1470	Other current assets (Note 19)	187,313	2	323,453	3
11XX	Total current assets	5,639,392	54	5,402,476	53
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	74,100	1	44,141	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	35,805	-	28,145	-
1535	Financial assets measured at amortized cost – non-current (Note 9)	39,803	-	28,539	-
1550	Investment under the equity method (Note 14)	17,178	-	1,685	-
1600	Property, plant and equipment (Note 15)	2,568,926	24	3,308,834	32
1755	Right-of-use assets (Note 16)	534,067	5	278,111	3
1760	Investment Property (Note 17)	1,077,479	10	450,396	5
1780	Other intangible assets (Note 18)	22,287	-	24,833	-
1840	Deferred income tax assets (Note 29)	188,427	2	244,566	2
1915	Prepayment for equipment (Note 19)	86,190	1	15,706	-
1920	Guarantee deposits paid (Note 19)	46,874	1	232,687	2
1990	Other non-current assets (Notes 10, 19 and 24)	186,948	2	191,404	2
15XX	Total non-current assets	4,878,084	46	4,849,047	47
1XXX	Total assets	\$ 10,517,476	100	\$ 10,251,523	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 20)	\$ 440,070	4	\$ 980,028	10
2130	Contract liabilities – current (Note 25 and 27)	1,336,926	13	747,930	7
2150	Notes payable – non-related parties (Note 21)	11,396	-	162,121	2
2170	Accounts payable – non-related parties (Note 21)	527,506	5	481,606	5
2180	Accounts payable – related parties (Note 21 and 39)	34,521	-	-	-
2200	Other payables (Note 22)	413,280	4	867,142	9
2220	Other payables – related parties (Notes 22 and 39)	7,791	-	-	-
2230	Current income tax liabilities (Note 29)	5,645	-	15,927	-
2250	Liability reserve – current (Note 23)	20,417	-	30,679	-
2260	Liabilities directly related to non-current assets held for sale	51,739	1	-	-
2280	Lease liabilities – current (Note 16)	18,053	-	26,835	-
2310	Other receipts in advance (Note 22)	818,065	8	-	-
2320	Long-term liabilities due within one year (Note 20)	243,743	2	229,868	2
2399	Other current liabilities (Note 22)	468,688	5	19,665	-
21XX	Total current liabilities	4,397,840	42	3,561,801	35
	Non-current liabilities				
2540	Long-term loans (Note 20)	790,723	7	760,485	7
2550	Liability reserve – non-current (Note 23)	2,278	-	2,575	-
2570	Deferred income tax liabilities (Note 29)	61,948	1	57,507	-
2580	Lease liabilities – non-current (Note 16)	333,821	3	84,046	1
2630	Long-term deferred income (Notes 22 and 31)	62,997	1	110,393	1
2640	Net defined benefit liabilities – non-current (Note 24)	78,820	1	93,177	1
2670	Other non-current liabilities (Note 22)	38,485	-	279,420	3
25XX	Total non-current liabilities	1,369,072	13	1,387,603	13
2XXX	Total liabilities	5,766,912	55	4,949,404	48
	Equity attributable to the owner of the Company (Note 26)				
3110	Common stock capital	2,490,112	24	2,490,112	24
3200	Capital reserves	604,226	6	903,455	9
	Retained earnings				
3310	Legal reserves	134,786	1	134,786	2
3320	Special reserves	328,572	3	328,572	3
3350	Undistributed earnings	144,392	2	419,348	4
3300	Total retained earnings	607,750	6	882,706	9
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(256,306)	(3)	(264,268)	(3)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(6,966)	-	(14,649)	-
3400	Total of other equity	(263,272)	(3)	(278,917)	(3)
3500	Treasury stocks	(49,596)	(1)	-	-
31XX	Total equity of the Company's owner	3,389,220	32	3,997,356	39
36XX	Non-controlling interests (Notes 26 and 35)	1,361,344	13	1,304,763	13
3XXX	Total equity	4,750,564	45	5,302,119	52
	Total liabilities and equity	\$ 10,517,476	100	\$ 10,251,523	100

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2021 and 2020

		Unit: NTD thousand; however loss per share is in NTD			
		2021		2020	
Code		Amount	%	Amount	%
	Operating revenue				
4100	Operating revenue (Note 27)	\$ 4,038,905	100	\$ 4,298,290	100
	Operating costs				
5110	Operating expense (Note 11)	(3,867,260)	(96)	(3,761,303)	(87)
5900	Operating gross profit	<u>171,645</u>	<u>4</u>	<u>536,987</u>	<u>13</u>
	Operating expenses (Notes 28 and 37)				
6100	Marketing expense	(137,282)	(3)	(132,714)	(3)
6200	Administrative expense	(587,211)	(14)	(451,939)	(11)
6300	R&D expense	(145,321)	(4)	(107,507)	(2)
6450	Expected loss (profit) on credit impairment	(30,455)	(1)	<u>1,849</u>	<u>-</u>
6000	Total operating expenses	<u>(900,269)</u>	<u>(22)</u>	<u>(690,311)</u>	<u>(16)</u>
6900	Operating loss – net	<u>(728,624)</u>	<u>(18)</u>	<u>(153,324)</u>	<u>(3)</u>
	Non-operating revenue and expenses (Notes 14, 28 and 36)				
7100	Interest income	13,129	-	12,641	-
7010	Other revenue	115,976	3	166,113	4
7020	Other profits and losses	(233,921)	(6)	(51,803)	(1)
7050	Financial costs	(55,848)	(1)	(76,908)	(2)
7060	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	<u>288</u>	<u>-</u>	<u>153</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>(160,376)</u>	<u>(4)</u>	<u>50,196</u>	<u>1</u>
7900	Net profit (loss) before tax	(889,000)	(22)	(103,128)	(2)
7950	Income tax (expense) profit (Note 29)	<u>(65,832)</u>	<u>(2)</u>	<u>3,503</u>	<u>-</u>
8200	Current net loss	<u>(954,832)</u>	<u>(24)</u>	<u>(99,625)</u>	<u>(2)</u>
	Other comprehensive income				

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Code		2021		2020	
		Amount	%	Amount	%
	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefit plan (Note 24)	10,085	-	5,235	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income (Note 26)	7,660	-	(7,917)	-
8349	Income tax relating to non-reclassified items (Note 29)	(<u>1,862</u>)	<u>-</u>	(<u>970</u>)	<u>-</u>
8310		<u>15,883</u>	<u>-</u>	(<u>3,652</u>)	<u>-</u>
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	30,961	1	(29,656)	(1)
8399	Income tax related to items likely to be reclassified (Note 29)	(<u>6,888</u>)	<u>-</u>	<u>355</u>	<u>-</u>
8360		<u>24,073</u>	<u>1</u>	(<u>29,301</u>)	(<u>1</u>)
8300	Other comprehensive income (after tax) in the year	<u>39,956</u>	<u>1</u>	(<u>32,953</u>)	(<u>1</u>)
8500	Total comprehensive income for the year	(<u>\$ 914,876</u>)	(<u>23</u>)	(<u>\$ 132,578</u>)	(<u>3</u>)
	Net loss attributable to:				
8610	The owner of the Company	(\$ 282,867)	(7)	(\$ 97,152)	(2)
8620	Non-controlling equity	(<u>671,965</u>)	(<u>17</u>)	(<u>2,473</u>)	<u>-</u>
8600		(<u>\$ 954,832</u>)	(<u>24</u>)	(<u>\$ 99,625</u>)	(<u>2</u>)
	Total comprehensive income attributable to:				
8710	The owner of the Company	(\$ 264,920)	(7)	(\$ 98,292)	(2)
8720	Non-controlling equity	(<u>649,956</u>)	(<u>16</u>)	(<u>34,286</u>)	(<u>1</u>)
8700		(<u>\$ 914,876</u>)	(<u>23</u>)	(<u>\$ 132,578</u>)	(<u>3</u>)
	Loss per share (Note 30)				
9750	Basic	(<u>\$ 1.14</u>)		(<u>\$ 0.39</u>)	
9850	Diluted	(<u>\$ 1.14</u>)		(<u>\$ 0.39</u>)	

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH Manager: CHING-FU HSIEH Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

		Equity attributable to the owner of the Company						Other equity							
		Share capital		Retained earnings				Exchange differences on translation of financial statements of foreign operations		Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income		Treasury stocks	Total	Non-controlling equity	Total equity
Code		Number of shares (thousand shares)	Common stock capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings								
A1	Balance on January 1, 2020	249,011	\$ 2,490,112	\$ 887,095	\$ -	\$ 119,346	\$ 1,347,856	(\$ 265,996)	(\$ 6,731)	(\$ 31,113)	\$ 4,540,569	\$ 1,317,587	\$ 5,858,156		
	Allocation and distribution of earnings in 2019														
B1	Legal reserves	-	-	-	134,786	-	(134,786)	-	-	-	-	-	-		
B3	Special reserves	-	-	-	-	209,226	(209,226)	-	-	-	-	-	-		
B5	Cash dividends to the shareholders of the Company	-	-	-	-	-	(492,022)	-	-	-	(492,022)	-	(492,022)		
	Other changes in capital reserves:														
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	54	-	-	-	(371)	(1)	-	(318)	318	-		
M7	Changes in ownership interests in subsidiaries	-	-	12	-	-	-	-	-	-	12	(12)	-		
D1	Net profit in 2020	-	-	-	-	-	(97,152)	-	-	-	(97,152)	(2,473)	(99,625)		
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	4,678	2,099	(7,917)	-	(1,140)	(31,813)	(32,953)		
D5	Total comprehensive income in 2020	-	-	-	-	-	(92,474)	2,099	(7,917)	-	(98,292)	(34,286)	(132,578)		
N1	Employee stock options issued by the Company	-	-	16,294	-	-	-	-	-	45,881	62,175	88	62,263		
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(14,768)	(14,768)	-	(14,768)		
O1	Changes in non-controlling interests (Note 35)	-	-	-	-	-	-	-	-	-	-	21,068	21,068		
Z1	Balance on December 31, 2020	249,011	2,490,112	903,455	134,786	328,572	419,348	(264,268)	(14,649)	-	3,997,356	1,304,763	5,302,119		
	Other changes in capital reserves:														
C15	Cash dividends distributed from capital reserves	-	-	(370,517)	-	-	-	-	-	-	(370,517)	-	(370,517)		
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	66,032	-	-	-	5,586	23	-	71,641	(59,361)	12,280		
M7	Changes in ownership interests in subsidiaries	-	-	5,256	-	-	-	-	-	-	5,256	(5,256)	-		
D1	Net profit in 2021	-	-	-	-	-	(282,867)	-	-	-	(282,867)	(671,965)	(954,832)		
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	7,911	2,376	7,660	-	17,947	22,009	39,956		
D5	Total comprehensive income in 2021	-	-	-	-	-	(274,956)	2,376	7,660	-	(264,920)	(649,956)	(914,876)		
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(49,596)	(49,596)	-	(49,596)		
O1	Changes in non-controlling interests (Note 35)	-	-	-	-	-	-	-	-	-	-	771,154	771,154		
Z1	Balance on December 31, 2021	249,011	\$ 2,490,112	\$ 604,226	\$ 134,786	\$ 328,572	\$ 144,392	(\$ 256,306)	(\$ 6,966)	(\$ 49,596)	\$ 3,389,220	\$ 1,361,344	\$ 4,750,564		

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2021 and 2020

Code		2021	Unit: NTD thousand 2020
	Cash flow from operating activities		
A10000	Net loss before tax in the year	(\$ 889,000)	(\$ 103,128)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	382,635	459,331
A20200	Amortization expenses	19,758	7,875
A20300	Expected losses on credit impairment (gain on reversal)	30,455	(1,849)
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	(49,173)	2,940
A20900	Financial costs	55,848	76,908
A21200	Interest income	(13,129)	(12,641)
A21300	Dividend revenue	(1,955)	(1,811)
A21900	Compensation cost of employee stock options	12,280	16,510
A22300	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	(288)	(153)
A22500	Property, plant and equipment (profit) loss	(3,823)	325
A22700	Disposal of investment property benefits	(57,788)	-
A23200	Loss on disposal of subsidiaries	-	50,196
A23700	Impairment loss from non-financial assets	329,114	5,210
A23800	Profit on reversal of impairment loss from non-financial assets	(13,288)	(39,236)
A29900	Reversal of deferred income	-	(28,326)
A22900	Profit (loss) on lease modification	(172)	(62)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	1,176	(139,079)
A31130	Notes receivable	1,872	11,707
A31150	Accounts receivable	(52,813)	200,020
A31160	Accounts receivable – related parties	(2,702)	-
A31180	Other receivables	10,863	(18,601)
A31200	Inventory	89,631	161,564
A31230	Prepayments	(11,620)	(22,129)
A31240	Other current assets	136,140	32,723
A31990	Other non-current assets	(9,749)	44,448

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Code		2021	2020
A32125	Contract liabilities	588,996	218,430
A32130	Notes payable	(150,725)	87,180
A32150	Accounts payable	45,900	55,644
A32160	Accounts payable – related parties	34,521	-
A32180	Other payables	(140,670)	(99,590)
A32190	Other payables – related parties	7,791	-
A32200	Liability reserve	(10,559)	(13,622)
A32230	Other current liabilities	851,844	(5,535)
A32240	Net defined benefit liabilities	(6,955)	(1,689)
A32990	Deferred income	<u>411,024</u>	<u>-</u>
A33000	Cash generated from operations	1,595,439	943,560
A33100	Interest received	12,883	13,804
A33300	Interest paid	(55,922)	(77,049)
A33500	Income tax paid	(<u>8,687</u>)	(<u>204</u>)
AAAA	Net cash inflow from operating activities	<u>1,543,713</u>	<u>880,111</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	-	(76,620)
B00050	Disposal of financial assets measured at amortized cost	239,777	-
B00100	Acquisition of financial assets designated as measured at fair value through profit or loss	(2,062,355)	(1,670,042)
B00200	Disposal of financial assets designated as measured at fair value through profit or loss	1,774,311	1,454,170
B01800	Acquisition of associates	(10,860)	(1,532)
B01900	Net cash inflow from disposal of subsidiaries	-	248,472
B02000	Increase in prepayments for investment	-	(15,000)
B02200	Net cash outflow from acquisition of subsidiaries	(30,979)	-
B02300	Net cash outflow from disposal of subsidiaries	(4,024)	-
B02700	Purchase of property, plants and equipment	(1,021,037)	(714,308)
B02800	Proceeds from disposal of property, plant and equipment	46,703	6,649
B03700	Increase in guarantee deposits paid	-	(7,555)
B03800	Decrease in guarantee deposits paid	177,309	-
B04200	Decrease in other receivables	-	12,298
B04300	Other receivables – related parties	(19,422)	-

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Code		2021	2020
B04500	Purchase of intangible assets	(5,192)	(7,151)
B05400	Acquisition of right-of-use assets	(98,642)	(1,077)
B05500	Disposal of investment property price	90,559	-
B07600	Dividends received	1,955	1,811
B07100	Increase in prepayments for equipment	(74,605)	(9,805)
BBBB	Net cash outflow from investing activities	(996,502)	(779,690)
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	222,182
C00200	Decrease in short-term loans	(539,958)	-
C01600	Borrowing of long-term loans	367,587	529,180
C01700	Repayment of long-term loans	(323,474)	(414,606)
C03000	Increase in guarantee deposits received	-	174,793
C03100	Decrease in guarantee deposits received	(240,935)	-
C04200	Repayment of the principal of leases	(38,995)	(14,277)
C04500	Payment of dividends to the owner of the Company	(370,517)	(492,022)
C04800	Purchase of treasury stocks	(49,596)	(14,768)
C04900	Payment of costs of transactions in treasury stocks	-	(137)
C05100	Purchase of treasury stocks by employees	-	45,890
C05800	Changes in non-controlling interests (Note 35)	<u>771,154</u>	<u>21,068</u>
CCCC	Net cash inflow (outflow) from financing activities	(424,734)	<u>57,303</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(9,398)	(21,269)
EEEE	Net increase in cash and cash equivalents	113,079	136,455
E00100	Balance of cash and cash equivalents at beginning of the year	<u>1,207,173</u>	<u>1,070,718</u>
E00200	Balance of cash and cash equivalents at ending of the year	<u>\$ 1,320,252</u>	<u>\$ 1,207,173</u>

The attached notes are part of the consolidated financial report.

Chairman:
CHING-FU HSIEH

Manager:
CHING-FU HSIEH

Accounting Manager:
CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Comparison Table of the Clauses Before and After Amendment of
the Articles of Incorporation

Clause	After amendment	Before amendment	Description
Article 1	The Company has been duly incorporated in accordance with the provisions of the Company Act under the name of “廣運機械工程股份有限公司”. <u>Our name in English is KENMEC MECHANICAL ENGINEERING CO., LTD.</u>	The Company has been duly incorporated in accordance with the provisions of the Company Act under the name of “廣運機械工程股份有限公司”.	English name has been added.
Article 6	<u>In accordance with the Company Act, shares bought back by the Company, employee share subscription warrants and new restricted employee stock, and additional shares may be transferred, distributed, or subscribed to employees of parents or subsidiaries of the Company meeting certain specific requirements. The criteria shall be determined by the Board of Directors.</u>	Deleted.	1. This article has been added. 2. In line with actual needs, amendments were made in accordance with Articles 167-1, 167-2 and 267 of the Company Act.
Article 7	The Company’s shares are registered and are issued in accordance with the <u>Company Act and other applicable laws and regulations. The shares issued by the Company are exempted from printing, provided that such shares are kept in custody by or registered with a securities depository body, and shall be handled in accordance with the requirements of such depository body. The Company shall manage its shares and related matters in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.</u>	The shares of the Company shall be registered. <u>Their certificates shall bear the signatures or seals of the directors representing the Company and may only be issued after they have been legally certified. The Company may issue new shares with their certificates printed on a consolidated basis in relation to the total number of shares issued or without printing any such certificates,</u> provided that such new shares are kept in custody by or registered with a securities depository body.	Words were revised and handling basis of stock affairs added.
Article 9	The shareholders’ meeting may be convened on a regular or special basis. A regular meeting shall be legally convened by the Board of Directors annually within six months after the end of each fiscal year. A special	The shareholders’ meeting may be convened on a regular or special basis. A regular meeting shall be legally convened by the Board of Directors annually within six months after the end of each fiscal year. A special	Prior notification date of shareholders’ meeting has been deleted. Wording

Clause	After amendment	Before amendment	Description
	<p>meeting may be legally convened whenever necessary.</p> <p><u>The Company's shareholders' meeting may be convened by videoconference or other means announced by the central competent authority. In case of natural disasters, accidents, or other force majeure events, the central competent authority may promulgate a ruling that authorizes a company which does not have above provision in its Articles of Incorporation to hold its shareholders' meeting by means of videoconference or other promulgated methods within a certain period of time.</u></p> <p><u>In case a shareholders' meeting is proceeded via videoconference, the shareholders taking part in such videoconference shall be deemed to have attended the meeting in person.</u></p> <p><u>For the preceding two paragraphs, a public company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs.</u></p>	<p>meeting may be legally convened whenever necessary. <u>A 30-day prior notice of any annual regular shareholders' meeting or a 15-day prior notice of any special shareholders' meeting specifying the reasons for convening the meeting shall be given to all shareholders.</u></p>	<p>including that the shareholders' meeting may be convened by videoconference or other means announced by the central competent authority has been added.</p>
Article 13	<p>The Company shall have <u>seven to eleven</u> directors serving a three-year term, who shall be elected under a candidate nomination system by the shareholders' meeting from a list of candidates. The directors may be re-elected for consecutive terms. The number of directors shall be determined by the Board of Directors. The Company shall establish an Audit Committee consisting of all the independent directors, one of whom shall be the convener, and at least one of whom shall possess accounting or financial expertise. The duties, organizational rules, performance of functions and other requirements of the Audit Committee shall be subject to the regulations of the competent authority.</p>	<p>The Company shall have <u>five to nine</u> directors serving a three-year term, who shall be elected under a candidate nomination system by the shareholders' meeting from a list of candidates. The directors may be re-elected for consecutive terms. The number of directors shall be determined by the Board of Directors. The Company shall establish an Audit Committee consisting of all the independent directors, one of whom shall be the convener, and at least one of whom shall possess accounting or financial expertise. The duties, organizational rules, performance of functions and other requirements of the Audit Committee shall be subject to the regulations of the competent authority.</p>	<p>Number of directors has been revised.</p>
Article 20-1	<p>I. The Company's earnings, if any, in its annual final account shall be first used to pay taxes and make</p>	<p>I. The Company's earnings, if any, in its annual final account shall be first used to pay taxes and make</p>	<p>7.To increase the flexibility of the Company's cash</p>

Clause	After amendment	Before amendment	Description
	<p>compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed earnings accumulated at the year's beginning and the "adjusted amount of the annual undistributed earnings", be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification.</p> <p><u>The shareholder bonus in the preceding paragraph distributed in the form of cash is authorized to a Board meeting attended by more than two-thirds of the directors and resolution by a majority of the directors present at the meeting, and shall be reported to the shareholders' meeting.</u></p> <p><u>When the Company provides special reserves in accordance with the law, the insufficient amounts in "net increase in fair value of investment property accumulated in prior periods" and "net decrease in other equity accumulated in prior periods" shall be provided by the same amount from the special reserves of prior years' undistributed earnings prior to the distribution of earnings. If the amount is still insufficient, the same amount shall be provided from current net income after tax plus items other than current net income after tax.</u></p> <p>II. Dividend policy: 1. The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance</p>	<p>compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed earnings accumulated at the year's beginning and the "adjusted amount of the annual undistributed earnings", be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification.</p> <p>II. Dividend policy: 1. The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance</p>	<p>dividend payment allocation practices. 8. The method of the basis for provision is supported in accordance with the letter of the FSC regarding the revision of the basis of provision for special reserves for public companies.</p>

Clause	After amendment	Before amendment	Description
	<p>as dividend” policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders’ meeting for decision after taking into account the actual funding situation of the Company.</p> <p>2. Earnings may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders’ meeting may, however, make adjustment thereto based on future funding plans.</p>	<p>as dividend” policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders’ meeting for decision after taking into account the actual funding situation of the Company.</p> <p>2. Earnings may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders’ meeting may, however, make adjustment thereto based on future funding plans.</p>	
Article 22	<p>This Articles of Incorporation was established on June 21, 1976. 1st amendment on November 3, 1977.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>34th amendment on June 23, 2020. 35th amendment on August 27, 2021. <u>36th amendment on June 24, 2022.</u></p>	<p>This Articles of Incorporation was established on June 21, 1976. 1st amendment on November 3, 1977.</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>34th amendment on June 23, 2020. (Deleted) 35th amendment on August 27, 2021.</p>	Added the number and date of amendment.

KENMEC MECHANICAL ENGINEERING CO., LTD. Comparison Table of the Clauses Before and After Amendment of the Rules of Procedure for Shareholders' Meeting

Clause	After amendment	Before amendment	Description
Article 3	<p>Except as otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p><u>Any change of the method of convening a shareholders' meeting shall be resolved by the Board of Directors. The change shall be made at the latest prior to sending the letter of notification of the shareholders' meeting.</u></p> <p>A meeting agenda handbook shall be prepared for any regular shareholders' meeting convened, for which a 30-day prior notice shall be given to all shareholders. Any shareholder holding less than 1,000 registered shares may be given such 30-day prior notice by a public disclosure made on the MOPS. For any special shareholders' meeting convened, a 15-day prior notice shall be given to all shareholders. Any shareholder holding less than 1,000 registered shares may be given such 15-day prior notice by a public disclosure made on the MOPS.</p> <p><u>The shareholders' meeting agenda handbook and supplemental materials shall be made available for the shareholders in the following manners on the day of a shareholders' meeting:</u></p> <p><u>I. Where a physical shareholders' meeting is held, they shall be made available on-site at the meeting.</u></p> <p><u>II. Where a hybrid shareholders' meeting is convened, they shall be made available on-site at the meeting and electronic files shall be sent to the meeting platform of the videoconference.</u></p> <p><u>III. Where a videoconference is</u></p>	<p>Except as otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.</p> <p>A meeting agenda handbook shall be prepared for any regular shareholders' meeting convened, for which a <u>20-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 30-day prior notice of the meeting.</u> For any such meeting convened after the public listing of the Company, a <u>30-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 45-day prior notice of the meeting.</u> Any shareholder holding less than 1,000 registered shares may be given a 30-day prior notice of the meeting by a public disclosure made on the MOPS.</p> <p>For any special shareholders' meeting convened, a <u>10-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 15-day prior notice of the meeting.</u> For any such meeting convened after the public listing of the Company, a 15-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a <u>30-day prior notice of the meeting.</u> Any shareholder holding less than 1,000 registered shares may be given a <u>30-day prior notice of the meeting</u> by a public disclosure made on the MOPS.</p>	

Clause	After amendment	Before amendment	Description
	<p><u>convened, electronic files shall be sent to the meeting platform of the videoconference.</u></p> <p>The notices and public announcements shall expressly provide the subjects of the meeting and may be served in electronic means subject to consent by the target addressees.</p> <p>The election or discharge of directors, amendment to the Articles of Incorporation, capital reduction, application for cessation of public offering, approval for directors to compete, capital increase from retained earnings or capital reserve, the dissolution, merger or division of the Company, or the matters set forth in Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be included in the notice to convene a meeting of shareholders and the <u>essential content shall be explained</u>, and it may not be proposed in the form of an extraordinary motion.</p> <p>Any shareholder holding 1% or more of the total outstanding shares may submit to the Company a proposal for any regular shareholders' meeting. Such a proposal, however, shall be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Where any of the circumstances under Article 172-1, Paragraph 4 of the Company Act applies to a proposal submitted by any shareholder, the Board of Directors may exclude it from the meeting agenda. Any shareholder may submit a proposal for suggestions on urging the Company to enhance public interest or fulfill social responsibility.</p> <p>Procedurally, a shareholder may submit only one such proposal in accordance with Article 172-1 of the Company Act, and no proposal will be included in the meeting agenda if more than one has been submitted.</p>	<p>The notices and public announcements shall expressly provide the subjects of the meeting and may be served in electronic means subject to consent by the target addressees.</p> <p>The election or discharge of directors, amendment to the Articles of Incorporation, capital reduction, application for cessation of public offering, approval for directors to compete with the Company, capital increase from retained earnings or capital reserve, the dissolution, merger or division of the Company or the matters set forth in Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be included in the reasons for convening the meeting and may not be proposed in the form of an extraordinary motion.</p> <p>Any shareholder holding 1% or more of the total outstanding shares may submit to the Company a <u>written</u> proposal for any regular shareholders' meeting. Such a proposal, however, shall be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Where any of the circumstances under Article 172-1, Paragraph 4 of the Company Act applies to a proposal submitted by any shareholder, the Board of Directors may exclude it from the meeting agenda. Any shareholder may submit a proposal for suggestions on urging the Company to enhance public interest or fulfill social responsibility.</p> <p>Procedurally, a shareholder may submit only one such proposal in accordance with Article 172-1 of the Company Act, and no proposal will be included in the meeting agenda if more than one has been submitted.</p>	

Clause	After amendment	Before amendment	Description
	<p>The Company shall announce the accepting of proposals submitted by shareholders, the method for accepting proposals <u>in writing or by way of electronic transmission</u>, and the location and period for accepting proposals before the Company suspends the transfer of stocks before the convening of the regular shareholders' meeting. The period for accepting proposals shall not be shorter than 10 days.</p> <p>Paragraphs 8 and 9 are omitted.</p>	<p>The Company shall announce the accepting of proposals submitted by shareholders and the location and period for accepting proposals before the Company suspends the transfer of stocks before the convening of the regular shareholders' meeting. The period for accepting proposals shall not be shorter than 10 days.</p> <p>Paragraphs 8 and 9 are omitted.</p>	<p>Amended in line with regulations and actual operations and implementation</p>
<p>Article 4:</p>	<p>For each shareholder's meeting, a shareholder may issue a proxy in the standard form printed and provided by the Company, expressly specifying the scope of the powers bestowed to delegate a proxy to attend the shareholders' meeting on his or her behalf.</p> <p>A shareholder may issue one proxy and may only delegate one proxy. The proxy shall be served to the Company 5 days prior to the date scheduled for the shareholders' meeting. In case of double proxies, the proxy shall be entertained on the first come first served basis unless the preceding proxy is declared withdrawn.</p> <p>After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting in person or to exercise voting rights in writing or through electronic means, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders' meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.</p> <p><u>After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting by video, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders'</u></p>	<p>For each shareholder's meeting, a shareholder may issue a proxy in the standard form printed and provided by the Company, expressly specifying the scope of the powers bestowed to delegate a proxy to attend the shareholders' meeting on his or her behalf.</p> <p>A shareholder may issue one proxy and may only delegate one proxy. The proxy shall be served to the Company 5 days prior to the date scheduled for the shareholders' meeting. In case of double proxies, the proxy shall be entertained on the first come first served basis unless the preceding proxy is declared withdrawn.</p> <p>After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting in person or to exercise voting rights in writing or through electronic means, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders' meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.</p>	<p>Amended in line with regulations and actual operations and implementation</p>

Clause	After amendment	Before amendment	Description
	<p><u>meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.</u></p>		
Article 5	<p>(Principles for the Location and Time of the Shareholders' Meeting) The shareholders' meeting shall be held at the location where the Company is headquartered or a location convenient for the shareholders to attend the meeting and suitable for convening the meeting. The start time of the meeting shall be no earlier than 9 a.m. and no later than 3 p.m. The opinions of the independent directors shall be given full consideration regarding the location and time of the meeting. <u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual shareholders' meeting.</u></p>	<p>(Principles for the Location and Time of the Shareholders' Meeting) The shareholders' meeting shall be held at the location where the Company is headquartered or a location convenient for the shareholders to attend the meeting and suitable for convening the meeting. The start time of the meeting shall be no earlier than 9 a.m. and no later than 3 p.m. The opinions of the independent directors shall be given full consideration regarding the location and time of the meeting.</p>	Amended in line with regulations and actual operations and implementation
Article 6	<p>(Preparation of Attendance Book and Other Documents) <u>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.</u> <u>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 shall be 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 attending the shareholders' meeting in person.</u> <u>Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The</u></p>	<p>(Preparation of Attendance Book and Other Documents)</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p><u>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.</u></p> <p>The Company shall prepare an attendance book for any attending shareholder to sign in or, alternatively, the attending shareholder may hand in a sign-in card.</p> <p>The Company shall provide any attending shareholder with a meeting agenda handbook, the annual report, an attendance card, speaker’s slips, voting slips and other meeting materials. Where there is an election of directors, ballots shall also be provided.</p> <p>Where the government or any juristic person is a shareholder, it may be represented by more than one person at the shareholders’ meeting. Any juristic person attending the shareholders’ meeting as a proxy may only be represented by one person at the meeting.</p> <p><u>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.</u></p> <p><u>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.</u></p>	<p>The Company shall prepare an attendance book for any attending shareholder or any proxy appointed by him/her (hereinafter referred to as a “shareholder”) to sign in or, alternatively, the attending shareholder may hand in a sign-in card.</p> <p>The Company shall provide any attending shareholder with a meeting agenda handbook, the annual report, an attendance card, speaker’s slips, voting slips and other meeting materials. Where there is an election of directors, ballots shall also be provided.</p> <p>A shareholder shall attend the shareholders’ meetings with an attendance card, a sign-in card or any other certificate of attendance. Any solicitor who solicits letters of attorney shall also bring his/her identity documents for verification.</p> <p>Where the government or any juristic person is a shareholder, it may be represented by more than one person at the shareholders’ meeting. Any juristic person attending the shareholders’ meeting as a proxy may only be represented by one person at the meeting.</p>	
Article 6-1	<u>(Convening virtual shareholders’ meetings and particulars to be included in the shareholders’ meeting.</u>		1. This article has been added 2. Amended in

Clause	After amendment	Before amendment	Description
	<p><u>notice)</u> <u>When convening a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:</u> <u>I. How shareholders attend the virtual meeting and exercise their rights.</u> <u>II. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <u>(I) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>(II) Shareholders who have not registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.</u> <u>(III) In case of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.</u> <u>(IV) Actions to be taken if the outcomes of all proposals have been announced but extraordinary motions have not been carried out.</u> <u>III. To convene a virtual shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be</u></p>		<p>line with regulations and actual operations and implementation</p>

Clause	After amendment	Before amendment	Description
Article 8	<p><u>specified.</u></p> <p>(Documentation of the Shareholders' Meeting by Audio or Video) Audio <u>and</u> video records of any shareholders' meeting shall be made and retained for at least one year by the Company. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, such records shall be retained until conclusion of the lawsuit.</p> <p><u>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 make a continuous and uninterrupted audio and video recording of the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>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.</u></p>	<p>(Documentation of the Shareholders' Meeting by Audio or Video) Audio <u>or</u> video records of any shareholders' meeting shall be made and retained for at least one year by the Company. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, such records shall be retained until conclusion of the lawsuit.</p>	Amended in line with regulations and actual operations and implementation
Article 9	<p>Shares shall be the basis for the calculation of attendees at a shareholders' meeting. The number of shares in attendance shall be calculated according to the number of shares indicated by the attendance book <u>and the shares checked in on the virtual meeting platform</u>, or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in a written or electronic form.</p> <p>The chair shall call the meeting to order at the appointed meeting time and <u>disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</u> If the attending shareholders do not represent a majority of the total outstanding shares, the chair may postpone the meeting twice at most, and the duration of such postponement may not exceed one hour in total. If the quorum is not met after two</p>	<p>Shares shall be the basis for the calculation of attendees at a shareholders' meeting. The number of shares in attendance shall be calculated according to the number of shares indicated by the attendance book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in a written or electronic form.</p> <p>The chairperson of a shareholders' meeting shall call the meeting to order at the designated start time. If the attending shareholders do not represent a majority of the total outstanding shares, the chairperson may postpone the meeting twice at most, and the duration of such postponement shall not exceed one hour in total. If the attending shareholders after the second postponement do not represent at least one third of the total outstanding</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p>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. <u>In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.</u></p> <p>If the attending shareholders after the second postponement, while still not meeting the quorum, represent at least one third of the total outstanding shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and communicated to the shareholders to notify them that the meeting will be convened again within one month. <u>In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 6.</u></p> <p>If the attending shareholders before the end of the meeting already represent a majority of the total outstanding shares, the chairperson may re-propose the tentative resolution for voting at the meeting in accordance with Article 174 of the Company Act.</p>	<p>shares, the chairperson will announce adjournment of the meeting due to the lack of quorum.</p> <p>If the attending shareholders after the second postponement, while still not meeting the quorum, represent at least one third of the total outstanding shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and communicated to the shareholders to notify them that the meeting will be convened again within one month.</p> <p>If the attending shareholders before the end of the meeting already represent a majority of the total outstanding shares, the chairperson may re-propose the tentative resolution for voting at the meeting in accordance with Article 174 of the Company Act.</p>	
Article 11	<p>(Statements by Shareholders) Before any attending shareholder delivers a statement, the shareholder shall submit a speaker's slip containing the subject of his/her statement and his/her account number (or attendance card number) and account name. The chairperson shall determine the order in which the shareholder delivers his/her statement. Any shareholder who has submitted a speaker's slip without delivering his/her statement shall be deemed as not having delivered any statement at all. In the event of any inconsistency between the statement delivered and that contained in the speaker's slip, the statement delivered shall prevail. Unless the chairperson gives consent, no shareholder may deliver his/her statement more than twice on the same</p>	<p>(Statements by Shareholders) Before any attending shareholder delivers a statement, the shareholder shall submit a speaker's slip containing the subject of his/her statement and his/her account number (or attendance card number) and account name. The chairperson shall determine the order in which the shareholder delivers his/her statement. Any shareholder who has submitted a speaker's slip without delivering his/her statement shall be deemed as not having delivered any statement at all. In the event of any inconsistency between the statement delivered and that contained in the speaker's slip, the statement delivered shall prevail. Unless the chairperson gives consent, no shareholder may deliver his/her statement more than twice on the same</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p>proposal, and each statement may not be delivered for more than five minutes. If the shareholder’s statement violates these Rules or exceeds the scope of the proposal, the chairperson may stop the delivery of his/her statement.</p> <p>When a shareholder is delivering his/her statement, any other shareholder may not interrupt with his/her own statement without consent by both the chairperson and the shareholder delivering statement. The chairperson shall stop any such interruption.</p> <p>Where any shareholder who is a juristic person is represented by two or more persons at the shareholders’ meeting, only one of them may be selected to deliver a statement on a proposal.</p> <p>After the attending shareholders have delivered their statements, the chairperson may give or have designated persons give responses.</p> <p><u>Where a virtual shareholders’ meeting is convened, shareholders attending the virtual meeting online may raise questions in writing on the virtual meeting platform from the moment the chair declares the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question may contain no more than 200 words. The regulations of Paragraphs 1 to 5 do not apply.</u></p> <p><u>As long as questions raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable that the questions are disclosed to the public on the virtual meeting platform.</u></p>	<p>proposal, and each statement may not be delivered for more than five minutes. If the shareholder’s statement violates these Rules or exceeds the scope of the proposal, the chairperson may stop the delivery of his/her statement.</p> <p>When a shareholder is delivering his/her statement, any other shareholder may not interrupt with his/her own statement without consent by both the chairperson and the shareholder delivering statement. The chairperson shall stop any such interruption.</p> <p>Where any shareholder who is a juristic person is represented by two or more persons at the shareholders’ meeting, only one of them may be selected to deliver a statement on a proposal.</p> <p>After the attending shareholders have delivered their statements, the chairperson may give or have designated persons give responses.</p>	
Article 13	<p>A shareholder shall have one voting right for each share held, except for any shareholder whose shares are restricted or who is deemed as having no voting rights under Article 179, Paragraph 2 of the Company Act.</p> <p>At a shareholders’ meeting convened by the Company, voting rights may be exercised in writing or electronically.</p>	<p>A shareholder shall have one voting right for each share held, except for any shareholder whose shares are restricted or who is deemed as having no voting rights under Article 179, Paragraph 2 of the Company Act.</p> <p>At a shareholders’ meeting convened by the Company, voting rights may be exercised in writing or electronically.</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p>Where voting rights are exercised in writing or electronically, such means of exercise shall be expressly provided in the notice of the shareholders' meeting. Any shareholder exercising voting rights in a written or electronic form will be deemed as having attended the shareholders' meeting in person, but also deemed as having waived his/her rights with respect to the extempore motions and amendments to original proposals at that meeting.</p> <p>Any shareholder exercising voting rights in a written or electronic form under the preceding paragraph shall deliver his/her intention to do so to the Company two days before the date of the shareholders' meeting. Where duplicate intentions are delivered, the one received first shall prevail, unless a statement has been made to withdraw the said intention.</p> <p>Where any shareholder who has exercised voting rights in a written or <u>electronic means</u> intends to attend the shareholders' meeting in person, the shareholder shall withdraw his/her previous intention to exercise voting rights in the same way in which he/she has exercised voting rights at least two days before the date of the shareholders' meeting. If the said intention is withdrawn after that period, the voting rights exercised in a written or electronic form shall prevail. Where any shareholder who has exercised voting rights in a written or electronic form has appointed a proxy to attend the shareholders' meeting through a letter of attorney, the voting rights exercised by the appointed proxy at the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, a proposal shall be adopted by a majority of the voting rights represented by the attending shareholders. During the voting, the chairperson or any person designated by him/her shall first announce the total number of voting rights</p>	<p>Where voting rights are exercised in writing or electronically, such means of exercise shall be expressly provided in the notice of the shareholders' meeting. Any shareholder exercising voting rights in a written or electronic form will be deemed as having attended the shareholders' meeting in person, but also deemed as having waived his/her rights with respect to the extempore motions and amendments to original proposals at that meeting.</p> <p>Any shareholder exercising voting rights in a written or electronic form under the preceding paragraph shall deliver his/her intention to do so to the Company two days before the date of the shareholders' meeting. Where duplicate intentions are delivered, the one received first shall prevail, unless a statement has been made to withdraw the said intention.</p> <p>Where any shareholder who has exercised voting rights in a written or electronic form intends to attend the shareholders' meeting in person, the shareholder shall withdraw his/her previous intention to exercise voting rights in the same way in which he/she has exercised voting rights at least two days before the date of the shareholders' meeting. If the said intention is withdrawn after that period, the voting rights exercised in a written or electronic form shall prevail. Where any shareholder who has exercised voting rights in a written or electronic form has appointed a proxy to attend the shareholders' meeting through a letter of attorney, the voting rights exercised by the appointed proxy at the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, a proposal shall be adopted by a majority of the voting rights represented by the attending shareholders. During the voting, the chairperson or any person designated by him/her shall first announce the total number of voting rights</p>	

Clause	After amendment	Before amendment	Description
	<p>represented by the attending shareholders. The shareholders vote for each proposal, and on the same day after the conclusion of the meeting, 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.</p> <p>Where there is any amendment or alternative to a proposal, the chairperson shall determine the order in which the amended or alternative proposal together with the original one are put to a vote. If one of the proposals is adopted, the other proposal shall be deemed as rejected, and no further voting is required.</p> <p>Persons responsible for monitoring and counting the votes on proposals shall be designated by the chairperson.</p> <p>Any vote monitor shall be a shareholder.</p> <p>Votes shall be counted publicly at the venue of the shareholders' meeting, and the voting result shall be announced on-site and recorded.</p> <p><u>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 end of the voting session, or they will be deemed to have abstained from voting.</u></p> <p><u>In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the end of the voting session, and the results of the votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the virtual meeting 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</u></p>	<p>represented by the attending shareholders. The shareholders vote for each proposal, and on the same day after the conclusion of the meeting, 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.</p> <p>Where there is any amendment or alternative to a proposal, the chairperson shall determine the order in which the amended or alternative proposal together with the original one are put to a vote. If one of the proposals is adopted, the other proposal shall be deemed as rejected, and no further voting is required.</p> <p>Persons responsible for monitoring and counting the votes on proposals shall be designated by the chairperson.</p> <p>Any vote monitor shall be a shareholder.</p> <p>Votes shall be counted publicly at the venue of the shareholders' meeting, and the voting result shall be announced on-site and recorded.</p>	

Clause	After amendment	Before amendment	Description
	<p><u>time limit, they may only attend the virtual shareholders' meeting.</u> <u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the virtual shareholders' meeting, except for extraordinary motions, they may 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.</u></p>		
Article 14	<p>(Elections matters) Any election of directors at a shareholders' meeting shall be held in accordance with the applicable rules of election established by the Company, and the election result shall be announced on-site, <u>including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors and not elected and number of votes they received.</u> The ballots for any election under the preceding paragraph shall be sealed with the signatures of the vote monitors and kept in proper custody for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until conclusion of the lawsuit.</p>	<p>(Elections matters) Any election of directors at a shareholders' meeting shall be held in accordance with the applicable rules of election established by the Company, and the election result shall be announced on-site. The ballots for any election under the preceding paragraph shall be sealed with the signatures of the vote monitors and kept in proper custody for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until conclusion of the lawsuit.</p>	Amended in line with regulations and actual operations and implementation
Article 15	<p>(Resolutions) Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by or stamped with the seal of the chairperson and distributed to all shareholders within 20 days after the conclusion of the meeting. The meeting minutes under the preceding paragraph may be produced and distributed in an electronic form. The meeting minutes under paragraph 1 may be distributed by a public disclosure made on the MOPS. The meeting minutes shall accurately record the year, month, day and venue of the meeting, the chairperson's name, the method of resolution, a summary of the meeting and the</p>	<p>(Resolutions) Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by or stamped with the seal of the chairperson and distributed to all shareholders within 20 days after the conclusion of the meeting. The meeting minutes under the preceding paragraph may be produced and distributed in an electronic form. The meeting minutes under paragraph 1 may be distributed by a public disclosure made on the MOPS. The meeting minutes shall accurately record the year, month, day and venue of the meeting, the chairperson's name, the method of resolution, a summary of the meeting and the</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p>meeting results. The meeting minutes shall be retained permanently for the duration of the existence of the Company. The attendance book or sign-in cards of the attending shareholders and the letters of attorney for proxy attendance shall be retained for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the said records shall be retained until conclusion of the lawsuit.</p> <p><u>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 name of the chair and secretary, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the virtual meeting due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting.</u></p>	<p>meeting results. The meeting minutes shall be retained permanently for the duration of the existence of the Company. The attendance book or sign-in cards of the attending shareholders and the letters of attorney for proxy attendance shall be retained for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the said records shall be retained until conclusion of the lawsuit.</p>	
Article 16	<p>(Public Disclosure) On the day of a shareholders' meeting, the Company shall compile, according to the specified format, statistics of the number of shares acquired 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 venue of the shareholders' meeting. <u>In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and</u></p>	<p>(Public Disclosure) On the day of a shareholders' meeting, the Company shall compile, according to the specified format, statistics of the number of shares acquired by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the venue of the shareholders' meeting.</p>	Amended in line with regulations and actual operations and implementation

Clause	After amendment	Before amendment	Description
	<p><u>keep this information disclosed until the end of the meeting.</u> <u>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.</u></p> <p>If the resolutions adopted by a shareholders' meeting include material information as provided by law or defined by Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the resolutions including such information to the MOPS within the specified time period.</p>	<p>If the resolutions adopted by a shareholders' meeting include material information as provided by law or defined by Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the resolutions including such information to the MOPS within the specified time period.</p>	
Article 19	<p><u>(Disclosure of information at virtual meetings)</u> <u>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, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>		<p>1. This article has been added. 2. Amended in line with regulations and actual operations and implementation</p>
Article 20	<p><u>(Location of the chair and secretary of virtual shareholders' meeting)</u> <u>When the Company convenes a virtual shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		<p>1. This article has been added. 2. Amended in line with regulations and actual operations and implementation</p>
Article 21	<p><u>(Handling of disconnection)</u> <u>In the event of a virtual shareholders' meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve technical issues in the communication.</u> <u>In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance</u></p>		<p>1. This article has been added. 2. Amended in line with regulations and actual operations and implementation</p>

Clause	After amendment	Before amendment	Description
	<p><u>where a meeting is not required to be postponed to or resumed at another time under Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected virtual shareholders' meeting shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented and voting rights and election rights exercised by the shareholders who have registered to participate in the affected virtual shareholders' meeting and have successfully signed in for the meeting but do not attend the postponed or resumed session, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders' meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or the list of elected directors.</u></p> <p><u>When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending</u></p>		

Clause	After amendment	Before amendment	Description
	<p><u>the virtual shareholders’ meeting, still meets the minimum legal requirement for a shareholders’ meeting, then the shareholders’ meeting shall continue, and postponement or resumption thereof under the second paragraph is not required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders’ meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders’ meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For the date or period set forth under the second half of Article 12 and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders’ meeting that is postponed or resumed under the second paragraph.</u></p>		
Article 22	<p><u>(Handling of the digital divide)</u></p> <p><u>When convening a virtual-only shareholders’ meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders’ meeting.</u></p>		<p>1. This article has been added.</p> <p>2. Amended in line with regulations and actual operations and implementation</p>
Article 23	<p><u>Article 23</u></p> <p>Supplementary Provisions:</p>	<p><u>Article 19</u></p> <p>Supplementary Provisions:</p>	<p>Article numbers have been</p>

Clause	After amendment	Before amendment	Description
	<p>I. Matters not provided in these Rules shall be subject to the Company Act, other applicable laws and the Articles of Incorporation.</p> <p>II. These Rules and any amendment thereto shall be implemented after the adoption thereof by the shareholders' meeting.</p>	<p>I. Matters not provided in these Rules shall be subject to the Company Act, other applicable laws and the Articles of Incorporation.</p> <p>II. These Rules and any amendment thereto shall be implemented after the adoption thereof by the shareholders' meeting.</p>	adjusted in line with additional articles.
Article 24	<p><u>Article 24</u></p> <p>These Rules were established on April 23, 1999.</p> <p>1st amendment on June 25, 2002.</p> <p>2nd amendment on June 27, 2012.</p> <p>3rd amendment on June 30, 2016.</p> <p>4th amendment on August 27, 2021.</p> <p><u>5th amendment on June 24, 2022.</u></p>	<p><u>Article 20</u></p> <p>These Rules were established on April 23, 1999.</p> <p>1st amendment on June 25, 2002.</p> <p>2nd amendment on June 27, 2012.</p> <p>3rd amendment on June 30, 2016.</p> <p>4th amendment on August 27, 2021.</p>	<p>1. Article numbers have been adjusted in line with additional articles.</p> <p>2. Added an amendment date.</p>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Comparison Table of the Clauses Before and After Amendment of
the Operating Procedures of Acquisition or Disposal of Assets

After amendment	Before amendment	Description
<p>Article 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:</p> <p>I. 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.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of the industry associations to which they belong and with the following provisions:</u></p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>conducting an audit</u>, 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</p>	<p>Article 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:</p> <p>I. 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.</p> <p>II. May not be a related party or de facto related party of any party to the transaction.</p> <p>III. 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.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following items:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When auditing 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</p>	<p>Due to amendments to regulations regarding professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide appraisal reports or certified public accountant's opinions, in addition to complying with the current regulations, the self-regulatory rules of the industry associations to which they belong shall also be complied with.</p>

After amendment	Before amendment	Description
<p>specified in the case working papers. III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> 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. 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 <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>specified in the case working papers. III. They shall undertake an item-by-item evaluation of the <u>completeness, accuracy</u> 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. 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 <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 9 Evaluation and operating procedures for acquisition or disposal of property and equipment Paragraph I (Omitted). II. Entrust an expert to provide a valuation report 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: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there are any subsequent changes to the terms and conditions of the transaction. (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the</p>	<p>Article 9 Evaluation and operating procedures for acquisition or disposal of property and equipment Paragraph I (Omitted). II. Entrust an expert to provide a valuation report 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: (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there are any subsequent changes to the terms and conditions of the transaction. (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the</p>	<p>Words regarding the CPAs' handling of matters in accordance with the provisions of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation have been deleted.</p>

After amendment	Before amendment	Description
<p>transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(Omitted below)</p>	<p>transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price <u>in accordance with the provisions of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation</u>:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(Omitted below)</p>	
<p>Article 10 Evaluation and operating procedures for acquisition or disposal of property of related parties or their right-of-use assets 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 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in the trading of domestic government bonds or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the board of directors:</p> <p>I. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, the following matters must be submitted to the Audit Committee and approved by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party</p>	<p>Article 10 Evaluation and operating procedures for acquisition or disposal of property of related parties or their right-of-use assets 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 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in the trading of domestic government bonds or bonds under repurchase and resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and approved by the board of directors:</p> <p>I. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, the following matters must be submitted to the Audit Committee and approved by the board of directors:</p> <p>(I) The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party</p>	<p>This stipulates that in the event of a transaction with a material related party by a public company or a subsidiary that is not a domestic public company, prior approval by shareholders' meeting must be obtained.</p>

After amendment	Before amendment	Description
<p><u>transaction amount reaches 10 percent or more of the Company’s total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders’ meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amount referred to in <u>paragraph 1 and the preceding paragraph</u> shall be done in accordance with Article 15, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion obtained submitted to the Audit Committee and approved by the <u>shareholders’ meeting</u>, board of directors and supervisors need not be counted toward the transaction amount.</p> <p>II. Evaluation of reasonableness of transaction costs (Omitted below)</p>	<p>II. Evaluation of reasonableness of transaction costs (Omitted below)</p>	
<p>Article 11 Evaluation and operating procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships</p> <p>I. The means of price determination and supporting reference materials. In the event of acquisition or disposal of intangible assets or right-of-use assets thereof or memberships, the Company shall consider the possible future benefits of the asset and its market fair value, and, when necessary, the Company shall refer to opinions of experts and engage in negotiation with counterparties.</p> <p>II. Entrust an expert to provide opinions Where the 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 the 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.</p> <p>Where the Company acquires or disposes of</p>	<p>Article 11 Evaluation and operating procedures for acquisition or disposal of intangible assets or right-of-use assets thereof or memberships</p> <p>I. The means of price determination and supporting reference materials. In the event of acquisition or disposal of intangible assets or right-of-use assets thereof or memberships, the Company shall consider the possible future benefits of the asset and its market fair value, and, when necessary, the Company shall refer to opinions of experts and engage in negotiation with counterparties.</p> <p>II. Entrust an expert to provide opinions Where the 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 the 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. <u>The certified public accountant shall follow the provisions of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>Where the Company acquires or disposes of</p>	<p>The reason for amendment is the same as described for Article 9.</p>

After amendment	Before amendment	Description																														
<p>assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>III. Degree and level of authority delegated (Omitted below)</p>	<p>assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>III. Degree and level of authority delegated (Omitted below)</p>																															
<p>Article 13 Evaluation and operating procedures for acquisition or disposal of derivative products</p> <p>I. Trading principles and strategies:</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>(III) Segregation of duties</p> <p>The responsibilities of each unit for the Company’s engagement in derivative products are as follows:</p> <table border="1" data-bbox="161 857 705 1122"> <thead> <tr> <th>Level</th> <th>Amount per contract</th> <th>Cumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>Over USD10 million</td> <td>Over USD30 million</td> </tr> <tr> <td>Submitted to the next Board meeting after approval of the Chairman</td> <td>NTD 10,000,000 (inclusive) and below</td> <td>NTD 30,000,000 (inclusive) and below</td> </tr> <tr> <td>Chairman</td> <td>NTD 3,000,000 (inclusive) and below</td> <td>NTD 3,000,000 (inclusive) and below</td> </tr> <tr> <td>President</td> <td>NTD 1,000,000 (inclusive) and below</td> <td>NTD 1,000,000 (inclusive) and below</td> </tr> </tbody> </table> <p>If the purpose for the Company’s engagement in derivative products is “trading,” each transaction must be approved by the Chairman prior to implementation and submitted to the next Board meeting <u>for ratification</u>. (omitted below)</p>	Level	Amount per contract	Cumulative net positions	Board of Directors	Over USD10 million	Over USD30 million	Submitted to the next Board meeting after approval of the Chairman	NTD 10,000,000 (inclusive) and below	NTD 30,000,000 (inclusive) and below	Chairman	NTD 3,000,000 (inclusive) and below	NTD 3,000,000 (inclusive) and below	President	NTD 1,000,000 (inclusive) and below	NTD 1,000,000 (inclusive) and below	<p>Article 13 Evaluation and operating procedures for acquisition or disposal of derivative products</p> <p>I. Trading principles and strategies:</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>(III) Segregation of duties</p> <p>The responsibilities of each unit for the Company’s engagement in derivative products are as follows:</p> <table border="1" data-bbox="729 857 1273 1122"> <thead> <tr> <th>Level</th> <th>Amount per contract</th> <th>Cumulative net positions</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>Over USD10 million</td> <td>Over USD30 million</td> </tr> <tr> <td>Submitted to the next Board meeting for <u>ratification</u> after approval of the Chairman</td> <td>NTD 10,000,000 (inclusive) and below</td> <td>NTD 30,000,000 (inclusive) and below</td> </tr> <tr> <td>Chairman</td> <td>NTD 3,000,000 (inclusive) and below</td> <td>NTD 3,000,000 (inclusive) and below</td> </tr> <tr> <td>President</td> <td>NTD 1,000,000 (inclusive) and below</td> <td>NTD 1,000,000 (inclusive) and below</td> </tr> </tbody> </table> <p>If the purpose for the Company’s engagement in derivative products is “trading,” each transaction must be approved by the Chairman prior to implementation and submitted to the next Board meeting for <u>ratification</u>. (omitted below)</p>	Level	Amount per contract	Cumulative net positions	Board of Directors	Over USD10 million	Over USD30 million	Submitted to the next Board meeting for <u>ratification</u> after approval of the Chairman	NTD 10,000,000 (inclusive) and below	NTD 30,000,000 (inclusive) and below	Chairman	NTD 3,000,000 (inclusive) and below	NTD 3,000,000 (inclusive) and below	President	NTD 1,000,000 (inclusive) and below	NTD 1,000,000 (inclusive) and below	<p>For the consistency of practical operations, some text has been deleted.</p>
Level	Amount per contract	Cumulative net positions																														
Board of Directors	Over USD10 million	Over USD30 million																														
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<p>Article 15 Public announcement and regulatory filing procedures</p> <p>I. Where any of the following circumstances occur with respect to the acquisition or disposal of assets by the Company, a public report of relevant information shall be made according to the nature and prescribed format on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:</p> <p>(I) 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 the paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more. However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements,</p>	<p>Article 15 Public announcement and regulatory filing procedures</p> <p>I. Where any of the following circumstances occur with respect to the acquisition or disposal of assets by the Company, a public report of relevant information shall be made according to the nature and prescribed format on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:</p> <p>(I) 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 the paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more. However, this shall not apply to the trading of domestic government bonds or bonds under repurchase and resale agreements,</p>	<p>The restriction for the trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan is relaxed and public announcement is exempted.</p>																														

After amendment	Before amendment	Description
<p>or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures.</p> <p>(IV) 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:</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by a public 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 a 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.</p> <p>(VI) Where land is acquired under an arrangement for 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.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <p>1. Trading of domestic government bonds <u>or</u></p>	<p>or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures.</p> <p>(IV) 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:</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by a public 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 a 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.</p> <p>(VI) Where land is acquired under an arrangement for 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.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <p>1. Trading of domestic government bonds.</p>	

After amendment	Before amendment	Description
<p><u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds</u> or 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, <u>or subscription or redemption of exchange traded notes</u>, 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.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Omitted below)</p>	<p>2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription 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 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.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Omitted below)</p>	
<p>Article 20 Date of amendments These Procedures were established on April 23, 1999. 1st amendment on October 9, 2000. . . . 12th amendment on June 25, 2019. <u>13th amendment on June 24, 2022.</u></p>	<p>Article 20 Date of amendments These Procedures were established on April 23, 1999. 1st amendment on October 9, 2000. . . . 12th amendment on June 25, 2019.</p>	<p>Date of amendment has been added.</p>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Information on director and independent director candidates

Title	Name	Current shareholding		Main career (academic) achievements	Concurrent position in the Company and in other companies	Whether an independent director has served for three consecutive terms or more/reason
		Number of shares	%			
Director	CHING-FU HSIEH	24,079,707	9.67	EMBA, National Chengchi University Designer of Combined Logistics Command depot, salesman of Ye Niu Industrial Co., Ltd.	Note 1	Not applicable
Director	CHOU-HUANG PAI	12,232,086	4.91	Department of Drawing, Taipei Municipal Da-An Vocational High School Technician, Combined Logistics Command depot Salesman, Xin-Yong-Jia Industrial Co., Ltd.	Note 2	Not applicable
Director	YUEH-CHEN LIN	18,181,345	7.30	Hujiang Senior High School Accountant, president, assistant vice president, special assistant of president office of KENMEC MECHANICAL ENGINEERING CO., LTD., President, Operation and Management Center	Note 3	Not applicable

Title	Name	Current shareholding		Main career (academic) achievements	Concurrent position in the Company and in other companies	Whether an independent director has served for three consecutive terms or more/reason
		Number of shares	%			
Director	Shun-Zhong Investment Co., Ltd. Representative: MING-KAI HSIEH	193,084	0.08	Master, Business Administration, National Chengchi University Master, Nankai Institute Of Economics, China Director of Tainergy Tech Co., Ltd. President of Tainergy Tech Co., Ltd.	1. Corporate director representative Tainergy Technology (Kunshan) Co., LTD. 2. Director of KENTEC INC. 3. President of Tainergy Tech Co., Ltd. 4. CEO, Automation Business Group, KENMEC 5. Corporate director representative of Star Solar New Energy Co., Ltd. 6. Remuneration Committee member of Visual Photonics Epitaxy Co., Ltd. 7. Chairman of TAISIC MATERIALS CO. 8. Chairman of Chief Global Logistics Co., Ltd. 9. Chairman of Jui Hsuan Investment Co., Ltd. 10. Supervisor of TKT CORPORATION	Not applicable
Independent director	Yi-Yu Li	--	--	Doctorate, Kansas State University, USA Retired Associate Professor, Business Administration Department, National Chengchi University (2021/8/1) Independent director/Risk Committee member of South China Insurance Independent director/Remuneration Committee convener of Celxpert Energy Corporation Independent director/Remuneration Committee convener of Eversol Corporation	Taoyuan Airport service quality and KPI project advisor	No

Title	Name	Current shareholding		Main career (academic) achievements	Concurrent position in the Company and in other companies	Whether an independent director has served for three consecutive terms or more/reason
		Number of shares	%			
Independent director	Chu-Ju Peng	--	--	<p>Doctor of Business Administration, National Chengchi University Professor, Business Administration Department, National Chengchi University Director, College of Business Administration, National Chengchi University Chair, Business Administration Department, National Chengchi University Associate Dean, College of Commerce, National Chengchi University Director, PERDO Office, College of Commerce, National Chengchi University Member and Convener, Financial Supervisory Committee, National Chengchi University Centre for Business Performance, Cranfield University, UK, Visiting Professor</p>	Professor, Business Administration Department, National Chengchi University	No
Independent director	CHIEN-CHOU CHU	--	--	<p>The Department and Graduate Institute of Accounting Department of Shipping and Transportation Management, Ocean University Accountant of i-trust Accounting firm Financial manager of Biotop Technology Co., Ltd. Head of the Audit Department, Deloitte & Touche Passed the Taiwan's CPA examination Passed the internal auditor examination</p>	<p>1. Accountant of Chuan-Hsing Accounting firm 2. Independent Director of Lungteh Shipbuilding Co., Ltd. 3. Independent Director of Taiwan Shin Kong Security Co., Ltd.</p>	Yes (see Note 4)

Note 1: Chairman of Long-Zi Industrial Co., Ltd. 2. Chairman of Shun-Cheng Investment Co., Ltd. 3. Chairman of Shun-Zhong Investment Co., Ltd. 4. Chairman of Tainergy Tech Co., Ltd. 5. Chairman and President of Tainergy Technology (Kunshan) Co., Ltd. 6. Chairman of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. 7. Chairman of KENMEC TECHNOLOGY (SUZHOU) CO., LTD. 8. Chairman of KENMEC TECHNOLOGY (FUQING) CO., LTD. 9. Chairman of KENMEC International Holding (BVI) Co., Ltd. 10. Chairman of KENMEC Communication Holding (BVI) Co., Ltd. 11. Chairman of TAINERGY TECH HOLDING (SAMOA) CO., LTD. 12. Chairman of KENMEC VIETNAM COMPANY LIMITED. 13. Chairman of Shun-Zhong Assets Management Co., Ltd. 14. Chairman of Ming-Xuan Development Co., Ltd. 15. Chairman of Cheng-Feng Assets Management Co., Ltd. 16. Chairman and President of KENTEC Inc. 17. Chairman and President of KENMEC MECHANICAL ENGINEERING CO., LTD. 18. Chairman of Ample Assets Holdings Ltd. 19. Chairman of Fraternity Trade Development (KunShan) Co., Ltd. 20. Chairman of KENMEC AUTOMATION ENGINEERING (KUNSHAN). 21. Chairman of Ming-Xuan Investment Co., Ltd. 22. Chairman and president of Suzhou KENMEC Property Development Ltd. 23. Chairman and president of Kunshan SENSIC Electronic Materials Co., Ltd. 24. Chairman of Kunshan Jichang Energy Technology Co., Ltd.

Note 2: 1. Director of Shun-Cheng Investment Co., Ltd. 2. Director of Shun-Zhong Investment Co., Ltd. 3. Director of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. 4. Director of KENMEC TECHNOLOGY (SUZHOU) CO., LTD. 5. Director of KENMEC TECHNOLOGY (FUQING) CO., LTD. 6. Director of Ming-Xuan Investment Co., Ltd. 7. Corporate director representative of KENTEC Inc.

Note 3: 1. Chairman of Chieh Yi Co., Ltd. 2. Director of Shun-Cheng Investment Co., Ltd. 3. Director of Shun-Zhong Investment Co., Ltd. 4. Supervisor of Chung Shih Consulting Co., Ltd. 5. Director of Samoan Rui Shi Co., Ltd. 6. Director of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. 7. Director of KENMEC TECHNOLOGY (SUZHOU) CO., LTD. 8. Supervisor of Tainergy Technology (Kunshan) Co., Ltd. 9. Supervisor of Cheng Yang Energy Co., Ltd. 10. Director of Ming-Xuan Investment Co., Ltd. 11. Director of Cheng-Feng Assets Management Co., Ltd. 12. Director of Ming-Xuan Development Co., Ltd. 13. Director of Shun-Zhong Assets Management Co., Ltd. 14. President of the Operation and Management Center of KENMEC Mechanical Engineering Co., Ltd.

Note 4:

Reason for continuing to nominate Mr. Chien-Chou Chu as an independent director -

1. Mr. Chien-Chou Chu himself and his spouse do not hold any shares of the Company, have not worked for the Company or its affiliates, and are not relatives of any of the Company's managers.
2. Mr. Chien-Chou Chu has been nominated as one of the independent directors candidates due to his professional qualifications as an accountant, his familiarly with applicable laws and regulations, his in-depth understanding of corporate governance, and the fact that he personally attended 60 of the 62 Board meetings in the most recent 3 terms, with an attendance rate of 97%. In the meetings, he provided an array of valuable advice, posing significant benefits to the Company.
3. As a means of implementing diversity of the Company's Board members, the composition of the Company's Board centers on professionalism and dedication. Two of the seven directors nominated for this term are women. The average age of the Board members is 60 years old, and they have professional backgrounds in automation technology, electrical, electronic and solar industries as well as specialized technical industries (e.g., accountants, school professors). They also possess financial, business and management expertise. The nomination of independent directors is on par with the Company's long-term development objectives as well as the operations of the Audit Committee and Remuneration Committee, while taking into account whether the expertise of candidates complements that of other directors. Candidates must also have expertise in accounting, corporate management, automation technology and electrical and electronic industries in order to enhance the functions, experience and specific expertise of the Board of Directors as a whole, achieving the goal of a diverse Board of Directors.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Information on lifting the restriction for new directors and their
representatives from competition

2022.6.24

The Company		Concurrent employment in other companies	
Title	Name	Company name	Title
Director	CHING-FU HSIEH	1. Long-Zi Industrial Co., Ltd. 2. Shun-Zhong Assets Management Co., Ltd. 3. Ming-Xuan Development Co., Ltd. 4. Cheng-Feng Assets Management Co., Ltd. 5. Tainergy Tech. Co., Ltd. 6. KENTEC INC.	1. Chairman 2. Chairman 3. Chairman 4. Chairman 5. Chairman 6. Chairman
Director	CHOU-HUANG PAI	KENTEC INC.	Director
Director	YUEH-CHEN LIN	1. Chieh Yi Co., Ltd. 2. Shun-Zhong Assets Management Co., Ltd. 3. Ming-Xuan Development Co., Ltd. 4. Cheng-Feng Assets Management Co., Ltd.	1. Chairman 2. Director 3. Director 4. Director
Director	Shun-Zhong Investment Co., Ltd. Representative: MING-KAI HSIEH	1. Tainergy Tech. Co., Ltd. 2. KENTEC INC. 3. TAISIC MATERIALS CO.	1. President 2. Director 3. Chairman
Independent director	Yi-Yu Li	None	None
Independent director	Chu-Ju Peng	None	None
Independent director	CHIEN-CHOU CHU	Taiwan Shin Kong Security Co., Ltd. Lungteh Shipbuilding Co., Ltd.	1. Independent director 2. Independent director

Appendix 1. Legal Percentages and Numbers of Shares Held by All Directors

- I. The paid-up capital of the Company is NTD 2,490,111,500, and the total number of shares issued is 249,011,150. In accordance with Paragraph 2, Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors of the Company is 12,000,000.
- II. As of the book closure date for the shareholders' meeting (April 26, 2022), the shareholdings by individual and all directors, as recorded in the shareholder register, are as follows:

Title	Name	Current shareholding	
		Number of shares	Shareholding ratio
Chairman	CHING-FU HSIEH	24,079,707	9.67%
Director	CHOU-HUANG PAI	12,232,086	4.91%
Director	YUEH-CHEN LIN	18,181,345	7.30%
Director	Representative of Shun-Zhong Investment Co., Ltd.: MING-KAI HSIEH	193,084	0.08%
Independent director	CHEN-TAI HSIAO	-	-
Independent director	FU-HSIUNG CHENG	-	-
Independent director	CHIEN-CHOU CHU	-	-

Note: As of the book closure date for the shareholders' meeting (April 26, 2022), the total number of shares held by all directors as recorded in the shareholder register is 54,686,222, which has met the requirements under Article 26 of the Securities and Exchange Act.

Appendix 2

KENMEC MECHANICAL ENGINEERING CO., LTD.

Rules of Procedure for Shareholders' Meeting

- Article 1: For the purposes of building a system for good governance of the shareholders' meeting of the Company, ensuring its sound supervisory functions and strengthening its management capability, these Rules of Procedure (hereinafter referred to as the "Rules") has been established in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 2: Except as otherwise provided by law or the Articles of Incorporation, the rules of procedure for the shareholders' meeting of the Company shall be governed by these Rules.
- Article 3: Except as otherwise provided by law, the shareholders' meeting of the Company shall be convened by the Board of Directors.
- A meeting agenda handbook shall be prepared for any regular shareholders' meeting convened, for which a 20-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 30-day prior notice of the meeting. For any such meeting convened after the public listing of the Company, a 30-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 45-day prior notice of the meeting. Any shareholder holding less than 1,000 registered shares may be given a 30-day prior notice of the meeting by a public disclosure made on the MOPS.
- For any special shareholders' meeting convened, a 10-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 15-day prior notice of the meeting. For any such meeting convened after the public listing of the Company, a 15-day prior notice shall be given to all shareholders. Any shareholder holding bearer shares shall be given a 30-day prior notice of the meeting. Any shareholder holding less than 1,000 registered shares may be given a 30-day prior notice of the meeting by a public disclosure made on the MOPS.
- The notices and public announcements shall expressly provide the subjects of the meeting and may be served in electronic means subject to consent by the target addressees.
- The election or discharge of directors, amendment to the Articles of Incorporation, capital reduction, application for cessation of public offering, approval for directors to compete with the Company, capital increase from retained earnings or capital reserve, the dissolution, merger or division of the Company or the matters set forth in Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be included in the reasons for convening the meeting and may not be proposed in the form of an extraordinary motion.
- Any shareholder holding 1% or more of the total outstanding shares may submit to the Company a written proposal for any regular shareholders' meeting. Such a proposal, however, shall be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Where any of the circumstances under Article 172-1, Paragraph 4 of the Company Act applies to a proposal submitted by any shareholder, the Board of Directors may exclude it from the meeting agenda. Any shareholder may submit a proposal for suggestions on urging the Company to enhance

public interest or fulfill social responsibility. Procedurally, a shareholder may submit only one such proposal in accordance with Article 172-1 of the Company Act, and no proposal will be included in the meeting agenda if more than one has been submitted. The Company shall announce the accepting of proposals submitted by shareholders and the location and period for accepting proposals before the Company suspends the transfer of stocks before the convening of the regular shareholders' meeting. The period for accepting proposals shall not be shorter than 10 days.

An issue proposed by a shareholder shall not exceed the maximum of 300 Chinese characters and an issue that exceeds 300 Chinese characters shall not be entered into the agenda. A shareholder who poses a proposal shall participate in the shareholders' meeting either in person or through a proxy and shall participate in the discussion process of the issue so proposed.

The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal-submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. On issues proposed by shareholders which are not entered into the agenda, the Board of Directors shall explain the reasons why during the shareholders' meeting.

Article 4: For each shareholder's meeting, a shareholder may issue a proxy in the standard form printed and provided by the Company, expressly specifying the scope of the powers bestowed to delegate a proxy to attend the shareholders' meeting on his or her behalf. A shareholder may issue one proxy and may only delegate one proxy. The proxy shall be served to the Company 5 days prior to the date scheduled for the shareholders' meeting. In case of double proxies, the proxy shall be entertained on the first come first served basis unless the preceding proxy is declared withdrawn.

After a proxy is served to the Company, if a shareholder decides to participate in the shareholders' meeting in person or to exercise voting rights in writing or through electronic means, he or she shall inform the Company in writing to withdraw the proxy 2 days prior to the date scheduled for the shareholders' meeting. In the event that such shareholder is overdue in withdrawing the notice, the voting rights exercised by the delegated proxy shall prevail.

Article 5: (Principles for the Location and Time of the Shareholders' Meeting)
The shareholders' meeting shall be held at the location where the Company is headquartered or a location convenient for the shareholders to attend the meeting and suitable for convening the meeting. The start time of the meeting shall be no earlier than 9 a.m. and no later than 3 p.m. The opinions of the independent directors shall be given full consideration regarding the location and time of the meeting.

Article 6: (Preparation of Attendance Book and Other Documents)
The Company shall prepare an attendance book for any attending shareholder or any proxy appointed by him/her (hereinafter referred to as a "shareholder") to sign in or, alternatively, the attending shareholder may hand in a sign-in card.
The Company shall provide any attending shareholder with a meeting agenda handbook, the annual report, an attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors, ballots shall also be provided.

A shareholder shall attend the shareholders' meetings with an attendance card, a sign-in card or any other certificate of attendance. Any solicitor who solicits letters of attorney shall also bring his/her identity documents for verification.

Where the government or any juristic person is a shareholder, it may be represented by more than one person at the shareholders' meeting. Any juristic person attending the

shareholders' meeting as a proxy may only be represented by one person at the meeting.

Article 7: (Chairperson and Attendees of the Shareholders' Meeting)

Any shareholders' meeting convened by the Board of Directors shall be presided over by the Chairman. If the Chairman is on leave or unable to perform his/her duties for whatever reason, the Vice Chairman shall act on his/her behalf. In the absence of a Vice Chairman or where the Vice Chairman is also on leave or unable to perform his/her duties for whatever reason, the Chairman shall appoint one of the executive directors to act on his/her behalf. In the absence of any executive director, one of the directors shall be appointed to act on behalf of the Chairman. Where the Chairman fails to make such appointment, the executive directors or directors shall select one of them to act on behalf of the Chairman.

Any shareholders' meeting convened by the Board of Directors should be attended by a majority of the directors.

If a shareholders' meeting is convened by any person other than the Board of Directors who has the right to do so, the meeting shall be presided over by that person. Where there are two or more such persons, they shall select one of them to preside over the meeting.

Attorneys, certified public accountants or other related persons engaged by the Company may be appointed to attend a shareholders' meeting.

Article 8: (Documentation of the Shareholders' Meeting by Audio or Video)

Audio or video records of any shareholders' meeting shall be made and retained for at least one year by the Company. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, such records shall be retained until conclusion of the lawsuit.

Article 9: Shares shall be the basis for the calculation of attendees at a shareholders' meeting.

The number of shares in attendance shall be calculated according to the number of shares indicated by the attendance book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in a written or electronic form. The chairperson of a shareholders' meeting shall call the meeting to order at the designated start time. If the attending shareholders do not represent a majority of the total outstanding shares, the chairperson may postpone the meeting twice at most, and the duration of such postponement shall not exceed one hour in total. If the attending shareholders after the second postponement do not represent at least one third of the total outstanding shares, the chairperson will announce adjournment of the meeting due to the lack of quorum.

If the attending shareholders after the second postponement, while still not meeting the quorum, represent at least one third of the total outstanding shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and communicated to the shareholders to notify them that the meeting will be convened again within one month.

If the attending shareholders before the end of the meeting already represent a majority of the total outstanding shares, the chairperson may re-propose the tentative resolution for voting at the meeting in accordance with Article 174 of the Company Act.

Article 10: (Discussion of Motions)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in accordance with the set agenda, which may not be changed without a resolution of the meeting. The provisions of the preceding paragraph shall apply mutatis mutandis to any

shareholders' meeting convened by any person other than the Board of Directors who has the right to do so.

With respect to the set agenda under the preceding two paragraphs (including extempore motions), the chairperson may not unilaterally adjourn the meeting without a resolution before it ends. If the chairperson declares an adjournment in violation of these Rules, other members of the Board of Directors shall promptly assist the attending shareholders to, in accordance with legal procedures, elect a new chairperson by a majority of the voting rights held by the attending shareholders to continue the meeting.

The chairperson shall give sufficient opportunities for explanation and discussion of any proposal or any amendment or extempore motion submitted by a shareholder. If the chairperson determines that the proposal, amendment or motion can be put to a vote, he/she may end the discussion and submit the proposal, amendment or motion to a vote.

After the meeting is adjourned, the shareholders may not elect another chairperson to resume the meeting at the original or other venue.

Article 11: (Statements by Shareholders)

Before any attending shareholder delivers a statement, the shareholder shall submit a speaker's slip containing the subject of his/her statement and his/her account number (or attendance card number) and account name. The chairperson shall determine the order in which the shareholder delivers his/her statement.

Any shareholder who has submitted a speaker's slip without delivering his/her statement shall be deemed as not having delivered any statement at all. In the event of any inconsistency between the statement delivered and that contained in the speaker's slip, the statement delivered shall prevail.

Unless the chairperson gives consent, no shareholder may deliver his/her statement more than twice on the same proposal, and each statement may not be delivered for more than five minutes. If the shareholder's statement violates these Rules or exceeds the scope of the proposal, the chairperson may stop the delivery of his/her statement. When a shareholder is delivering his/her statement, any other shareholder may not interrupt with his/her own statement without consent by both the chairperson and the shareholder delivering statement. The chairperson shall stop any such interruption.

Where any shareholder who is a juristic person is represented by two or more persons at the shareholders' meeting, only one of them may be selected to deliver a statement on a proposal.

After the attending shareholders have delivered their statements, the chairperson may give or have designated persons give responses.

Article 12: (Calculation of Voting Shares and Recusal System)

Shares shall be the basis for calculating the votes at a shareholders' meeting.

With respect to any resolution of a shareholders' meeting, the number of shares held by any shareholder with no voting rights shall not be calculated as part of the number of the total outstanding shares.

Where any shareholder has a stake in any proposal at the meeting, and where the interest of the Company is likely to be prejudiced as a result, that shareholder may not vote on the proposal and may not exercise voting rights on behalf of 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 the attending shareholders.

Where one person has been appointed to act as a proxy for two or more shareholders, unless the person is a trust company or a stock transfer agency approved by the

competent authority of securities, the voting rights exercised by the person may not exceed 3% of the voting rights of the total outstanding shares. Excessive voting rights shall not be calculated.

- Article 13: A shareholder shall have one voting right for each share held, except for any shareholder whose shares are restricted or who is deemed as having no voting rights under Article 179, Paragraph 2 of the Company Act.
- At a shareholders' meeting convened by the Company, voting rights may be exercised in writing or electronically. Where voting rights are exercised in writing or electronically, such means of exercise shall be expressly provided in the notice of the shareholders' meeting. Any shareholder exercising voting rights in a written or electronic form will be deemed as having attended the shareholders' meeting in person, but also deemed as having waived his/her rights with respect to the extempore motions and amendments to original proposals at that meeting.
- Any shareholder exercising voting rights in a written or electronic form under the preceding paragraph shall deliver his/her intention to do so to the Company two days before the date of the shareholders' meeting. Where duplicate intentions are delivered, the one received first shall prevail, unless a statement has been made to withdraw the said intention.
- Where any shareholder who has exercised voting rights in a written or electronic form intends to attend the shareholders' meeting in person, the shareholder shall withdraw his/her previous intention to exercise voting rights in the same way in which he/she has exercised voting rights at least two days before the date of the shareholders' meeting. If the said intention is withdrawn after that period, the voting rights exercised in a written or electronic form shall prevail. Where any shareholder who has exercised voting rights in a written or electronic form has appointed a proxy to attend the shareholders' meeting through a letter of attorney, the voting rights exercised by the appointed proxy at the meeting shall prevail.
- Except as otherwise provided in the Company Act and the Articles of Incorporation of the Company, a proposal shall be adopted by a majority of the voting rights represented by the attending shareholders. During the voting, the chairperson or any person designated by him/her shall first announce the total number of voting rights represented by the attending shareholders. The shareholders vote for each proposal, and on the same day after the conclusion of the meeting, 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.
- Where there is any amendment or alternative to a proposal, the chairperson shall determine the order in which the amended or alternative proposal together with the original one are put to a vote. If one of the proposals is adopted, the other proposal shall be deemed as rejected, and no further voting is required.
- Persons responsible for monitoring and counting the votes on proposals shall be designated by the chairperson. Any vote monitor shall be a shareholder.
- Votes shall be counted publicly at the venue of the shareholders' meeting, and the voting result shall be announced on-site and recorded.

- Article 14: (Elections matters)
- Any election of directors at a shareholders' meeting shall be held in accordance with the applicable rules of election established by the Company, and the election result shall be announced on-site.
- The ballots for any election under the preceding paragraph shall be sealed with the signatures of the vote monitors and kept in proper custody for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until conclusion of the lawsuit.

Article 15: (Resolutions)

Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed by or stamped with the seal of the chairperson and distributed to all shareholders within 20 days after the conclusion of the meeting. The meeting minutes under the preceding paragraph may be produced and distributed in an electronic form.

The meeting minutes under paragraph 1 may be distributed by a public disclosure made on the MOPS.

The meeting minutes shall accurately record the year, month, day and venue of the meeting, the chairperson's name, the method of resolution, a summary of the meeting and the meeting results. The meeting minutes shall be retained permanently for the duration of the existence of the Company. The attendance book or sign-in cards of the attending shareholders and the letters of attorney for proxy attendance shall be retained for at least one year. Where any shareholder files a lawsuit pursuant to Article 189 of the Company Act, the said records shall be retained until conclusion of the lawsuit.

Article 16: (Public Disclosure)

On the day of a shareholders' meeting, the Company shall compile, according to the specified format, statistics of the number of shares acquired by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the venue of the shareholders' meeting.

If the resolutions adopted by a shareholders' meeting include material information as provided by law or defined by Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload the resolutions including such information to the MOPS within the specified time period.

Article 17: (Maintenance of Order at the Meeting)

Any person managing the administrative affairs of a shareholders' meeting shall wear an identification badge or armband.

The chairperson may direct disciplinary officers or security guards to help maintain order at the meeting. A disciplinary officer or security guard shall wear an identification armband marked with "Discipline" while maintaining order at the meeting.

Where the place of the shareholders' meeting has loudspeaker equipment, any shareholder speaking through any device other than the equipment provided by the Company may be stopped by the chairperson from doing so.

Where any shareholder violates these Rules and defies the chairperson's correction, obstructs the proceedings and refuses to heed calls to stop, the chairperson may direct disciplinary officers or security guards to escort the shareholder out of the meeting.

Article 18: (Break and Resumption of Meeting)

During the process of the meeting, the chairperson may announce a break at any time deemed appropriate by him/her. In the event of force majeure, the chairperson may suspend the meeting and announce a time for resumption of the meeting depending on the circumstances.

If the meeting venue is no longer available for continued use before all of the items (including extempore motions) on the meeting agenda have been completed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. The shareholders' meeting may, in accordance with Article 182 of the Company Act, adopt a resolution to postpone or resume the meeting within five days.

Article 19: Supplementary Provisions:

1. Matters not provided in these Rules shall be subject to the Company Act, other applicable laws and the Articles of Incorporation.

2. These Rules and any amendment thereto shall be implemented after the adoption thereof by the shareholders' meeting.

Article 20: These Rules were established on April 23, 1999.
1st amendment on June 25, 2002.
2nd amendment on June 27, 2012.
3rd amendment on June 30, 2016.
4th amendment on August 27, 2021.

Appendix 3

KENMEC MECHANICAL ENGINEERING CO., LTD. Regulations Governing Elections of Directors

- Article 1: Except as otherwise provided by laws and regulations or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Regulations.
- Article 2: Ballots for the Company's election of directors are issued by the Company and shall be numbered according to attendance card numbers, with voting rights separately calculated. However, no ballots are issued if voting rights are exercised by electronic means.
- Article 2-1: The election of independent directors is conducted by adopting the candidate nomination system under Article 192-1 of the Company Act.
- Article 3: The quota for the Company's directors is subject to the quota prescribed in the Articles of Incorporation.
- Article 4: The Company's election of directors is conducted by adopting the cumulative voting method. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
For the Company's election of directors, each share will have voting rights equal in number to the number of directors to be elected. The Company shall prepare separate ballots or single ballots for directors in numbers corresponding to the directors to be elected. The ballots shall then be distributed to the shareholders and may be cast for a single candidate or split among multiple candidates.
When the Company prepares the ballots as mentioned in the preceding paragraph, the attendance card numbers shall be numbered and voting rights entered.
- Article 5: Voters shall indicate the candidate name and account number in the "Candidate" column on the ballot. However, when the candidate is a government organization or a juristic person shareholder, the name of the government organization or juristic person shareholder and its representative shall be indicated in the column with the government organization's or juristic person shareholder's account number added.
- Article 5-1: [For the Company's election of directors, non-independent directors and independent directors are elected at the same time and the numbers of votes with which they are elected are calculated separately.](#)
- Article 6: Candidates with more votes are elected separately as non-independent directors and independent directors. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
Non-independent directors and independent directors elected in the preceding paragraph shall serve as non-independent directors or independent directors at their own discretion. After checking, if personal information of an elected non-independent director or independent director has been found to be inconsistent or in violation of applicable laws and regulations, his/her election as a non-independent director or independent director shall become invalid.
- Article 7: Before the election starts, the chair shall appoint a number of persons to perform the respective duties of vote monitoring, vote calling and counting personnel.
- Article 8: The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.

- Article 9: A ballot is invalid under any of the following circumstances:
- I. The ballot was not prepared in accordance with these Regulations.
 - II. A blank ballot is placed in the ballot box.
 - III. The writing is unclear and indecipherable or has been altered.
 - IV. The name and shareholder account number of the candidate entered on the ballot does not conform to the director candidate list.
 - V. If the candidate is a shareholder and his/her name is the same as that of other shareholders, and the shareholder account number is not entered for identification.
 - VI. Other words or marks are entered in addition to the candidate's name, title, shareholder account number or identification number (Unified Business Number).
 - VII. The candidate entered is not a shareholder and the name or identification number of the candidate is not specified.
- Article 10: The voting rights shall be calculated combined with written and electronic means on site after the end of the voting, and the results shall be announced by the chair on the spot.
- Article 10-1: If an elected director violates Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, their election as a director shall become invalid.
- Article 10-2: The Board of Directors of the Company shall issue notifications to the persons elected as directors.
- Article 11: Matters not provided for in these Regulations are handled in accordance with the Company's Articles of Incorporation, the Company Act and applicable laws and regulations.
- Article 12: These Regulations and any amendments thereto shall be implemented after the adoption thereof by the shareholders' meeting.
- Article 13: These Regulations were established on April 23, 1999.
1st amendment on June 25, 2002.
2nd amendment on April 15, 2003.
3rd amendment on June 10, 2004.
4th amendment on June 13, 2007.
5th amendment on June 30, 2016.

Appendix 4

KENMEC MECHANICAL ENGINEERING CO., LTD.

Articles of Incorporation

Chapter 1. General Provisions

- Article 1: The Company has been duly incorporated in accordance with the provisions of the Company Act under the name of “廣運機械工程股份有限公司”.
- Article 2: The Company’s business scope shall include the following:
001. B101010 Coal Mining
 002. B601010 Quarrying
 003. C801100 Synthetic Resin and Plastic Manufacturing
 004. C901020 Glass and Glass Products Manufacturing
 005. CA01020 Iron and Steel Rolling and Extruding
 006. CA01050 Steel Secondary processing
 007. CA02010 Manufacture of Metal Structure and Architectural Components
 008. CA04010 Surface Treatments
 009. CB01010 Mechanical Equipment Manufacturing
 010. CB01020 Affairs Machine Manufacturing
 011. CB01030 Pollution Controlling Equipment Manufacturing
 012. CB01990 Other Machinery Manufacturing
 013. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
 014. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 015. CC01040 Lighting Equipment Manufacturing
 016. CC01060 Wired Communication Mechanical Equipment Manufacturing
 017. CC01070 Wireless Communication Mechanical Equipment Manufacturing
 018. CC01080 Electronics Components Manufacturing
 019. CC01090 Manufacture of Batteries and Accumulators
 020. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
 021. CC01110 Computer and Peripheral Equipment Manufacturing
 022. CC01120 Data Storage Media Manufacturing and Duplicating
 023. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
 024. CD01020 Rail Vehicle and Parts Manufacturing
 025. CE01010 General Instrument Manufacturing
 026. CE01030 Optical Instruments Manufacturing
 027. CE01990 Other Optics and Precision Instrument Manufacturing
 028. CQ01010 Mold and Die Manufacturing
 029. D101050 Combined Heat and Power
 030. D401010 Thermal Energy Supply
 031. E599010 Piping Engineering
 032. E601010 Electric Appliance Construction
 033. E601020 Electric Appliance Installation
 034. E603020 Elevator Installation Engineering
 035. E603050 Automatic Control Equipment Engineering
 036. E603080 Traffic Signs Installation Engineering
 037. E603090 Lighting Equipment Construction
 038. E604010 Machinery Installation

039. E605010 Computer Equipment Installation
040. E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
041. E801010 Indoor Decoration
042. E801040 Glass Installation Engineering
043. EZ05010 Instrument and Meters Installation Engineering
044. EZ99990 Other Engineering
045. F106010 Wholesale of Hardware
046. F111090 Wholesale of Building Materials
047. F113010 Wholesale of Machinery
048. F113020 Wholesale of Electrical Appliances
049. F113030 Wholesale of Precision Instruments
050. F113050 Wholesale of Computers and Clerical Machinery Equipment
051. F113070 Wholesale of Telecommunication Apparatus
052. F113090 Wholesale of Traffic Sign Equipment and Materials
053. F113100 Wholesale of Pollution Controlling Equipment
054. F113110 Wholesale of Batteries
055. F113990 Wholesale of Other Machinery and Tools
056. F114080 Wholesale of Track Vehicle and Component Parts Thereof
057. F118010 Wholesale of Computer Software
058. F119010 Wholesale of Electronic Materials
059. F206010 Retail Sale of Hardware
060. F211010 Retail Sale of Building Materials
061. F213010 Retail Sale of Electrical Appliances
062. F213030 Retail Sale of Computers and Clerical Machinery Equipment
063. F213040 Retail Sale of Precision Instruments
064. F213060 Retail Sale of Telecommunication Apparatus
065. F213080 Retail Sale of Other Machinery and Equipment
066. F213100 Retail Sale of Pollution Controlling Equipment
067. F213110 Retail Sale of Batteries
068. F213990 Retail Sale of Other Machinery and Tools
069. F214080 Retail Sale of Track Vehicle and Component Parts Thereof
070. F218010 Retail Sale of Computer Software
071. F219010 Retail Sale of Electronic Materials
072. F301010 Department Stores
073. F399990 Retail sale of Other Integrated
074. F401010 International Trade
075. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
076. G202010 Parking area Operators
077. G801010 Warehousing
078. H701010 Housing and Building Development and Rental
079. H701020 Industrial Factory Development and Rental
080. H701040 Specific Area Development
081. H701050 Investment, Development and Construction in Public Construction
082. H701060 New Towns, New Community Development
083. H703090 Real Estate Business
084. H703100 Real Estate Leasing
085. H703110 Senior Citizen Residence
086. I301010 Information Software Services
087. I301020 Data Processing Services
088. I301030 Electronic Information Supply Services
089. I501010 Product Designing

- 090. E606010 Power Consuming Equipment Inspecting and Maintenance
- 091. IG01010 Biotechnology Services
- 092. IG02010 Research and Development Service
- 093. IG03010 Energy Technical Services
- 094. J101060 Wastewater (Sewage) Treatment
- 095. JA02010 Electric Appliance and Electronic Products Repair
- 096. JA02990 Other Repair
- 097. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- 098. F108031 Wholesale of Medical Devices
- 099. F208031 Retail Sale of Medical Apparatus
- 100. A301030 Aquaculture
- 101. E501011 Tap Water Pipelines Contractors
- 102. E602011 Refrigeration and Air Conditioning Engineering
- 103. E603040 Fire Fighting Equipment Construction

Article 2-1: The total amount of investments made by the Company may exceed 40% of its paid-up capital. The Company may, based on its business needs, provide guarantees externally to other companies in the industry.

Article 3: The Company's headquarters shall be located in New Taipei City, and branches may be established domestically or abroad subject to resolutions by the Board of Directors if necessary.

Article 4: (Deleted).

Chapter 2. Shares

Article 5: The total capital of the Company shall be NTD4,020,000,000, divided into 402,000,000 shares at NTD10 per share and issued in tranches subject to a resolution by the Board of Directors, as authorized. Of the said total capital, an amount of NTD 20,000,000 shall be retained and divided into 2,000,000 shares at NTD 10 per share for exercising stock options against stock option certificates, preferred stocks with stock options or corporate bonds with stock options.

Article 5-1: In accordance with Articles 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company may, subject to approval by at least two-thirds of the voting rights held by the shareholders attending a shareholders' meeting at which shareholders representing a majority of the total outstanding shares are present, issue employee stock option certificates at a price lower than the closing price on the issue date.

Article 5-2: Article 5-2: In accordance with Articles 10-1 and 13 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company may, subject to approval by at least two-thirds of the voting rights held by the shareholders attending the most recent shareholders' meeting at which shareholders representing a majority of the total outstanding shares are present, transfer shares to employees at a price lower than the actual average price of their repurchase.

Article 6: (Deleted).

Article 7: The shares of the Company shall be registered. Their certificates shall bear the signatures or seals of the directors representing the Company and may only be issued after they have been legally certified. The Company may issue new shares with their certificates printed on a consolidated basis in relation to the total number of shares issued or without printing any such certificates, provided that such new shares are kept in custody by or registered with a securities depository body.

Article 8: There shall be no change to the name of any shareholder or transfer of any share within 60 days before a regular shareholders' meeting is convened or 30 days before a special shareholders' meeting is convened, or within 5 days before the record date on

which the Company has decided to distribute dividends and bonuses or other benefits.

Chapter 3. Shareholders' Meeting

- Article 9: The shareholders' meeting may be convened on a regular or special basis. A regular meeting shall be legally convened by the Board of Directors annually within six months after the end of each fiscal year. A special meeting may be legally convened whenever necessary. A 30-day prior notice of any annual regular shareholders' meeting or a 15-day prior notice of any special shareholders' meeting specifying the reasons for convening the meeting shall be given to all shareholders.
- Article 10: A shareholder may appoint a proxy to attend a shareholders' meeting by presenting a letter of attorney which indicates the scope of authorization. Any company whose shares are publicly listed shall be subject to the requirements of the competent authority of securities, if any.
- Article 11: A shareholder of the Company shall have one voting right for each share held, except for any share legally held by the Company itself, which shall have no voting rights.
- Article 12: Except as otherwise provided by the Company Act, any resolution of a shareholders' meeting shall be adopted by a majority of the voting rights held by the shareholders attending the meeting at which shareholders representing a majority of the total outstanding shares are present.
- Article 12-1: If the Company subsequently proposes the withdrawal of the public listing of its shares, such a proposal shall be approved by a resolution of the shareholders' meeting. This provision shall remain unchanged during the period in which the shares of the Company are publicly listed.

Chapter 4. Directors and the Audit Committee

- Article 13: The Company shall have five to nine directors serving a three-year term, who shall be elected under a candidate nomination system by the shareholders' meeting from a list of candidates. The directors may be re-elected for consecutive terms. The number of directors shall be determined by the Board of Directors.
- The Company shall establish an Audit Committee consisting of all the independent directors, one of whom shall be the convener, and at least one of whom shall possess accounting or financial expertise. The duties, organizational rules, performance of functions and other requirements of the Audit Committee shall be subject to the regulations of the competent authority.
- Article 13-1: Upon the expiration of the term of directors, if no new election has been held in time, their term shall be extended for performing their duties until newly elected directors take office. Notwithstanding the foregoing, the competent authority may, by its authority, order the Company to hold a new election within a limited period. If no new election has been held before the expiration of such a period, the directors shall be discharged upon the expiration thereof.
- Article 13-2: Where at least one-third of the seats of directors are vacant or where all the independent directors have been discharged, the Board of Directors shall convene a special shareholders' meeting within 60 days to hold a by-election. The term of each director elected as such shall be limited to the remaining term of his/her predecessor.
- Article 13-3: At least three of the directors of the Company shall be independent directors. The professional competence, shareholdings, restrictions on concurrent positions, methods of nomination and election and other requirements of the independent directors shall be subject to Article 192-1 of the Company Act and the applicable regulations of the competent authority of securities.
- Article 14: The Board of Directors shall consist of the Company's directors. The Chairman shall be elected by a majority of the directors attending a meeting of the Board of Directors at which at least two-thirds of directors are present. The Chairman shall represent the

Company externally.

- Article 14-1: A recommended list of directors for the next term of office may be provided by any shareholder who has the right to do so to the Company as reference for the election of directors.
- Article 15: Where the Chairman is on leave or unable to perform his/her duties for whatever reason, an acting Chairman shall be designated in accordance with Article 208 of the Company Act.
- Article 15-1: Any director who is unable to attend a meeting of the Board of Directors may appoint any other director to act on his/her behalf by presenting a letter of attorney which indicates the scope of authorization regarding the reasons for convening the meeting. For the sake of consistency in practice, I have deleted some of the text.
- Article 15-2: The Chairman of the Board of Directors shall preside over a shareholders' meeting. If the Chairman is on leave or is absent for whatever reason, the Chairman shall appoint one of the directors to act on his/her behalf. Where the Chairman fails to make such appointment, the directors shall select one of them to act on behalf of the Chairman. If a shareholders' meeting is convened by any person other than the Board of Directors who has the right to do so, the meeting shall be presided over by that person. Where there are two or more such persons, they shall select one of them to preside over the meeting.
- Article 16: The directors of the Company may have their traveling expenses reimbursed, and the directors actually conducting business shall be paid remuneration. The Board of Directors shall be authorized to determine the remuneration to the directors based on the extent of their participation in and contributions to the operations of the Company, taking into consideration the general standards of the industry. The Company may take out liability insurance for its directors covering the liability they are legally required to bear in relation to the performance of their duties during their term of office.

Chapter 5. Manager

- Article 17: The Company shall have a number of managers. Their appointment, discharge and remuneration shall be subject to Article 29 of the Company Act.

Chapter 6. Accounting

- Article 18: At the end of each fiscal year of the Company, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for ratification: (1) Business report; (2) Financial statements; and (3) Proposal for profit distribution or loss compensation.
- Article 19: (Deleted).
- Article 20: 5%–15% of the Company's annual profits, if any, shall be appropriated as employee remuneration which may be distributed in shares or in cash as decided by the Board of Directors. Such employee remuneration may be distributed to the employees of affiliated companies who have met certain requirements. The Board of Directors may decide to appropriate 1%–3% of the amount of the said profits as directors' remuneration. The proposals for distribution of the remuneration for employees and directors shall be submitted in a report to the shareholders' meeting. If the Company has accumulated losses, an equivalent amount from the profits shall be reserved as compensation for such losses before the remuneration to employees and directors is appropriated by the aforementioned percentages. The profits under the preceding paragraph shall mean the net profits before tax of each fiscal year prior to deduction of the remuneration to employees and directors.
- Article 20-1:
- I. The Company's earnings, if any, in its annual final account shall be first used to

pay taxes and make compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed earnings accumulated at the year's beginning and the "adjusted amount of the annual undistributed earnings", be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification.

II. Dividend policy:

1. The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.
2. Earnings may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Chapter 7. Supplementary Provisions

Article 21: Matters not provided in this Articles of Incorporation shall be subject to the Company Act and other applicable laws.

Article 22: This Articles of Incorporation was established on June 21, 1976.

1st amendment on November 3, 1977.

2nd amendment on April 6, 1982.

3rd amendment on February 26, 1987.

4th amendment on November 8, 1988.

5th amendment on December 22, 1988.

6th amendment on February 22, 1989.

7th amendment on December 18, 1989.

8th amendment on June 11, 1990.

9th amendment on February 14, 1994.

10th amendment on August 15, 1995.

11th amendment on July 10, 1996.

12th amendment on July 28, 1997.

13th amendment on August 22, 1997.

14th amendment on November 13, 1997.

15th amendment on June 25, 1998.

16th amendment on December 31, 1998.

17th amendment on April 30, 1999.

18th amendment on June 9, 2000.

19th amendment on April 18, 2001.

20th amendment on July 25, 2001.

21st amendment on June 25, 2002.

22nd amendment on April 15, 2003.

23rd amendment on April 15, 2003.

24th amendment on June 10, 2004.

25th amendment on May 5, 2006.

26th amendment on June 13, 2007.
27th amendment on May 27, 2008.
28th amendment on April 22, 2009.
29th amendment on October 14, 2009.
30th amendment on June 27, 2012.
31st amendment on June 19, 2013.
32nd amendment on June 25, 2015.
33rd amendment on June 30, 2016.
34th amendment on June 23, 2020.
35th amendment on August 27, 2021.

Appendix 5

The Effect of the Current Bonus Shares on the Operating Performance, EPS and Return on Shareholder's Investment

Item	Year	2022 (Estimated)	
Initial paid-up capital (NTD thousand)		2,490,111	
Annual allotments and dividends	Cash dividends per share (NTD) – capital reserve NT\$1.6	1.6	
	Stock dividends distributed per share from capital increase by profit (NTD)	0	
	Allotment per 1,000 shares from capital increase by capital reserve	0	
Change in operating performance	Operating profit (NTD thousand)	Not applicable	
	Percentage of increase (decrease) in operating profit from the same period of the previous year	Not applicable	
	Net income after tax (NTD thousand)	Not applicable	
	Percentage of increase (decrease) in net income after tax from the same period of the previous year	Not applicable	
	EPS (NTD)	Not applicable	
	Percentage of increase (decrease) in EPS from the same period of the previous year	Not applicable	
	Annual average ROI (annual average PE ratio)	Not applicable	
Pro forma EPS and PE	If all surplus is transferred to capital Distributed in cash dividends instead	Pro forma EPS	Not applicable
		Pro forma annual average ROI	Not applicable
	If no capital increase is by capital reserve	Pro forma EPS	Not applicable
		Pro forma annual average ROI	Not applicable
	If there is no capital reserve and surplus Change to capital increase to cash dividend payment	Pro forma EPS	Not applicable
		Pro forma annual average ROI	Not applicable

Chairman:

Manager:

Accounting Manager:

Other Information

The following is information regarding shareholder proposals to the annual general meeting:

- Descriptions:
1. According to Article 172-1 of the Company Act, any shareholder holding 1% or more of the total outstanding shares may submit to the Company a proposal for any regular shareholders' meeting, provided that such a proposal is limited to one item and a maximum of 300 words.
 2. The Company made an announcement on the Market Observation Post System, as required by law, that it would accept shareholder proposals for the annual general meeting this year during the period from April 15 to April 26, 2022.
 3. The Company did not receive any shareholder proposal.