

Stock Code: 6125



KENMEC MECHANICAL ENGINEERING CO., LTD.

2023 Annual General Meeting

Meeting Agenda Handbook

Date: June 28, 2023

**Location: No. 36, Dingping Rd., Ruifang Industrial
Park, Ruifang Dist., New Taipei City, Taiwan**

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KENMEC MECHANICAL ENGINEERING CO., LTD.

2023 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. Extraordinary Motions
- VII. Adjournment

KENMEC MECHANICAL ENGINEERING CO., LTD.

2023 Annual General Meeting Agenda

Date & Time: 9:00 a.m., Wednesday, June 28, 2023

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

Location: No. 36, Dingping Rd., Ruifang Industrial Park, Ruifang Dist., New Taipei City, Taiwan

I. Reports

- (1). 2022 Business Report.
- (2). 2022 Audit Committee's Review Report.
- (3). Report on implementation of the 2022 proposal for treasury stocks.
- (4). Report on appropriation of the remuneration to employees and directors in 2022.
- (5). Report on 2022 cash dividends from earnings.
- (6). Motion for the amendments to the Company's "Rules of Procedure for Board of Directors Meeting."
- (7). Formulation of the Company's "Guidelines for the Adoption of Codes of Ethical Conduct."
- (8). Formulation of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."

II. Ratifications

- (1). 2022 Business Report and financial statements.
- (2). Motion for the distribution of the earnings for 2022.

III. Discussions

- (1). Motion for amendments to the Company's "Articles of Incorporation."
- (2). Motion for amendment to the Company's "Operating Procedures of Acquisition or Disposal of Assets."

IV. Extraordinary Motions

V. Adjournment

I. Reports

Item 1: Submitted by the Board of Directors

Motion: 2022 Business Report.

Descriptions: For the 2022 Business Report, see Attachment 1 on p. 10 of this Handbook.

Item 2: Submitted by the Board of Directors

Motion: 2022 Audit Committee's Review Report.

Descriptions: The financial statements and consolidated financial statements of the Company's 2022 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. 12 of this Handbook.

Item 3: Submitted by the Board of Directors

Motion: Report on implementation of the 2022 proposal for treasury stocks.

Descriptions: 1. From January 27 to March 5, 2021, 2,000 thousand shares of treasury stock were actually bought back, costing a total of NTD 49,596,440, with an average buyback price of NTD 24.8 per share. The purpose for the buyback was to transfer the shares to the employees. **At present, a total of 1,533 thousand shares were transferred, with 467 thousand shares not yet transferred.**

2. From March 21 to May 20, 2022, 2,000 thousand shares of treasury stock were expected to be bought back and 2,000 thousand shares of treasury stock were actually bought back, costing a total of NTD 48,036,972, with an average buyback price of NTD 24.02 per share. The purpose for the buyback was to transfer the shares to the employees. **At present, a total of 1,533 thousand shares were transferred, with 467 thousand shares not yet transferred.**

Item 4: Submitted by the Board of Directors

Motion: Report on appropriation of the remuneration to employees and directors in 2022.

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. The Board meeting held on March 10, 2023 resolved to distribute NTD 37,262,275 as remuneration to employees and NTD 7,656,632 as remuneration to directors, both in cash.

Item 5: Submitted by the Board of Directors

Motion: Report on 2022 cash dividends from earnings.

- Descriptions:
1. According to Article 20-1 of the Company's Article of Incorporation, the Board of Directors is authorized to resolve when the Company distributes shareholder dividends in cash and shall be reported at the shareholders' meeting.
 2. The Board meeting held on March 10, 2023 resolved to distribute cash dividends to shareholders in the amount of NTD 401,884,983 from the accumulated earnings available for distribution for 2022, at NTD 1.62 per share, in cash. The total amount of cash dividends distributed to each shareholder shall be calculated 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. The chairman is authorized to set an ex-dividend date, payment date and handle other related matters.
 3. For any subsequent changes in the dividend distribution rate due to changes in the number of outstanding shares of the Company, the chairman is fully authorized to handle the related matters.

Item 6: Submitted by the Board of Directors

Motion: Motion for the amendments to the Company's "Rules of Procedure for Board of Directors Meeting."

Descriptions: Amendments to the Company's "Rules of Procedure for Board of Directors Meeting" are made in line with the amendments to the regulations. For the comparison table of the clauses before and after amendment, please see Attachment 3 on p. 13 of this Handbook.

Item 7: Submitted by the Board of Directors

Motion: Formulation of the Company's "Guidelines for the Adoption of Codes of Ethical Conduct."

Descriptions: The Company has adopted its "Guidelines for the Adoption of Codes of Ethical Conduct" in line with the practical corporate governance needs. Please see Attachment 4 on p. 16 of this Handbook.

Item 8: Submitted by the Board of Directors

Motion: Formulation of the Company’s “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct.”

Descriptions:The Company has adopted its “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” in line with the practical corporate governance needs. Please see Attachment 5 on p. 18 and Attachment 6 on p. 22 of this Handbook.

II. Ratifications

Item 1:

Submitted by the Board of Directors

Motion: 2022 Business Report and financial statements.

Descriptions: 1. The Company's 2022 financial statements (consolidated financial statements) were audited by LI-HUANG LI and PO-JEN WENG, 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. 10 of this Handbook), the Independent Auditors' Report and the above-mentioned financial statements (see Attachment 7 on pp. 26–51 of this Handbook) are hereby submitted for ratification.

Resolution:

Item 2:**Submitted by the Board of Directors**

Motion: Motion for the distribution of the earnings for 2022.

- Descriptions:
1. The 2022 earnings distribution is as follows.
 2. NTD 401,884,983 from earnings has been proposed as cash dividends to shareholders at NTD 1.62 per share. The calculation is based on the actual number of outstanding shares of 248,077,150 after deducting 934,000 shares of treasury stock from the 249,011,150 shares already issued.
 3. For any subsequent changes in the dividend distribution rate due to changes in the Company's capital stock, the chairman is fully authorized to handle the related matters.
 4. 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.
 5. After this motion is approved at the general shareholders' meeting, the chairman is authorized to set an ex-dividend date and handle other related matters.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Table of Profit Distribution for 2022

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of the period	153,847,965
Less: Retroactive adjustments under IAS16	(4,373,400)
Less: Adjustment to retained earnings in relation to equity-accounted investments	(247,923)
Less: Adjustment to retained earnings in relation to equity-accounted investments	(810,312)
Add: Retained earnings adjusted by investment accounted for using the equity method	2,603,077
Add: Remeasurement of defined benefit plans recognized as retained profits	12,870,429
Undistributed earnings after adjustment	163,889,836
Add: Net income after tax for the period	470,073,954
Less: Profits set aside as legal reserves (10%)	(48,011,583)
Add: Reversal of special reserves	22,024,768
Distributable earnings for the current period	607,976,975
Distribution of earnings for the current period:	
Shareholder bonus – cash	(401,884,983)
Total amount distributed	(401,884,983)
Undistributed earnings at the end of the period	206,091,992

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: 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 8 on p. 52 of this Handbook. This proposal is hereby submitted for discussion.

Resolution:

Item 2: **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 9 on p. 54 of this Handbook. This proposal is hereby submitted for discussion.

Resolution:

IV. Extraordinary Motions

Adjournment

KENMEC MECHANICAL ENGINEERING CO., LTD.

Business Report

It has been 46 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 2022, the consolidated operating revenue was NTD 5,359,208,000, a increase of NTD 1,319,430,000 from 2021. The consolidated net income before tax was NTD 456,448,000, a significant increase of NTD 1,364,337,000 from 2021, which was mainly due to operating turn from loss to profit of the consolidation of a subsidiary. The operating performance of 2022 is summarized as follows:

I. Business plan and implementation

Unit: NTD thousand

Item	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	5,359,208	100.0	4,038,095	100.0	1,319,430	32.7
Gross operating profit	998,083	18.6	168,777	4.2	829,306	491.4
Operating profit (loss)	53,025	1.0	(747,513)	(18.5)	800,538	107.1
Net profit (loss) before tax	456,448	8.5	(907,889)	(22.5)	1,364,337	150.3

II. Status of budget implementation

The Company was not required to disclose its financial forecast in 2022.

III. Revenues, expenses, and profitability analysis

Unit: NTD thousand

		2022	2021	% of increase (decrease)	
Revenues and expenses	Operating revenue	5,359,208	4,038,905	32.7	
	Gross operating profit	998,083	168,777	491.4	
	Net profit (loss) before tax	456,448	(907,889)	150.3	
Profitability	Return on assets (%)	4.42	(8.95)		
	Return on equity (%)	8.66	(19.41)		
	Ratio to paid-up capital (%)	Operating profit	2.13	(30.02)	
		Net profit before tax	18.33	(36.46)	
	Net profit margin (%)	8.28	(24.10)		
	EPS (NTD)	1.91	(1.16)	264.7	

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 2022 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

2023 Annual General Meeting of KENMEC
MECHANICAL ENGINEERING CO., LTD.

Members of the Audit Committee: YIH -YUH LEE

TZU-JU PENG

CHIEN-CHOU CHU

March 28, 2023

KENMEC MECHANICAL ENGINEERING CO., LTD.

Table of Comparison of the Clauses Before and After Amendment of the Rules of Procedure for Board of Directors Meeting

Clause	After amendment	Before amendment	Description
Article 3	<p>(Board call and meeting notice)</p> <p>The board of directors of the company meets once a quarter.</p> <p>The convening of the board of directors shall specify the reasons and notify all directors seven days in advance, but in case of emergency, the convening may be called at any time.</p> <p>The notification of the convening referred to in the preceding paragraph may be done electronically with the consent of the counterparty.</p> <p>The items in the first paragraph of Article 12 of these rules shall be listed in the reason for the convening, and shall not be raised as an interim motion.</p>	<p>(Board call and meeting notice)</p> <p>The board of directors of the company meets once a quarter.</p> <p>The convening of the board of directors shall specify the reasons and notify all directors seven days in advance, but in case of emergency, the convening may be called at any time.</p> <p>The notification of the convening referred to in the preceding paragraph may be done electronically with the consent of the counterparty.</p> <p>The items in the first paragraph of Article 12 of these rules shall be listed in the reason for the convening, and shall not be raised as an interim motion, unless there is an emergency or a justifiable reason.</p>	Amended in accordance with the law.
Article 12	<p>(Issues to be discussed by the board of directors)</p> <p>The following matters should be brought to the board of directors of the company for discussion:</p> <ol style="list-style-type: none"> 1. The company's business plan. 2. The annual financial report and the second quarter financial report that must be audited and certified by an accountant. 3. Establish or revise the internal control system and the assessment of the effectiveness of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Securities and Exchange Act). 4. To formulate or amend the procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, and providing endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act. 5. Offering, issuing, or private placement of securities with equity nature. 6. If the board of directors does not have an executive director, the election or dismissal of the chairman. 	<p>(Issues to be discussed by the board of directors)</p> <p>The following matters should be brought to the board of directors of the company for discussion:</p> <ol style="list-style-type: none"> 1. The company's business plan. 2. The annual financial report and the second quarter financial report that must be audited and certified by an accountant. 3. Establish or revise the internal control system and the assessment of the effectiveness of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Securities and Exchange Act). 4. To formulate or amend the procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, and providing endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act. 5. Offering, issuing, or private placement of securities with equity nature. 	Amended in accordance with the law.

Clause	After amendment	Before amendment	Description
	<p><u>7.</u> Appointment and dismissal of financial, accounting or internal audit supervisors.</p> <p><u>8.</u> Donations to related parties or major donations to non-related parties. However, public welfare donations for emergency relief due to major natural disasters may be submitted to the next board of directors for ratification.</p> <p><u>9.</u> In accordance with Article 14-3 of the Securities and Exchange Act, other matters that should be resolved by the shareholders' meeting or proposed to the board of directors in accordance with laws and regulations or the articles of association, or major matters stipulated by the competent authority. The term "related party" mentioned in subparagraph 7 of the preceding paragraph refers to the related party regulated by the financial report preparation standards of securities issuers; the term "significant donation to non-related party" refers to the amount of each donation or the cumulative amount of donations to the same object within one year reaching the new level. More than NT\$100 million, or 1% of the net operating income or 5% of the paid-in capital in the latest annual financial report certified by an accountant. (For a foreign company with no par value or a par value other than NT\$10 per share, the amount of 5% of the paid-in capital in this item shall be calculated as 2.5% of shareholders' equity.) The term "within one year" mentioned in the preceding paragraph is based on the date of the meeting of the board of directors, and is retroactively calculated one year in advance, and the part that has been passed by the resolution of the board of directors is exempted from counting. Independent directors For the matters that should be resolved by the board of directors in Article 14-3 of the Securities and Exchange Law, at least one independent director should attend the board of directors in person. If you are unable to attend in person, you should appoint another independent director to attend the meeting. If independent directors have objections or reserved opinions, they shall be stated in</p>	<p><u>6.</u> Appointment and dismissal of financial, accounting or internal audit supervisors.</p> <p><u>7.</u> Donations to related parties or major donations to non-related parties. However, public welfare donations for emergency relief due to major natural disasters may be submitted to the next board of directors for ratification.</p> <p><u>8.</u> In accordance with Article 14-3 of the Securities and Exchange Act, other matters that should be resolved by the shareholders' meeting or proposed to the board of directors in accordance with laws and regulations or the articles of association, or major matters stipulated by the competent authority. The term "related party" mentioned in subparagraph 7 of the preceding paragraph refers to the related party regulated by the financial report preparation standards of securities issuers; the term "significant donation to non-related party" refers to the amount of each donation or the cumulative amount of donations to the same object within one year reaching the new level. More than NT\$100 million, or 1% of the net operating income or 5% of the paid-in capital in the latest annual financial report certified by an accountant. (For a foreign company with no par value or a par value other than NT\$10 per share, the amount of 5% of the paid-in capital in this item shall be calculated as 2.5% of shareholders' equity.) The term "within one year" mentioned in the preceding paragraph is based on the date of the meeting of the board of directors, and is retroactively calculated one year in advance, and the part that has been passed by the resolution of the board of directors is exempted from counting. Independent directors For the matters that should be resolved by the board of directors in Article 14-3 of the Securities and Exchange Law, at least one independent director should attend the board of directors in person. If you are unable to attend in person, you should appoint another independent director to attend the meeting. If independent directors have objections or reserved opinions, they shall be stated in</p>	

Clause	After amendment	Before amendment	Description
	the minutes of the board meeting; if independent directors cannot express their objections or reserved opinions in person at the board meeting, unless there are legitimate reasons, they shall issue written opinions in advance and state them in the minutes of the board meeting .	the minutes of the board meeting; if independent directors cannot express their objections or reserved opinions in person at the board meeting, unless there are legitimate reasons, they shall issue written opinions in advance and state them in the minutes of the board meeting .	
Article 18	(Executive Board of Directors) If the company's future articles of association have an executive director, the procedures of the executive board of directors shall apply mutatis mutandis to Article 2, Item 2 of Article 3, Article 4 to Article 6, Article 8 to Article 11, and Article 13 to the preceding Article. ; The provisions of Paragraph 4 of Article 3 apply mutatis mutandis to the election or dismissal of the chairman. However, if the executive board of directors convenes regularly within seven days, the executive directors may be notified two days in advance.	(Executive Board of Directors) If the company's future articles of association have an executive director, the procedures of the executive board of directors shall apply mutatis mutandis to Article 2, Item 2 of Article 3, Article 4 to Article 6, Article 8 to Article 11, and Article 13 to Article 16. ; The provisions of Paragraph 4 of Article 3 apply mutatis mutandis to the election or dismissal of the chairman. However, if the executive board of directors convenes regularly within seven days, the executive directors may be notified two days in advance.	
Article 19	(Addendum) This Rules of Procedure shall be approved by the Board of Directors and submitted in a report to the shareholders' meeting. amendment to this Rules of Procedure. This Rules of Procedure was established on December 8, 2006 and has been implemented since January 1, 2007. 1st amendment on March 14, 2008. <u>2nd amendment was on November 4, 2022.</u>	(Addendum) This Rules of Procedure shall be approved by the Board of Directors and submitted in a report to the shareholders' meeting. amendment to this Rules of Procedure. This Rules of Procedure was established on December 8, 2006 and has been implemented since January 1, 2007. 1st amendment on March 14, 2008.	Number and date of revisions

KENMEC MECHANICAL ENGINEERING CO., LTD.

Guidelines for the Adoption of Codes of Ethical Conduct

Article 1 Purpose and Basis

In order to guide the behavior of the directors and managers of this company to comply with ethical standards, and to make the stakeholders of the company better understand the ethical standards of the company, this Code of Ethics is hereby established for compliance.

Article 2 Scope

1. Preventing conflicts of interest: Personal interests that interfere or may interfere with the overall interests of the company will create conflicts of interest. For example, when directors and managers of the company are unable to handle public affairs objectively and efficiently, or when they use their positions in the company to benefit themselves, their spouses, or their relatives within the second degree. The company should pay special attention to financial loans or guarantees provided to related enterprises to which the above-mentioned personnel belong, significant asset transactions, and inbound/outbound trade. The company should establish policies to prevent conflicts of interest and provide appropriate channels for directors and managers to voluntarily disclose potential conflicts of interest with the company.
2. Avoiding opportunities for personal gain: The company should avoid directors and managers engaging in the following activities: (1) using company property or information, or taking advantage of their positions to gain opportunities for personal gain. (2) using public property or information or taking advantage of their positions to gain personal benefits. (3) competing with the company. When the company has an opportunity for profit, directors and managers have a responsibility to increase the legitimate and legal benefits that the company can obtain.
3. Confidentiality responsibility: Directors and managers have a confidentiality obligation for information related to the company itself or its inbound/outbound trade customers, except for authorized or legally required disclosures. Confidential information includes all undisclosed information that may be used or leaked by competitors and could harm the company or its customers.
4. Fair trading: Directors and managers should treat company trade customers, competitors, and employees fairly, and should not manipulate, conceal, abuse information obtained through their positions, make false statements about important matters, or engage in other unfair transaction methods to gain undue benefits.
5. Protecting and using company assets appropriately: Directors and managers have a responsibility to protect company assets and ensure that they are effectively and legally used for public affairs. Theft, negligence, or waste will directly affect the company's profitability.
6. Compliance with laws and regulations: The company should strengthen compliance with the Securities and Exchange Act and other laws and regulations.
7. Encouraging reporting of any illegal or unethical behavior: The company should enhance the promotion of ethical concepts internally and encourage employees to report any suspected or discovered violations of laws, regulations, or ethical standards to the Audit Committee, management, internal audit supervisor, or other appropriate personnel. To encourage employees to report illegal activities, the company should establish specific reporting procedures, allow anonymous reporting, and inform employees that the company will do its best to protect the safety of whistleblowers to prevent retaliation.
8. Disciplinary measures: If directors or managers violate the company's ethical standards, the company should handle it according to the disciplinary measures established in the ethical standards, and immediately disclose information on the date, reason, standard violated, and handling of the violator on the Public Information Observation Platform. The company

should also establish a related complaint mechanism to provide a way for violators to seek relief.

Article 3. Procedures for exemption:

The company's ethical standards should stipulate that directors and managers must go through board resolution and disclosure on the Public Information Observation Platform to be exempt from following the company's ethical standards. The disclosure should include the date of board approval, objections or reservations from independent directors, the exemption period, reasons for exemption, and criteria for exemption, etc. to facilitate shareholders' evaluation of the board's decision and to prevent arbitrary or suspicious exemption situations from occurring, ensuring that any exemption from following ethical standards is subject to proper control mechanisms to protect the company.

Article 4 Disclosure Methods:

The Company shall disclose its code of ethics on its website, annual reports, public statements, and the Public Information Observation System, and shall do the same when amendments are made.

Article 5 Implementation:

This Code of Ethics shall be implemented after it is passed by the Audit Committee and the Board of Directors, and reported to the Shareholders' Meeting. The same shall apply when amendments are made.

Article 6: This Code of Ethics was established on March 10, 2023.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Ethical Corporate Management Best Practice Principles

- Article 1: In order to enhance the culture of ethical business practices and establish a sustainable business environment, this code of conduct is established based on the "Ethical Corporate Management Best Practice Principles for TWSE Listed Companies".
- Article 2: The directors, managers, employees, appointees, and persons with substantial controlling power (hereinafter referred to as "substantial controllers") of the company shall not engage in any dishonest behavior, such as offering, promising, demanding, or accepting any improper benefits directly or indirectly, or committing other acts of dishonesty, illegality, or breach of entrusted obligations, in order to obtain or maintain benefits (hereinafter referred to as "dishonest behavior").
The targets of the preceding paragraph include public officials, political candidates, party members or officials, as well as any public or private enterprise or organization and their directors (supervisors), supervisors, managers, employees, appointees, substantial controllers or other interested parties.
- Article 3: The term "benefits" as used in this code refers to any valuable thing, including any form or name of money, gift, commission, position, service, preferential treatment, kickback, etc. However, if it is in line with normal social etiquette and is occasional and has no risk of affecting specific rights and obligations, it is not limited by this.
- Article 4: The company shall comply with the Company Act, Securities and Exchange Act, Commercial Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Conflict of Interest Avoidance Act for Public Officials, relevant regulations for listed and over-the-counter companies or other relevant laws and regulations related to commercial activities, as the basic premise for implementing ethical business practices.
- Article 5: The company should establish policies based on integrity and a sound corporate governance and risk management mechanism, and create a sustainable business environment with the concepts of honesty, transparency, and responsibility.
- Article 6: The company's integrity management policy shall clearly and comprehensively set out specific integrity management practices and prevention measures against dishonest behavior (hereinafter referred to as "prevention measures"), including operational procedures, behavioral guidelines, and education and training, which shall comply with relevant laws and regulations in the company and group enterprise's operating jurisdictions.
- Article 7: When formulating the prevention measures, the company shall analyze business activities with higher risks of dishonest behavior within its scope of business and strengthen relevant prevention measures. The prevention measures formulated by the company shall cover at least the following behaviors:
1. Bribery and acceptance of bribes.
 2. Providing illegal political contributions.
 3. Improper charitable donations or sponsorships.
 4. Providing or accepting unreasonable gifts, hospitality, or other improper benefits.
 5. Infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights.

6. Engaging in unfair competition.

7. Directly or indirectly causing harm to the interests, health, and safety of consumers or other stakeholders in the development, procurement, manufacturing, provision, or sale of products and services.

Article 8: The company and group enterprises and organizations shall explicitly state the integrity management policy in rules and external documents, as well as the commitment of the board of directors and management to actively implement the integrity management policy, and truly enforce it in internal management and external business activities.

Article 9: The company shall conduct business activities in a fair and transparent manner based on the principle of integrity management. Before conducting business transactions, the company shall consider the legality of its agents, suppliers, customers, or other business partners and whether they are involved in dishonest behavior, and avoid conducting transactions with those involved in dishonest behavior. The contracts signed by the company with agents, suppliers, customers, or other business partners shall contain provisions that comply with the integrity management policy and allow for termination or rescission of the contract at any time if the counterparty is involved in dishonest behavior.

Article 10: The Company, its directors, executives, employees, appointees, and substantial controllers shall not directly or indirectly provide, promise, request, or accept any form of undue benefit to customers, agents, contractors, suppliers, public officials, or other stakeholders in the execution of their business.

Article 11: The Company, its directors, executives, employees, appointees, and substantial controllers shall comply with the Political Donations Act and the Company's internal procedures when directly or indirectly providing donations to political parties or organizations or individuals participating in political activities, and shall not use this as a means to seek commercial benefits or transaction advantages.

Article 12: The Company, its directors, executives, employees, appointees, and substantial controllers shall comply with relevant laws and internal operating procedures when making charitable donations or sponsorships, and shall not engage in disguised bribery.

Article 13: The Company, its directors, executives, employees, appointees, and substantial controllers shall not directly or indirectly provide or accept any unreasonable gifts, hospitality, or other undue benefits to establish business relationships or influence commercial transactions.

Article 14: The Company, its directors, executives, employees, appointees, and substantial controllers shall comply with relevant laws and regulations, internal operating procedures, and contract provisions regarding intellectual property. They shall not use, disclose, dispose of, destroy, or engage in any other act that infringes upon intellectual property rights without the consent of the intellectual property owner.

Article 15: The Company shall engage in business activities in accordance with relevant competition regulations and shall not engage in unfair competition.

Article 16: The Company, its directors, executives, employees, appointees, and substantial controllers shall follow relevant laws and international standards in the research and development, procurement, manufacturing, provision, or sale of products and services, ensuring transparency and safety of product and service information, and developing and publicly disclosing policies for the protection of consumer or other stakeholder rights, and implementing them in operational activities to prevent products or services from directly or indirectly harming the rights, health, and safety of consumers or other stakeholders. If it is found that a product or service poses a risk to the safety and health of consumers or other stakeholders, the Company should generally recall the batch of products or stop the service.

Article 17: The directors, executives, employees, appointees, and substantial controllers of the Company shall fulfill the duty of care and act in good faith to supervise the Company's prevention of dishonest acts. They shall regularly review the effectiveness of its implementation and make continuous improvements to ensure the implementation of the policy of honest management.

To establish a sound management of honest operation, the Company shall set up a dedicated unit under the Board of Directors, equipped with adequate resources and qualified personnel responsible for handling the revision of this Code of Conduct and prevention plans. They shall also consolidate the execution status of honest operation from various relevant departments of the Company and report it to the Board of Directors regularly according to the requirements of this Code of Conduct.

Article 18: The directors, executives, employees, appointees, and substantial controllers of the Company shall comply with legal regulations and prevention plans when performing business operations.

Article 19: The Company shall establish policies to prevent conflicts of interest, which are used to identify, supervise and manage the risks of dishonest behavior that may result from conflicts of interest. It shall also provide appropriate channels for directors, executives, and other stakeholders attending or attending the Board of Directors to proactively explain whether they have potential conflicts of interest with the Company.

If the directors, executives, and other stakeholders attending or attending the Board of Directors have an interest in the agenda proposed at the meeting that is related to themselves or the legal entities they represent, they shall explain the significant content of their interests at that meeting. If there is a risk of harm to the Company's interests, they shall not participate in the discussion or vote, and they shall abstain from voting. They shall not act on behalf of other directors to exercise their voting rights. The directors shall also exercise self-restraint and shall not support each other without due consideration. The directors, executives, employees, appointees, and substantial controllers of the Company shall not use their positions or influence in the Company to obtain undue benefits for themselves, their spouses, parents, children, or any other persons.

Article 20: The Company shall establish effective accounting and internal control systems for business activities with a high risk of dishonest behavior, and shall not have off-book accounts or secret accounts. The systems' design and implementation should be reviewed periodically to ensure their effectiveness. The Company's internal audit unit shall audit compliance with the aforementioned systems and submit an audit report to the Board of Directors. The Company may engage a certified public accountant or other professionals as necessary.

Article 21: The Company shall establish operating procedures and behavioral guidelines in accordance with Article 6 to regulate the conduct of directors, managers, employees, appointees, and actual controllers. The content shall include at least the following items:

1. Criteria for identifying the provision or acceptance of improper benefits.
2. Procedures for handling legal political donations.
3. Procedures and amount standards for legitimate charitable donations or sponsorships.
4. Regulations and reporting procedures to avoid conflicts of interest in relation to job-related benefits.
5. Confidentiality regulations for confidential and business-sensitive information obtained in the course of business.
6. Regulations and handling procedures for suppliers, customers, and business counterparties involved in dishonest behavior.
7. Procedures for dealing with violations of this Code.

8. Disciplinary measures for violators.

Article 22: The Company shall organize or encourage directors, managers, employees, appointees, and actual controllers to participate in internal and external integrity-related education and training and promotion activities to fully understand the Company's commitment to integrity, policies, prevention measures, and the consequences of dishonest behavior. The Company shall combine its integrity policy with employee performance evaluations and human resource policies and establish clear and effective reward and punishment systems.

Article 23: The Company shall establish a specific reporting system and implement it effectively, including the following items:

1. Establishing and publicly announcing an independent internal reporting mailbox and hotline for use by internal and external personnel.
2. Appointing a dedicated person or unit to handle reports. If the reported matter involves a director or senior executive, it shall be reported to the independent director, and procedures and standards for investigating reported matters shall be established.
3. Record-keeping and preservation of reports, investigation processes, investigation results, and related documents.
4. Confidentiality of the reporter's identity and reported content.
5. Protection of the reporter from undue measures due to reporting matters. If the dedicated reporting person or unit of the Company discovers a significant violation or a risk of significant harm to the Company after investigation, it shall immediately notify the independent director in writing.

Article 24: The Company shall specify and publicize a disciplinary and appeal system for violations of the Code of Conduct. For Company personnel who commit serious violations of integrity, they shall be dismissed or terminated in accordance with relevant laws or Company management rules.

Article 25: The Company shall disclose the measures taken and performance in implementing the Code of Conduct on the Company's website, annual report, and public disclosure statement. The content of this Code shall also be disclosed on the Public Information Observation Website.

Article 26: The Company shall pay attention to the development of domestic and foreign related regulations on integrity management at all times, and encourage directors, managers, employees, and appointed personnel to provide suggestions for reviewing and improving the Company's integrity management policy and promoting measures, in order to enhance the effectiveness of the Company's integrity management.

Article 27: This Code shall be implemented after being approved by the Audit Committee and the Board of Directors and reported to the shareholders' meeting. The same shall apply when the Code is amended.

When the Company submits the Code of Conduct to the Board of Directors for discussion in accordance with the preceding paragraph, the opinions of the independent directors shall be fully considered, and their opposing or reserved opinions shall be recorded in the minutes of the Board of Directors meeting. If independent directors are unable to attend the Board of Directors meeting in person to express opposing or reserved opinions, unless there are legitimate reasons, written opinions should be provided in advance and recorded in the minutes of the Board of Directors meeting.

Article 28: This Code of Conduct was established on March 10, 2023 .

KENMEC MECHANICAL ENGINEERING CO., LTD.**Procedures for Ethical Management and Guidelines for Conduct**

- Article 1: Based on the principles of fairness, honesty, integrity, and transparency in conducting business activities, our company has established this operation procedure and behavioral guidelines to implement our policy of ethical business operations and actively prevent any non-ethical behaviors. This is in accordance with our company's " Integrity Management Code" and relevant laws and regulations in the location where our organization operates, which specifies the specific requirements that our company personnel should pay attention to during their business operations. This operation procedure and behavioral guidelines are applicable to our company's subsidiaries, charitable foundations that we have directly or indirectly donated more than 50% of their total funds, and other group companies and organizations that have substantial controlling power.
- Article 2: The personnel of our company referred to in this operation procedure and behavioral guidelines include our company's directors, managers, employees, agents, and other individuals with the authority to handle our company's affairs. This operation procedure and behavioral guidelines also apply to our company's subsidiaries and other group companies and organizations that have substantial controlling power. Any non-ethical behavior committed by any third party through direct or indirect involvement of our company personnel will be considered as being committed by our company personnel themselves.
- Article 3: Non-ethical behavior referred to in this operation procedure and behavioral guidelines refers to any action taken by our company personnel during business operations to directly or indirectly provide, give, promise, request, receive, obtain or enjoy any improper benefits for themselves or third parties, or engage in any other behavior that violates ethics, laws, or trust obligations. The targets of the aforementioned behaviors include public officials, political candidates, political party or party officials, as well as any public or private enterprise or organization and their directors, supervisors, managers, employees, individuals with substantial controlling power or other stakeholders.
- Article 4: The term "benefits" in this operation procedure and behavioral guidelines refers to any valuable matter, including money, gifts, donations, commissions, positions, services, privileges, kickbacks, facilitation fees, entertainment, and other valuable things, whether in the form of money or not.
- Article 5: In order to establish a sound management of integrity, the company designates the General Manager's Office as the dedicated unit (hereinafter referred to as the dedicated unit) to coordinate the following operations for promoting corporate integrity across all units. The dedicated unit should regularly report to the board of directors (at least once a year) on the following:
1. Assist in integrating integrity and moral values into the company's business strategy and cooperate with legal and regulatory requirements to establish related anti-fraud measures.
 2. Develop a program and procedures to prevent fraudulent behavior.
 3. Establish a supervisory mechanism for business activities with higher risks of fraudulent

behavior in the business scope.

4. Promote and coordinate the dissemination of integrity policy training.
5. Plan a reporting system to ensure the effectiveness of the implementation.
6. Assist the board of directors and management in reviewing and evaluating the effectiveness of the anti-fraud measures established for the implementation of corporate integrity, and regularly evaluate compliance with relevant business processes to produce a report.

Article 6: When employees directly or indirectly provide, receive, promise, or request benefits specified in Article 4, they must comply with the provisions of the company's code of conduct, procedures, and behavioral guidelines for corporate integrity, and proceed according to the relevant procedures before taking action, except for the following circumstances:

1. When visiting, receiving foreign guests, promoting business, and communicating and coordinating domestically (or internationally), they behave in accordance with local courtesy, customs, or traditions for business needs.
2. They participate in or invite others to participate in normal social activities based on normal social customs, business purposes, or relationship building.
3. They participate in or invite others to participate in specific business activities, factory visits, etc. due to business needs, and have clearly defined cost-sharing arrangements for the above activities, the number of participants, accommodation grades, and periods, etc.
4. They participate in folk festivals or celebrations that are open to the public and invite the general public to participate.
5. When providing rewards, assistance, condolences, or sympathy to supervisors or colleagues.
6. When providing or receiving money, property, or other benefits to persons other than relatives or frequent friends, or when others give gifts to the majority of company personnel, within the range of general social norms or normal etiquette.
7. When receiving gifts due to engagement, marriage, childbirth, moving, employment, promotion, retirement, resignation, or the illness, injury, or death of oneself, spouse, or immediate family member, the market value of the gifts should not exceed the reasonable value of normal social customs.
8. Other situations that comply with company regulations.

Article 7: When a company employee is directly or indirectly offered or promised benefits as stipulated in Article 4, in addition to the situations specified in the preceding paragraph, they shall return or refuse the benefits and report to their immediate supervisor and the dedicated unit of the company within three days for processing.

Article 8: The company shall not provide or promise any benefits. If an employee provides or promises benefits due to threats or intimidation, they shall follow the procedures specified in Article 7. The dedicated unit of the company shall process the notification immediately and review the relevant situation to reduce the risk of recurrence. If illegal activities are discovered, they shall immediately report to the judicial unit.

Article 9: The political donations provided by the company shall comply with the Political Donations Act and shall be handled according to the company's decision-making authority.

Article 10: The charitable donations or sponsorships provided by the company shall comply with relevant laws and regulations and shall be handled according to the company's decision-making authority.

Article 11: The company's directors, managers, and other stakeholders attending or sitting in on board meetings who have interests in the matters listed on the meeting agenda that relate

to themselves or their representatives shall explain the important content of their interests at the meeting. If it may be harmful to the company's interests, they may not participate in the discussion and vote, and shall abstain from voting. They may not represent other directors to exercise their voting rights. Directors should also self-regulate and not support each other inappropriately.

The spouse, second-degree blood relatives, or companies that have a controlling or subordinate relationship with the director who have interests in the matters listed in the preceding paragraph shall be deemed to have their own interests in those matters.

Company employees may not use company resources for commercial activities outside the company, and may not affect their job performance due to participation in commercial activities outside the company.

Article 12: The company's personnel must comply with the company's regulations regarding trade secrets and must not disclose any business secrets, trademarks, patents, or copyrighted materials to others. They must also not inquire or collect non-job-related business secrets, trademarks, patents, or intellectual property.

Article 13: The company's business activities should comply with the Fair Trade Act and relevant competition laws and regulations. The company must not fix prices, manipulate bidding, restrict production and quotas, or share or divide markets by allocating customers, suppliers, operating areas, or types of businesses.

Article 14: The company must comply with relevant laws and international standards for the products and services it provides. The company must collect and understand relevant information to ensure the transparency and safety of the products and services provided or sold by the company's personnel during the procurement process.

Article 15: Before establishing a business relationship with others, the company should evaluate the legality, integrity, and business policies of agents, suppliers, customers, or other business partners and whether they have a history of dishonest behavior to ensure that their business operations are fair, transparent, and not seeking, providing, or accepting bribes. When conducting the above evaluation, appropriate verification procedures can be adopted to examine the following matters of the company's business partners to understand their integrity of operation:

1. The country of origin, location of operations, organizational structure, business policies, and payment locations of the company.
2. Whether the company has established a policy of integrity of operation and its implementation.
3. Whether the company's operating location is in a country with a high risk of corruption.
4. Whether the company's business belongs to an industry with a high risk of bribery.
5. The long-term operation status and reputation of the company.
6. Consult the opinions of the company's partners regarding the company.
7. Whether the company has a record of dishonest behavior, such as bribery or illegal political donations.

Article 16: The company personnel shall comply with the provisions of the Securities and Exchange Act and shall not engage in insider trading using non-public information they have acquired, nor disclose such information to others to prevent others from engaging in insider trading with such information.

Those who participate in the company's mergers, divisions, acquisitions, share transfers, important memoranda, strategic alliances, other business cooperation plans or important contracts with other institutions or personnel shall sign a confidentiality agreement with the company, promising not to disclose the company's business secrets or other important information they have learned to others, and shall not use such information without the

company's consent.

Article 17: The company shall disclose its integrity management policy in its internal regulations, annual reports, company website, or other promotional materials to ensure that its suppliers, customers, or other related institutions and personnel can clearly understand its integrity management concept and norms.

Article 18: The company personnel shall explain the company's integrity management related regulations to the trading partners during the commercial transaction process, and clearly refuse to directly or indirectly provide, promise, request or accept any form or name of improper benefits.

Article 19: The company personnel shall avoid conducting business transactions with agents, suppliers, customers or other business counterparts involved in dishonest behavior. When signing a contract with others, it is advisable to incorporate integrity management into the contract terms, stipulating that if the counterparty involves dishonest behavior, the company can terminate business dealings or terminate the contract at any time and list them as refused business partners, in order to implement the company's integrity management related regulations.

Article 20: When the company discovers or receives a report of dishonest behavior by its personnel, it shall immediately investigate the relevant facts. If it is confirmed that there is a violation of relevant laws and regulations or the company's integrity management policy and regulations, the company shall immediately request the relevant person to stop the relevant behavior and take appropriate actions, and if necessary, seek compensation through legal procedures to safeguard the company's reputation and rights and interests. The company shall review the relevant internal control system and operation procedures for the dishonest behavior that has occurred, and propose improvement measures to prevent such behavior from recurring. The dedicated unit of the company shall report the dishonest behavior, its processing methods and follow-up review and improvement measures to the board of directors.

Article 21: The specialized unit of the Company shall hold internal promotion activities as necessary and arrange for the Chairman, General Manager or senior management to convey the importance of integrity to the directors, employees and appointed personnel. The Company shall incorporate the operation of integrity into employee performance assessment as an important consideration for employee promotion. For those who violate the integrity code, the Company shall terminate their employment in accordance with relevant laws or the Company's personnel-related regulations.

Article 22: This operating procedure and code of conduct shall be implemented after being approved by the Audit Committee and the Board of Directors, and submitted to the Shareholders' Meeting for review. When submitting this operating procedure and code of conduct to the Board of Directors for discussion, the opinions of independent directors shall be fully considered, and any objections or reservations shall be recorded in the minutes of the Board of Directors. If independent directors are unable to attend the Board of Directors' meeting to express their objections or reservations, except for legitimate reasons, they shall provide written opinions in advance and record them in the minutes of the Board of Directors.

Article 23: This operating procedure and code of conduct were established on March 10, 2023

Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit opinion

We audited the parent company only balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2022 and 2021, parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the periods from January 1 to December 31, 2022 and 2021, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the said parent company only 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 parent company only financial positions of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2022 and 2021, and the parent company only financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only 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 parent company only financial statements of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year of 2022. Such matters were addressed during the overall audit of the parent company only 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 2022 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 judgment 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.

Responsibilities of the Management and Governing Bodies for Parent Company Only Financial Statements

The management was responsible for preparation of the parent company only financial reports 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 parent company only financial statements to ensure that the parent company only financial statements were free of material misstatement due to fraud or error.

During preparation of the parent company only 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 Parent Company Only Financial Statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. 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 parent company only financial statements, the misstatement was deemed as material.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the parent company only 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 parent company only 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 parent company only financial statements (including relevant notes), and whether the parent company only 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 parent company only 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 parent company only financial statements in 2022 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 LI-HUANG LI

CPA PO-JEN WENG

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

Approval No. from the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 28, 2023

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Balance Sheet
December 31, 2022 and December 31 and January 1, 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021 (after restatement)		January 1, 2021 (after restatement)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 845,636	13	\$ 371,626	6	\$ 207,070	4
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	292,909	5	411,171	7	330,895	6
1136	Financial assets measured at amortized cost – current (Note 9)	284,677	4	197,076	3	206,071	4
1140	Contract assets – current (Notes 22 and 24)	543,469	8	314,344	5	256,168	4
1150	Notes receivable – non-related parties (Note 10)	3,194	-	436	-	275	-
1170	Accounts receivable – non-related parties (Note 10)	159,709	2	122,309	2	157,718	3
1180	Accounts receivable – related parties (Notes 10 and 34)	4,229	-	2,637	-	12,184	-
1200	Other receivables (Note 10)	19,252	-	3,162	-	1,475	-
1210	Other receivables – related parties (Notes 10 and 34)	444,296	7	806,093	14	1,053,495	19
1220	Current income tax assets (Note 26)	9,220	-	-	-	7,595	-
130X	Inventory (Note 11)	226,137	4	49,796	1	20,392	-
1429	Prepayments (Note 16)	92,450	1	44,214	1	50,357	1
1470	Other current assets (Notes 16 and 35)	184,671	3	143,018	3	165,084	3
11XX	Total current assets	<u>3,109,849</u>	<u>47</u>	<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)	86,436	1	74,100	1	44,141	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	38,368	1	35,805	1	28,145	-
1535	Financial assets measured at amortized cost – non-current (Note 9)	70,049	1	33,904	1	26,752	-
1550	Investment under the equity method (Note 12)	1,279,462	19	1,279,888	22	1,393,969	25
1600	Property, plants and equipment (Notes 13 and 35)	1,237,653	19	1,116,827	19	1,119,159	20
1755	Right-of-use assets (Note 14)	360,423	5	365,128	7	8,979	-
1780	Other intangible assets (Note 15)	13,638	-	4,949	-	7,168	-
1840	Deferred income tax assets (Note 26)	176,918	3	187,834	3	201,308	4
1990	Other non-current assets (Notes 10, 16 and 35)	255,980	4	247,051	4	328,813	6
15XX	Total non-current assets	<u>3,518,927</u>	<u>53</u>	<u>3,345,486</u>	<u>58</u>	<u>3,158,434</u>	<u>56</u>
1XXX	Total assets	<u>\$ 6,628,776</u>	<u>100</u>	<u>\$ 5,811,368</u>	<u>100</u>	<u>\$ 5,627,213</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)	1,003,527	15	971,393	17	522,798	9
2150	Notes payable – non-related parties (Note 18)	1,348	-	231	-	208	-
2170	Accounts payable – non-related parties (Note 18)	473,684	7	334,361	6	147,885	3
2180	Accounts payable – related parties (Note 18 and 34)	25,816	1	12,734	-	2,962	-
2219	Other payables (Note 19 and 33)	216,734	3	129,969	2	106,503	2
2220	Other accounts payables – related parties (Notes 19)	-	-	-	-	138	-
2230	Current income tax liabilities (Note 26)	-	-	5,225	-	14,842	-
2250	Liability reserve – current (Note 20)	21,740	1	12,985	-	19,580	-
2280	Lease liabilities – current (Note 14)	14,539	-	397	-	4,792	-
2320	Long-term loans maturing within one year (Note 17)	81,279	1	54,323	1	11,784	-
2399	Other current liabilities	8,589	-	3,793	-	3,100	-
21XX	Total current liabilities	<u>1,847,256</u>	<u>28</u>	<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)	789,593	12	477,715	8	446,817	8
2580	Lease liabilities – non-current (Note 14)	266,119	4	264,811	5	-	-
2570	Deferred income tax liabilities (Note 26)	56,552	1	60,605	1	56,330	1
2640	Net defined benefit liabilities – non-current (Note 21)	55,836	1	72,246	1	86,165	2
2670	Other non-current liabilities (Note 19)	5,612	-	5,733	-	5,837	-
25XX	Total non-current liabilities	<u>1,173,712</u>	<u>18</u>	<u>881,110</u>	<u>15</u>	<u>595,149</u>	<u>11</u>
2XXX	Total liabilities	<u>3,020,968</u>	<u>46</u>	<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	38	2,490,112	43	2,490,112	44
3200	Capital reserves	293,869	4	604,226	10	903,455	16
Retained earnings							
3310	Legal reserves	134,786	2	134,786	2	134,786	2
3320	Special reserves	319,117	5	328,572	6	328,572	6
3350	Undistributed earnings	633,963	9	140,019	2	419,464	8
3300	Total retained earnings	<u>1,087,866</u>	<u>16</u>	<u>603,377</u>	<u>10</u>	<u>882,822</u>	<u>16</u>
Other equity							
3410	Exchange differences on translation of financial statements of foreign operations	(229,740)	(4)	(256,306)	(4)	(264,268)	(5)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(11,507)	-	(6,966)	-	(14,649)	-
3400	Total of other equity	(241,247)	(4)	(263,272)	(4)	(278,917)	(5)
3500	Treasury stocks	(22,792)	-	(49,596)	(1)	-	-
31XX	Total equity	<u>3,607,808</u>	<u>54</u>	<u>3,384,847</u>	<u>58</u>	<u>3,997,472</u>	<u>71</u>
Total liabilities and equity		<u>\$ 6,628,776</u>	<u>100</u>	<u>\$ 5,811,368</u>	<u>100</u>	<u>\$ 5,627,213</u>	<u>100</u>

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2022		2021 (after restatement)	
		Amount	%	Amount	%
	Operating revenue (Notes 5, 24 and 34)				
4100	Sales revenue	\$ 5,521	-	\$ 5,839	-
4520	Project income	2,206,095	98	1,292,735	96
4600	Service income	<u>48,562</u>	<u>2</u>	<u>51,556</u>	<u>4</u>
4000	Total operating revenue	<u>2,260,178</u>	<u>100</u>	<u>1,350,130</u>	<u>100</u>
	Operating costs (Notes 11, 21 and 34)				
5110	Cost of sales	(2,936)	-	(2,707)	-
5520	Project cost	(1,566,762)	(69)	(964,489)	(72)
5600	Service cost	(39,373)	(2)	(38,344)	(3)
5800	Other operating costs	(<u>11,740</u>)	(<u>1</u>)	(<u>5,809</u>)	(<u>-</u>)
5000	Total operating costs	(<u>1,620,811</u>)	(<u>72</u>)	(<u>1,011,349</u>)	(<u>75</u>)
5900	Operating gross profit	639,367	28	338,781	25
5910	Unrealized profits/losses from subsidiaries, associates and joint ventures (Note 34)	(35,676)	(1)	(23,978)	(2)
5920	Realized profits/losses from subsidiaries, associates and joint ventures (Note 34)	<u>30,215</u>	<u>1</u>	<u>25,900</u>	<u>2</u>
5950	Realized operating gross profit	<u>633,906</u>	<u>28</u>	<u>340,703</u>	<u>25</u>
	Operating expenses (Notes 10, 21 and 34)				
6100	Marketing expense	(142,064)	(6)	(105,537)	(8)
6200	Administrative expense	(170,478)	(8)	(143,441)	(11)

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Code		2022		2021 (after restatement)	
		Amount	%	Amount	%
6300	R&D expense	(\$ 102,269)	(4)	(\$ 70,168)	(5)
6450	Expected credit impairment recovery				
	profit (loss)	<u>9,155</u>	<u>-</u>	<u>(27,871)</u>	<u>(2)</u>
6000	Total operating expenses	<u>(405,656)</u>	<u>(18)</u>	<u>(347,017)</u>	<u>(26)</u>
6900	Operating profit (loss) – net	<u>228,250</u>	<u>10</u>	<u>(6,314)</u>	<u>(1)</u>
	Non-operating revenue and expenses (Notes 25 and 34)				
7100	Interest income	35,582	2	34,214	3
7010	Other revenue	37,922	2	48,749	4
7020	Other profits and losses	41,254	2	33,125	2
7050	Financial costs	(14,922)	(1)	(11,241)	(1)
7070	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	<u>138,759</u>	<u>6</u>	<u>(364,862)</u>	<u>(27)</u>
7000	Total non-operating revenue and expenses	<u>238,595</u>	<u>11</u>	<u>(260,015)</u>	<u>(19)</u>
7900	Net profit (loss) before tax	466,845	21	(266,329)	(20)
7950	Income tax profit (expense) (Note 26)	<u>3,229</u>	<u>-</u>	<u>(21,027)</u>	<u>(1)</u>
8200	Current net profit (loss)	<u>470,074</u>	<u>21</u>	<u>(287,356)</u>	<u>(21)</u>
	Other comprehensive income (Notes 21, 23 and 26)				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of defined benefit plans	16,088	-	9,305	1

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Code		2022		2021 (after restatement)	
		Amount	%	Amount	%
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income	(5,352)	-	7,660	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	\$ 2,603	-	\$ 468	-
8349	Income tax relating to non-reclassified items	(3,219)	-	(1,862)	-
8310		<u>10,120</u>	<u>-</u>	<u>15,571</u>	<u>1</u>
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations	7,536	-	6,511	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	12,192	1	(2,833)	-
8399	Income tax related to items likely to be reclassified	(1,190)	-	(1,302)	-
8360		<u>18,538</u>	<u>1</u>	<u>2,376</u>	<u>-</u>

8300	Total other comprehensive income (net) for the year	<u>28,658</u>	<u>1</u>	<u>17,947</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 498,732</u>	<u>22</u>	<u>(\$ 269,409)</u>	<u>(20)</u>
	Earnings (losses) per share (Note 27)				
9710	Basic	<u>\$ 1.91</u>		<u>(\$ 1.16)</u>	
9810	Diluted	<u>\$ 1.89</u>		<u>(\$ 1.16)</u>	

The attached notes are part of the parent company only financial reports.

Chairman:
CHING-FU HSIEH

Manager:
CHING-FU HSIEH

Accounting Manager:
CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

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, 2021	249,011	\$ 2,490,112	\$ 903,455	\$ 134,786	\$ 328,572	\$ 419,348	(\$ 264,268)	(\$ 14,649)	\$ -	\$ 3,997,356
A3	Effects of retroactive applications and retroactive restatement	-	-	-	-	-	116	-	-	-	116
A5	Balance after restatement on January 1, 2021	249,011	2,490,112	903,455	134,786	328,572	419,464	(264,268)	(14,649)	-	3,997,472
	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	-	-	-	-	-	(287,356)	-	-	-	(287,356)
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	7,911	2,376	7,660	-	17,947
D5	Total comprehensive income in 2021	-	-	-	-	-	(279,445)	2,376	7,660	-	(269,409)
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(49,596)	(49,596)
Z1	Balance on December 31, 2021	249,011	2,490,112	604,226	134,786	328,572	140,019	(256,306)	(6,966)	(49,596)	3,384,847
	Allocation and distribution of earnings in 2021										
B3	Special reserves	-	-	-	-	(9,455)	9,455	-	-	-	-
B5	Cash dividends to shareholders	-	-	(395,218)	-	-	-	-	-	-	(395,218)
M3	Disposal of subsidiaries using the equity method	-	-	-	-	-	-	7,960	-	-	7,960
	Other changes in capital reserves										
C7	Changes regarding associates and joint ventures under equity method	-	-	-	-	-	(247)	-	-	-	(247)
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	(9,716)	-	-	-	68	1	-	(9,647)
M7	Changes in ownership interests in subsidiaries	-	-	89,230	-	-	-	-	-	-	89,230
N1	Employee stock options issued by the Company	-	-	5,347	-	-	-	-	-	74,841	80,188
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(810)	-	810	-	-
D1	Net profit in 2022	-	-	-	-	-	470,074	-	-	-	470,074
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	15,472	18,538	(5,352)	-	28,658
D5	Total comprehensive income in 2022	-	-	-	-	-	485,546	18,538	(5,352)	-	498,732
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(48,037)	(48,037)
Z1	Balance on December 31, 2022	249,011	\$ 2,490,112	\$ 293,869	\$ 134,786	\$ 319,117	\$ 633,963	(\$ 229,740)	(\$ 11,507)	(\$ 22,792)	\$ 3,607,808

The attached notes are part of the parent company only financial reports.

Chairman: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021 (after restatement)
	Cash flow from operating activities		
A10000	Net profit (loss) before tax in the year	\$ 466,845	(\$ 266,329)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	52,577	50,310
A20200	Amortization expenses	3,670	4,427
A20300	Expected credit impairment recovery profit (loss)	(9,155)	27,871
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	6,719	(49,537)
A20900	Financial costs	14,922	11,241
A21200	Interest income	(35,582)	(34,214)
A21300	Dividend revenue	(2,097)	(1,955)
A21900	Compensation cost of employee stock options	5,303	-
A22500	Profit on disposal of property, plants and equipment	(68)	-
A22400	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	(138,759)	364,862
A23200	Loss on disposal of investment under the equity method	384	-
A23700	Loss on inventory devaluation and obsolescence	1,144	227
A23900	Unrealized profits/losses from subsidiaries, associates and joint ventures	35,676	23,978
A24000	Realized profits/losses from subsidiaries, associates and joint ventures	(30,215)	(25,900)
A29900	Profit (loss) on lease modification	-	(5)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(322,079)	(61,257)
A31130	Notes receivable	(2,758)	(161)
A31150	Accounts receivable	(28,245)	7,538
A31160	Accounts receivable – related parties	(1,592)	9,547

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Code		2022	2021 (after restatement)
A31180	Other receivables	(286)	(977)
A31190	Other receivables – related parties	69	(224)
A31200	Inventory	(177,485)	(29,631)
A31230	Prepayments	(48,236)	6,143
A31240	Other current assets	(52,734)	32,366
A31250	Other non-current assets	9,468	11,619
A32125	Contract liabilities	\$ 32,134	\$ 448,595
A32130	Notes payable	1,117	23
A32150	Accounts payable	139,323	186,476
A32160	Accounts payable – related parties	13,082	9,772
A32180	Other payables	79,697	28,430
A32190	Other payables – related parties	-	(138)
A32200	Liability reserve	8,755	(6,595)
A32230	Other current liabilities	4,796	693
A32240	Net defined benefit liabilities	(322)	(4,614)
A33000	Cash generated from operations	26,068	742,581
A33100	Interest received	30,687	34,296
A33300	Interest paid	(14,922)	(11,241)
A33500	Income tax paid	(8,762)	(8,464)
AAAA	Net cash inflow from operating activities	<u>33,071</u>	<u>757,172</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(7,500)	-
B00040	Acquisition of financial assets measured at amortized cost	(123,746)	-
B00050	Disposal of financial assets measured at amortized cost	-	1,843
B00100	Acquisition of financial assets measured at fair value through profit or loss	(1,360,683)	(1,820,801)
B00200	Disposal of financial assets measured at fair value through profit or loss	1,459,890	1,775,103
B01800	Acquisition of investment under the equity method	(79,400)	(168,608)
B02300	Net cash inflow from disposal of subsidiaries	-	792
B02400	Repatriation of earnings of subsidiaries	320,674	-
B02700	Purchase of property, plants and equipment	(41,190)	(40,913)

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<u>Code</u>		<u>2022</u>	<u>2021</u> <u>(after restatement)</u>
B02800	Proceeds from disposal of property, plant and equipment	84	-
B03800	Decrease in guarantee deposits paid	10,131	116,734
B04100	Other receivables	(10,909)	(792)
B04300	Other receivables – related parties	361,728	247,626
B04500	Purchase of intangible assets	(12,359)	(2,208)
B05350	Acquisition of right-of-use assets	-	(97,572)
B07100	Increase in prepayments for equipment	(21,466)	(61,286)
B07600	Dividends received	<u>2,097</u>	<u>1,955</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>497,351</u>	<u>(48,127)</u>
	Cash flows from financing activities		
C01700	Repayment of long-term loans	(\$ 64,796)	(\$ 26,563)
C01600	Borrowing of long-term loans	403,630	100,000
C00200	Decrease in short-term loans	(20,000)	(180,000)
C03100	Decrease in guarantee deposits received	(121)	(104)
C04020	Repayment of the principal of leases	(8,033)	(17,709)
C04500	Payment of dividends	(395,218)	(370,517)
C04900	Payment of costs of transactions in treasury stocks	(225)	-
C09900	Purchase of treasury stocks	(48,037)	(49,596)
C05100	Purchase of treasury stocks by employees	74,841	-
C05500	Disposal of equity in subsidiaries	1,547	-
CCCC	Net cash outflow from financing activities	(56,412)	(544,489)
EEEE	Net increase in cash and cash equivalents	474,010	164,556
E00100	Balance of cash and cash equivalents at beginning of the year	371,626	207,070
E00200	Balance of cash and cash equivalents at ending of the year	\$ 845,636	\$ 371,626

The attached notes are part of the parent company only financial reports.

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, 2022 and 2021, 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, 2022 and 2021, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial reports 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, 2022 and 2021, and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 2022. 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 2022 are as follows:

Project incomes recognized on the basis of stage of completion

The Company of the Group mainly engages in automation projects. Its project revenue is recognized based on the degree of completion of the contracts, of which the estimated total project cost 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 judgment 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.

The verification of the revenue from shipment to certain customers

The Group's Tainergy Tech Group is primarily engaged in the research, design, manufacture and sales of solar cells, modules and related systems. Based on materiality and the Statement on Auditing Standards (SAS), revenue recognition is presumed to have significant risks. We believe that the occurrence of sales revenue recognized by the Group from certain specific customers to be material to the financial statements and have determined that the authenticity of the sales revenue from certain specific customers is a critical issue for this year's audit. For the description of revenue recognition policies, see Note 4.

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

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from parts of certain customers.
2. We carried out population sampling for the revenue statements of the said parts of certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the parts of certain customers.

Property, plant and equipment impairment

As of December 31, 2022, the carrying value of the Group's property, plant and equipment was NTD 2,388,132 thousand, accounting for 21.52% 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.

As Taisic Materials Co. invests in the field of silicon carbide, the revenue is yet significantly shown, resulting in idle production capacity. Management expects that the future economic benefits of property, plant and equipment will be reduced, resulting in its recoverable amount of property, plant and equipment being less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 59,402 thousand in 2022.

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 parent company only financial statements prepared by Kenmec Mechanical Engineering Co., Ltd. in 2022 and 2021, 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 error.

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 is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 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 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 2022 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 LI-HUANG LI

CPA PO-JEN WENG

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

Approval No. from the Financial Supervisory
Commission
Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 28, 2023

Kenmech Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and December 31 and January 1, 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021 (after restatement)		January 1, 2021 (after restatement)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 2,103,295	19	\$ 1,320,252	13	\$ 1,207,173	12
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	584,732	5	652,480	6	331,014	3
1136	Financial assets measured at amortized cost – current (Note 9)	305,189	3	314,006	3	565,047	6
1140	Contract assets – current (Notes 25 and 27)	454,410	4	444,997	4	449,254	4
1150	Notes receivable – non-related parties (Note 10)	59,141	-	47,453	-	49,325	1
1160	Notes receivable – related parties, net (Notes 10 and 39)	61,718	1	-	-	-	-
1170	Accounts receivable – non-related parties (Note 10)	343,953	3	507,909	5	485,973	5
1180	Accounts receivable – related parties (Notes 10 and 39)	13,104	-	2,702	-	-	-
1200	Other receivables (Note 10)	37,508	-	24,639	-	34,042	-
1210	Other receivables – related parties (Notes 10 and 39)	69,844	1	38,381	-	-	-
1220	Current income tax assets (Note 29)	9,878	-	1,005	-	9,169	-
130X	Inventory (Note 11)	987,863	9	1,015,198	10	1,790,498	17
1421	Prepayments (Note 19)	213,171	2	188,296	2	163,491	2
1460	Non-current assets held for sale (Note 12)	298,309	3	894,761	9	-	-
1470	Other current assets (Note 19)	275,049	2	187,313	2	323,453	3
11XX	Total current assets	5,817,164	52	5,639,392	54	5,408,439	53
Non-current assets							
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	86,436	1	74,100	1	44,141	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	38,368	-	35,805	-	28,145	-
1535	Financial assets measured at amortized cost – non-current (Note 9)	76,609	1	39,803	-	28,539	-
1550	Investment under the equity method (Note 14)	37,260	-	17,178	-	1,685	-
1600	Property, plant and equipment (Note 15)	2,388,132	22	2,550,447	24	3,303,281	32
1755	Right-of-use assets (Note 16)	503,275	5	534,067	5	278,111	3
1760	Investment property (Note 17)	1,154,309	10	1,077,479	10	450,396	5
1780	Other intangible assets (Note 18)	15,384	-	22,287	-	24,833	-
1840	Deferred income tax assets (Note 29)	177,246	2	188,427	2	244,566	2
1915	Prepayment for equipment (Note 19)	106,341	1	86,190	1	15,706	-
1920	Guarantee deposits paid (Note 19)	32,083	-	46,874	1	232,687	2
1990	Other non-current assets (Notes 10, 19 and 24)	662,381	6	186,948	2	191,404	2
15XX	Total non-current assets	5,277,824	48	4,859,605	46	4,843,494	47
1XXX	Total assets	\$ 11,094,988	100	\$ 10,498,997	100	\$ 10,251,933	100
Liabilities and equity							
Current liabilities							
2100	Short-term loans (Note 20)	\$ 333,682	3	\$ 440,070	4	\$ 980,028	10
2130	Contract liabilities – current (Note 25 and 27)	1,279,430	11	1,336,926	13	747,930	7
2150	Notes payable – non-related parties (Note 21)	1,348	-	11,396	-	162,121	2
2170	Accounts payable – non-related parties (Note 21)	644,196	6	527,506	5	481,606	5
2180	Accounts payable – related parties (Note 21 and 39)	2,129	-	34,521	-	-	-
2200	Other payables (Note 22)	537,330	5	413,280	4	867,142	9
2220	Other payables – related parties (Notes 22 and 39)	3,755	-	7,791	-	-	-
2230	Current income tax liabilities (Note 29)	4,621	-	5,645	-	15,927	-
2250	Liability reserve – current (Note 23)	24,289	-	20,417	-	30,679	-
2260	Liabilities directly related to non-current assets held for sale (Note 12)	-	-	51,739	1	-	-
2280	Lease liabilities – current (Note 16)	35,518	-	18,053	-	26,835	-
2315	Other receipts in advance (Note 22)	-	-	818,065	8	-	-
2313	Deferred income (Notes 22)	1,095,670	10	415,244	4	-	-
2320	Long-term liabilities due within one year (Note 20)	117,252	1	243,743	2	229,868	2
2399	Other current liabilities (Note 22)	67,855	1	53,444	1	19,665	-
21XX	Total current liabilities	4,147,075	37	4,397,840	42	3,561,801	35
Non-current liabilities							
2540	Long-term loans (Note 20)	905,441	8	790,723	7	760,485	7
2550	Liability reserve – non-current (Note 23)	2,063	-	2,278	-	2,575	-
2570	Deferred income tax liabilities (Note 29)	57,978	-	61,948	1	57,507	-
2580	Lease liabilities – non-current (Note 16)	309,551	3	333,821	3	84,046	1
2630	Long-term deferred income (Notes 22 and 31)	61,759	1	62,997	1	110,393	1
2640	Net defined benefit liabilities – non-current (Note 24)	61,693	1	78,820	1	93,177	1
2670	Other non-current liabilities (Note 22)	34,536	-	38,485	-	279,420	3
25XX	Total non-current liabilities	1,433,021	13	1,369,072	13	1,387,603	13
2XXX	Total liabilities	5,580,096	50	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	22	2,490,112	24	2,490,112	24
3200	Capital reserves	293,869	3	604,226	6	903,455	9
Retained earnings							
3310	Legal reserves	134,786	1	134,786	1	134,786	2
3320	Special reserves	319,117	3	328,572	3	328,572	3
3350	Undistributed earnings	633,963	6	140,019	2	419,464	4
3300	Total retained earnings	1,087,866	10	603,377	6	882,822	9
Other equity							
3410	Exchange differences on translation of financial statements of foreign operations	(229,740)	(2)	(256,306)	(3)	(264,268)	(3)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(11,507)	-	(6,966)	-	(14,649)	-
3400	Total of other equity	(241,247)	(2)	(263,272)	(3)	(278,917)	(3)
3500	Treasury stocks	(22,792)	-	(49,596)	(1)	-	-
31XX	Total equity of the Company's owner	3,607,808	33	3,384,847	32	3,997,472	39
36XX	Non-controlling interests (Notes 26 and 35)	1,907,084	17	1,347,238	13	1,305,057	13
3XXX	Total equity	5,514,892	50	4,732,085	45	5,302,529	52
Total liabilities and equity							
		\$ 11,094,988	100	\$ 10,498,997	100	\$ 10,251,933	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, 2022 and 2021

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2022		2021 (after restatement)	
		Amount	%	Amount	%
	Operating revenue				
4100	Operating revenue (Note 27)	\$ 5,359,208	100	\$ 4,039,778	100
	Operating costs				
5110	Operating costs (Note 11)	(4,361,125)	(81)	(3,871,001)	(96)
5900	Operating gross profit	<u>998,083</u>	<u>19</u>	<u>168,777</u>	<u>4</u>
	Operating expenses (Notes 28 and 39)				
6100	Marketing expense	(151,653)	(3)	(137,282)	(3)
6200	Administrative expense	(565,758)	(11)	(587,211)	(14)
6300	R&D expense	(254,970)	(5)	(161,342)	(4)
6450	Expected credit impairment recovery profit (loss)	<u>27,323</u>	<u>1</u>	(<u>30,455</u>)	(<u>1</u>)
6000	Total operating expenses	(<u>945,058</u>)	(<u>18</u>)	(<u>916,290</u>)	(<u>22</u>)
6900	Operating profit (loss) – net	<u>53,025</u>	<u>1</u>	(<u>747,513</u>)	(<u>18</u>)
	Non-operating revenue and expenses (Notes 14, 28 and 39)				
7100	Interest income	23,693	-	13,129	-
7010	Other revenue	163,509	3	115,976	3
7020	Other profits and losses	241,682	5	(233,921)	(6)
7050	Financial costs	(41,287)	(1)	(55,848)	(1)
7060	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	<u>15,826</u>	<u>-</u>	<u>288</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>403,423</u>	<u>7</u>	(<u>160,376</u>)	(<u>4</u>)
7900	Net profit (loss) before tax	456,448	8	(907,889)	(22)
7950	Income tax expense (Note 29)	(<u>12,698</u>)	<u>-</u>	(<u>65,832</u>)	(<u>2</u>)
8200	Current net profit (loss)	<u>443,750</u>	<u>8</u>	(<u>973,721</u>)	(<u>24</u>)
	Other comprehensive income				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefit plan (Note 24)	\$ 19,465	-	\$ 10,085	-

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Code		2022		2021 (after restatement)	
		Amount	%	Amount	%
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income (Note 26)	(5,396)	-	7,660	-
8349	Income tax relating to non-reclassified items (Note 29)	(3,219)	-	(1,862)	-
8310		<u>10,850</u>	-	<u>15,883</u>	-
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	43,576	1	30,961	1
8399	Income tax related to items likely to be reclassified (Note 29)	(1,190)	-	(6,888)	-
8360		<u>42,386</u>	<u>1</u>	<u>24,073</u>	<u>1</u>
8300	Other comprehensive income (after tax) in the year	<u>53,236</u>	<u>1</u>	<u>39,956</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 496,986</u>	<u>9</u>	<u>(\$ 933,765)</u>	<u>(23)</u>
	Net profit (loss) attributable to:				
8610	The owner of the Company	\$ 470,074	9	(\$ 287,356)	(7)
8620	Non-controlling equity	(26,324)	(1)	(686,365)	(17)
8600		<u>\$ 443,750</u>	<u>8</u>	<u>(\$ 973,721)</u>	<u>(24)</u>
	Total comprehensive income attributable to:				
8710	The owner of the Company	\$ 498,732	9	(\$ 269,562)	(7)
8720	Non-controlling equity	(1,746)	-	(664,203)	(16)
8700		<u>\$ 496,986</u>	<u>9</u>	<u>(\$ 933,765)</u>	<u>(23)</u>
	Earnings (losses) per share (Note 30)				
9750	Basic	<u>\$ 1.91</u>		<u>(\$ 1.16)</u>	
9850	Diluted	<u>\$ 1.89</u>		<u>(\$ 1.16)</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, 2022 and 2021

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, 2021	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
A3	Effects of retroactive applications and retroactive restatement	-	-	-	-	-	116	-	-	-	116	294	410
A5	Balance after restatement on January 1, 2021	249,011	2,490,112	903,455	134,786	328,572	419,464	(264,268)	(14,649)	-	3,997,472	1,305,057	5,302,529
	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	-	-	-	-	-	(287,356)	-	-	-	(287,356)	(686,365)	(973,721)
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	-	-	-	-	-	(279,445)	2,376	7,660	-	(269,409)	(664,356)	(933,765)
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	140,019	(256,306)	(6,966)	(49,596)	3,384,847	1,347,238	4,732,085
	Allocation and distribution of earnings in 2021												
B3	Special reserves	-	-	-	-	(9,455)	9,455	-	-	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	(395,218)	-	-	-	-	-	-	(395,218)	-	(395,218)
M3	Disposal of investment under the equity method	-	-	-	-	-	-	7,960	-	-	7,960	-	7,960
	Other changes in capital reserves:												
C7	Changes in affiliates recognized under the equity method	-	-	-	-	-	(247)	-	-	-	(247)	-	(247)
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	(9,716)	-	-	-	68	1	-	(9,647)	9,647	-
M7	Changes in ownership interests in subsidiaries	-	-	89,230	-	-	-	-	-	-	89,230	(89,230)	-
N1	Employee stock options issued by the Company	-	-	5,347	-	-	-	-	-	74,841	80,188	28	80,216
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(810)	-	810	-	-	-	-
D1	Net profit in 2022	-	-	-	-	-	470,074	-	-	-	470,074	(26,324)	443,750
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	15,472	18,538	(5,352)	-	28,658	24,578	53,236
D5	Total comprehensive income in 2022	-	-	-	-	-	485,546	18,538	(5,352)	-	498,732	(1,746)	496,986
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(48,037)	(48,037)	-	(48,037)
O1	Changes in non-controlling interests (Note 35)	-	-	-	-	-	-	-	-	-	-	641,147	641,147
Z1	Balance on December 31, 2022	249,011	\$ 2,490,112	\$ 293,869	\$ 134,786	\$ 319,117	\$ 633,963	(\$ 229,740)	(\$ 11,507)	(\$ 22,792)	\$ 3,607,808	\$ 1,907,084	\$ 5,514,892

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, 2022 and 2021

Unit: NTD thousand

Code		2022	2021 (after restatement)
	Cash flow from operating activities		
A10000	Net profit (loss) before tax in the year	\$ 456,448	(\$ 907,889)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	336,918	381,832
A20200	Amortization expenses	7,188	19,758
A20300	Expected credit impairment recovery profit (loss)	(27,323)	30,455
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	3,988	(49,173)
A20900	Financial costs	41,287	55,848
A21200	Interest income	(23,693)	(13,129)
A21300	Dividend revenue	(2,097)	(1,955)
A21900	Compensation cost of employee stock options	5,600	12,280
A22300	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	(15,826)	(288)
A22500	Profit on disposal of property, plants and equipment	(63,224)	(3,823)
A22700	Disposal of investment property benefits	(49,766)	(57,788)
A22800	Disposal of gains in right-of-use assets	(37,509)	-
A23000	Gains on disposal of non-current assets held for sale	(146,853)	-
A23700	Impairment loss from non-financial assets	77,793	329,114
A23800	Profit on reversal of impairment loss from non-financial assets	(2,973)	(13,288)
A22900	Profit (loss) on lease modification	(86)	(172)
A29900	Reversal of deferred income	(46,306)	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(102,367)	1,176
A31130	Notes receivable	(11,688)	1,872
A31140	Notes receivable – related parties	(61,718)	-
A31150	Accounts receivable	191,279	(52,813)

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Code		2022	2021 (after restatement)
A31160	Accounts receivable – related parties	(10,402)	(2,702)
A31180	Other receivables	1,616	10,863
A31190	Other receivables – related parties	7,497	-
A31200	Inventory	28,269	95,594
A31230	Prepayments	(22,836)	(11,620)
A31240	Other current assets	(87,736)	136,140
A31990	Other non-current assets	\$ 20,932	(\$ 9,749)
A32125	Contract liabilities	(57,496)	588,996
A32130	Notes payable	(10,048)	(150,725)
A32150	Accounts payable	116,690	45,900
A32160	Accounts payable – related parties	(32,392)	34,521
A32180	Other payables	98,799	(140,670)
A32190	Other payables – related parties	(4,036)	7,791
A32200	Liability reserve	3,657	(10,559)
A32210	Other receipts in advance	27,420	-
A32230	Other current liabilities	(23,999)	851,844
A32240	Net defined benefit liabilities	(331)	(6,955)
A32990	Deferred income	<u>675,508</u>	<u>411,024</u>
A33000	Cash generated from operations	1,260,184	1,581,710
A33100	Interest received	20,117	12,883
A33300	Interest paid	(41,532)	(55,922)
A33500	Income tax paid	(<u>19,793</u>)	(<u>8,687</u>)
AAAA	Net cash inflow from operating activities	<u>1,218,976</u>	<u>1,529,984</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(7,959)	-
B00040	Acquisition of financial assets measured at amortized cost	(27,989)	-
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	(1,424,856)	(2,062,355)
B00200	Disposal of financial assets designated as measured at fair value through profit or loss	1,465,371	1,774,311
B01800	Acquisition of associates	(4,306)	(10,860)

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Code		2022	2021 (after restatement)
B02000	Increase in prepayments for investment	(493,696)	-
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	(225,995)	(1,007,308)
B02800	Proceeds from disposal of property, plant and equipment	68,476	46,703
B09900	Proceeds from disposal of right-of-use assets	41,286	-
B03800	Decrease in guarantee deposits paid	14,791	177,309
B04300	Other receivables – related parties	(38,960)	(19,422)
B04500	Purchase of intangible assets	(13,611)	(5,192)
B05400	Acquisition of right-of-use assets	(2,224)	(98,642)
B05500	Disposal of investment property price	108,784	90,559
B07600	Dividends received	\$ 2,097	\$ 1,955
B07100	Increase in prepayments for equipment	(31,311)	(74,605)
BBBB	Net cash outflow from investing activities	(570,102)	(982,773)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(106,388)	(539,958)
C01600	Borrowing of long-term loans	403,630	367,587
C01700	Repayment of long-term loans	(415,403)	(323,474)
C03100	Decrease in guarantee deposits received	(3,949)	(240,935)
C04200	Repayment of the principal of leases	(28,866)	(38,995)
C04500	Payment of dividends to the owner of the Company	(395,218)	(370,517)
C04800	Purchase of treasury stocks	(48,037)	(49,596)
C04900	Payment of costs of transactions in treasury stocks	(225)	-
C05100	Purchase of treasury stocks by employees	74,841	-
C05500	Disposal of equity in subsidiaries	7,960	-
C05800	Changes in non-controlling interests (Note 35)	641,147	771,154
CCCC	Net cash inflow (outflow) from financing activities	129,492	(424,734)

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(Continued from previous page)

<u>Code</u>		<u>2022</u>	<u>2021</u> <u>(after restatement)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>4,677</u>	(<u>9,398</u>)
EEEE	Net increase in cash and cash equivalents	783,043	113,079
E00100	Balance of cash and cash equivalents at beginning of the year	<u>1,320,252</u>	<u>1,207,173</u>
E00200	Balance of cash and cash equivalents at ending of the year	<u>\$ 2,103,295</u>	<u>\$ 1,320,252</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 20-1	<p>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.</p> <p>The shareholder bonus in the preceding paragraph distributed in the form of cash <u>statutory surplus reserves and capital reserves</u> 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.</p> <p>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</p>	<p>II. 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.</p> <p>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.</p> <p>I. 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</p>	To increase the flexibility of the Company's cash dividend payment allocation practices.

Clause	After amendment	Before amendment	Description
	<p>income after tax plus items other than current net income after tax.</p> <p>III. Dividend policy:</p> <p>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.</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>current net income after tax.</p> <p>II. Dividend policy:</p> <p>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.</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. 36th amendment on June 24, 2022. 37th amendment on June 28, 2023.</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. 35th amendment on August 27, 2021. 36th amendment on June 24, 2022.</p>	Added the number and date of amendment.

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 7: Limitations on the Acquisition of Non-operational Real Estate or Marketable Securities</p> <p>1.The limitations on the acquisition of non-operational real estate or marketable securities by the company are as follows: (a) The total amount of non-operational real estate purchases should not exceed 60% of the company's latest financial statements' net worth. (b) The total amount of investments in marketable securities, as well as the individual limitations on each marketable security, should not exceed 100% of the company's latest financial statements' net worth. However, this does not apply to trading of marketable securities that affect capital gains or losses, such as repurchase agreements and domestic bond funds. They may be excluded from the calculation of the investment total.</p> <p>2. The <u>individual</u> limits on the acquisitions of non-operational real estate or marketable securities by subsidiary companies of our company <u>shall be processed according to each respective company's "Acquisition or Disposition of Assets Procedure."</u> However, <u>the aggregate amount of these assets acquired by each subsidiary shall not exceed the following limits:</u></p> <p>(a) The total amount of non-operational real estate purchases should not exceed 60% of the respective <u>Our company's</u> latest financial statements' net worth. (b) The total amount of investments in marketable securities, as well as the individual limitations on each marketable security, should not exceed 50% of the respective <u>Our company's</u> latest financial statements' net worth.</p> <p><u>3.The shares held by our company and its subsidiary companies in investee businesses, where we serve as directors, supervisors, or participated in the establishment, shall not be included in the calculation of the total investment amount in marketable securities or the limits on individual investments (excluding cases where the investee business is engaged in</u></p>	<p>Article 7: Limitations on the Acquisition of Non-operational Real Estate or Marketable Securities</p> <p>1.The limitations on the acquisition of non-operational real estate or marketable securities by the company are as follows: (a) The total amount of non-operational real estate purchases should not exceed 60% of the company's latest financial statements' net worth. (b) The total amount of investments in marketable securities, as well as the individual limitations on each marketable security, should not exceed 100% of the company's latest financial statements' net worth. However, this does not apply to trading of marketable securities that affect capital gains or losses, such as repurchase agreements and domestic bond funds. They may be excluded from the calculation of the investment total.</p> <p>2.The limitations on the acquisition of non-operational real estate or marketable securities by subsidiary companies of our company are as follows:</p> <p>(a) The total amount of non-operational real estate purchases should not exceed 60% of the respective <u>subsidiary's</u> latest financial statements' net worth. (b) The total amount of investments in marketable securities, as well as the individual limitations on each marketable security, should not exceed 80% of the respective <u>subsidiary's</u> latest financial statements' net worth.</p>	<p>The total limit on non-operational real estate or marketable securities acquisitions by subsidiary companies of our company shall be revised to meet practical needs.</p>

After amendment	Before amendment	Description
<p>professional investment activities).</p> <p>4. Our company is allowed to invest in stocks of listed and over-the-counter companies within the limits set by the "Regulations on the Management of Long-Term and Short-Term Investments." Additionally, we will adhere to the provisions outlined in the aforementioned regulations regarding such investments.</p>	<p>3. Our company is allowed to invest in stocks of listed and over-the-counter companies within the limits set by the "Regulations on the Management of Long-Term and Short-Term Investments." Additionally, we will adhere to the provisions outlined in the aforementioned regulations regarding such investments.</p>	
<p>Article 13 Evaluation and operating procedures for acquisition or disposal of derivative products</p> <p>I. Trading principles and strategies:</p> <p>(一) Types of Transactions</p> <p>Our company engages in derivative commodity trading, which can be categorized into two types based on their purposes: "non-trading" (hedging transactions not primarily intended for trading purposes) and "trading" (non-hedging transactions primarily intended for trading purposes).</p> <p>(Delete)</p> <p>(二) Business or Hedging Strategies</p> <p>When engaging in derivative commodity trading, our company should prioritize the objective of risk mitigation, and the selection of trading commodities should focus on avoiding risks associated with our business operations.</p> <p>In conducting derivative commodity trading, our company should choose reputable financial institutions that offer favorable conditions for hedging transactions based on our operational needs. This approach helps us minimize credit risks associated with these transactions.</p> <p>(三) Segregation of duties</p> <p>.</p> <p>.</p> <p>.</p> <p>If the purpose for the Company's engagement in derivative products is "trading," each</p>	<p>Article 13 Evaluation and operating procedures for acquisition or disposal of derivative products</p> <p>I. Trading principles and strategies:</p> <p>(一) Types of Transactions</p> <p>Our company engages in derivative commodity trading, which can be categorized into two types based on their purposes: "non-trading" (hedging transactions not primarily intended for trading purposes) and "trading" (non-hedging transactions primarily intended for trading purposes).</p> <p><u>Our company is permitted to engage in various types of derivative commodities. However, currently, our focus should primarily be on mitigating the foreign exchange and interest rate risks associated with our business operations. For other derivative commodities that require trading activities, such transactions must be approved by the board of directors before they can be executed.</u></p> <p>(二) Business or Hedging Strategies</p> <p>When engaging in derivative commodity trading, our company should prioritize the objective of risk mitigation, and the selection of trading commodities should focus on avoiding risks associated with our business operations.</p> <p>In conducting derivative commodity trading, our company should choose reputable financial institutions that offer favorable conditions for hedging transactions based on our operational needs. This approach helps us minimize credit risks associated with these transactions.</p> <p>(三) Segregation of duties</p> <p>.</p> <p>.</p> <p>.</p> <p>If the purpose for the Company's engagement in derivative products is "trading," each</p>	<p>Delete some duplicate specifications to facilitate job execution.</p>

After amendment	Before amendment	Description
transaction must be approved by the Chairman prior to implementation and submitted to the next Board meeting. (omitted below)	transaction must be approved by the Chairman prior to implementation and submitted to the next Board meeting <u>for ratification</u> . (omitted below)	
Article 20 Date of amendments These Procedures were established on April 23, 1999. 1st amendment on October 9, 2000. . . . 13th amendment on June 24, 2022. 14th amendment on June 28, 2023.	Article 20 Date of amendments These Procedures were established on April 23, 1999. 1st amendment on October 9, 2000. . . . 13th amendment on June 24, 2022.	Date of amendment has been added.

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 30, 2023), 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	14,243,707	5.72%
Director	CHOU-HUANG PAI	6,270,086	2.52%
Director	YUEH-CHEN LIN	10,217,345	4.10%
Director	Representative of Shun-Zhong Investment Co., Ltd.: MING-KAI HSIEH	193,084	0.08%
Independent director	YIH -YUH LEE	-	-
Independent director	TZU-JU PENG	-	-
Independent director	CHIEN-CHOU CHU	-	-

Note: As of the book closure date for the shareholders' meeting (April 30, 2023), the total number of shares held by all directors as recorded in the shareholder register is 30,924,222, 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.

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.

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.

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:

I. Where a physical shareholders' meeting is held, they shall be made available on-site at the meeting.

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.

III. Where a videoconference is convened, electronic files shall be sent to the meeting platform of the videoconference.

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.

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 notice to convene a meeting of shareholders and the essential content shall be explained, and it 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 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, the method for accepting proposals in writing or by way of electronic transmission, 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.

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' 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.

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

Article 6: (Preparation of Attendance Book and Other Documents)

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

for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel 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.

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

The Company shall prepare an attendance book for any attending 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.

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.

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

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

Article 6-1 (Convening virtual shareholders' meetings and particulars to be included in the shareholders' meeting notice)

When convening a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:

- I. How shareholders attend the virtual meeting and exercise their rights.
- 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:
 - (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.
 - (II) Shareholders who have not registered to attend the affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (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.
 - (IV) Actions to be taken if the outcomes of all proposals have been announced but extraordinary motions have not been carried out.

III. To convene a virtual shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online shall be specified.

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 and 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.

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.

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

Article 9: 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 and the shares checked in on the virtual meeting platform, or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in a written or electronic form.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. 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 postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform.

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. 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.

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.

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.

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.

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 means 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. At the time of a vote for each proposal, 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.

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.

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.

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 time limit, they may only attend the virtual shareholders' meeting.

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.

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, 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.

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. 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.

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 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. 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 keep this information disclosed until the end of the 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: (Disclosure of information at virtual meetings)

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.

Article 20: (Location of the chair and secretary of virtual shareholders' meeting)

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.

Article 21: (Handling of disconnection)

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.

In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance 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.

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.

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.

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.

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 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.

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.

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.

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.

Article 22:(Handling of the digital divide)

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.

Article 23: Supplementary Provisions:

- I. Matters not provided in these Rules shall be subject to the Company Act, other applicable laws and the Articles of Incorporation.
- II. These Rules and any amendment thereto shall be implemented after the adoption thereof by the shareholders' meeting.

Article 24: 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.

4rd amendment on August 27, 2021.

5rd amendment on June 24, 2022.

Appendix 3

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”， and its English name is “KENMEC MECHANICAL ENGINEERING CO., LTD.”.
- 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: 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.

Article 7: The Company's shares are registered and are issued in accordance with the 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.

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 convened at least annually within six months after the end of each fiscal year. A special meeting may be convened whenever necessary.

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.

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.

For the preceding two paragraphs, a public company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs.

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 seven to eleven 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.

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.

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.

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.
36th amendment on June 24, 2022.

Appendix 4

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

Item	Year	2023 (Estimated)	
Initial paid-up capital (NTD thousand)		2,490,111	
Annual allotments and dividends	Cash dividends per share (NTD)	1.62	
	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: CHING-FU HSIEH

Manager: CHING-FU HSIEH

Accounting Manager: CHIN-I LAI

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 21 to May 2, 2023.
 3. The Company did not receive any shareholder proposal.