

Zeng Hsing Industrial CO., LTD

2024 Annual General Meeting

Meeting Agenda

Date: 21 June 2024

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2023 ANNUAL GENERAL MEETING (“THE AGENDA”) OF ZENG HSING CORPORATION (“THE COMPANY”). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE SHALL APPLY. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Zeng Hsing Industrial Co., Ltd.

Procedure for the 2024 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Takes Chair
3. Chairperson Remarks
4. Management Presentation (Company Reports)
5. Proposals
6. Discussion
7. Elections
8. Other Matters
9. Questions and Motions
10. Adjournment

Zeng Hsing Industrial Co., Ltd.

Agenda of 2024 Annual Meeting of Shareholders

1. Type of Meeting: Physical Shareholders' Meeting
2. Time and Date: 9:00 a.m., 21 June 2024 (Friday)
3. Place: 4F., No. 78, Yongcheng Rd., Taiping Dist., Taichung City, Taiwan
4. Attendants: All shareholders and their proxy holders
5. Chairperson: Chairman, Mr. Chih-Cheng Lin
6. Chairperson Remarks
7. Management Presentations (Company Report)
 - (1) 2023 Business Report
 - (2) Audit Committee's Review Report on the 2023 Financial Statements
 - (3) The Status of Endorsement and Guarantee
 - (4) Report on Employee Compensation and Director Remuneration Distribution
 - (5) Report on Remuneration to Director for 2023
 - (6) Report on the Communications between Members of the Audit Committees and Chief Internal Auditors
 - (7) Report on Amendment to the "Rules of Procedure for Meetings of the Board of Directors"
 - (8) Report on Amendment to the "Codes of Ethical Conduct"
8. Proposals
 - (1) Adoption of the 2023 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2023 Profits
9. Discussion
 - (1) Amendment to the "Operational procedures for Acquisition and Disposal of Assets"
10. Elections
 - (1) Election of Directors
11. Other Matters
 - (1) Proposal of Release the Prohibition on Directors from Participation in Competitive Business
12. Questions and Motions
13. Adjournment

Management Presentations (Company Reports)

1. 2023 Business Reports (Proposed by the Board)

Explanation: The 2023 Business Report is attached as pp. [9-11], Attachment 1.

2. Audit Committee's Review Report on the 2023 Financial Statements (Proposed by the Board)

Explanation: The Audit Committee's Review Report is attached as p. [12], Attachment 2.

3. The Status of Endorsement and Guarantee (Proposed by the Board)

Explanation: The Status of Endorsement and Guarantee is attached as p. [13], Attachment 3.

4. Report on Employee Compensation and Director Remuneration Distribution (Proposed by the Board)

Explanation:(1) In accordance with Article 35 of the Company's Articles of Incorporation

(2) The Company's pre-tax net profit for 2023, after deducting remuneration to director and employees' compensation, amounts to NT\$289,711,102. It is proposed to distribute NT\$4,000,000 for remuneration to director and NT\$12,000,000 for employees' compensation for 2023. This aligns with the provision of NT\$4,000,000 for remuneration to director and NT\$12,000,000 for employees' compensation in the accounts.

5. Report on Remuneration to Director for 2023 (Proposed by the Board)

Explanation: The Company's policies, systems, standards and structures for the remuneration of directors and independent directors, and the correlation between the amount of remuneration paid and the directors' responsibilities, risks, and time commitment are described as follows.

(1) In accordance with the Company's Articles of Incorporation, the remuneration of the Company's directors is based on the value of their contribution and the rate of achievement to the Company's

performance. It shall be determined by a meeting of the Board of Directors with reference to the usual standards of the industry.

(2) The Company's Articles of Incorporation stipulate that the remuneration of directors shall not exceed 4% of the annual profit. The company according "Regulations Governing the Remuneration of Directors and Managers", the "Regulations Governing the Evaluation of the Performance of the Board of Directors" and the "Regulations Governing the Evaluation of the Performance of Directors and Managers" as a basis for evaluation remuneration. In addition to the Company's overall operating performance, future business risks and development trends, the Company also refers to the individual's performance achievement rate and contribution to the Company's performance in order to provide reasonable remuneration to the directors and managers in accordance with the Company's Salary and Remuneration Regulations and the evaluation of their performance. As all independent directors are members of the Audit Committee and the Remuneration Committee who are required to participate in the committee meetings' discussions and resolutions, therefore, in principle, independent directors' remuneration is higher than regular directors.

(3) Remuneration of Directors (including Independent Directors) is attached as p. [14], Attachment 4.

6. Report on the Communications between Members of the Audit Committees and Chief Internal Auditors (Proposed by the Board)

Explanation: (1) Report on the Communications between Members of the Audit Committees and Chief Internal Auditors:

1. The annual internal audit plan;
2. The yearly professional training plan for auditors;
3. The implementation of internal audit operations, and if significant irregularities occur, a meeting could be held from time

to time to communicate.

(2) At least once a year, the independent director and the head of internal auditing meet separately to communicate with each other based on the audit findings of the year.

(3) The communication between the independent directors and the head of internal auditing for 2023 is as follows (excluded the audit committee meeting):

Date	Attendees	Communication Matters
8 August 2023 (Separate Meeting)	Independent Director, Ming-Liang Tarng Independent Director, Jun-Ming Hsu Independent Director, Young-Yaw Pai Internal Auditors, Jia- Jun Xie, Yu-Ching Huang and Wei-Yan Ciou	Report on internal audit within the Group Report on auditor independence and objectivity Other communication matters
Result: The above matters were agreed with, with no objections from the Independent Directors.		

7. Report on Amendment to the “Rules of Procedure for Meetings of the Board of Directors” (Proposed by the Board)

Explanation: Report on Amendment to the “Rules of Procedure for Meetings of the Board of Directors” Please refer to Attachment 5, pp. [15-18] for details.

8. Report on Amendment to the “Codes of Ethical Conduct” (Proposed by the Board)

Explanation: Report on Amendment to the “Codes of Ethical Conduct” Please refer to Attachment 6, p. [19-20] for details.

Proposals

1. (Proposed by the Board)

Proposal: Adoption of the 2023 Business Report and Financial Statements

Explanation: (1) The Company’s Business Report and Financial Statements for 2023 have been approved by the Board and examined by the Audit Committee of the Company.

(2) The above-mentioned Business Report and Financial Statements are attached as pp. [9-11], Attachment 1 and pp. [21-43], Attachment 7.

Resolution:

2. (Proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2023 Profits

Explanation: (1) The Board has adopted a Proposal for Distribution of 2023 Profits on 8 March 2024.

(2) The proposed dividend to shareholders is NT\$ 252,835,398.

(3) Upon the approval of the Annual Shareholders' Meeting, it is proposed to authorize the Chairman to determine the ex-dividend date. Shareholders listed on the shareholders' list on that date will be eligible to receive a cash dividend of NT\$3,800 per thousand shares held. If there are share cancellations due to share buybacks or the exercise of employee stock options afterward, resulting in changes to the outstanding shares, the Chairman is requested to adjust the distribution ratio based on the actual outstanding shares on the ex-dividend date and the total amount of profit to be distributed according to the resolution of this shareholders' meeting.

(4) The Company's Profit Distribution Table for 2023 is attached as pp. [44], Attachment 8.

Resolution:

Discussion

1. (Proposed by the Board)

Proposal: Amendment to the "Operational procedures for Acquisition and Disposal of Assets". Please proceed to examine and discuss.

Explanation: In order to conform to the needs of commercial practice, the Company hereby proposes to amend the "Operational procedures for Acquisition and Disposal of Assets". Please refer to pp. [45-48] (Attachment 9) for details.

Resolution:

Election

1. (Proposed by the Board)

Proposal: The election of directors of the Company. Please proceed to examine and discuss.

Explanation: (1) The term of directors and 18th Board will be end on 19 July 2024.

Accordingly, the Company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.

(2) The shareholders' meeting shall elect 9 directors (including 3 independent directors) from the nomination list prepared by the Company. In accordance with the Articles of Incorporation and relevant laws and regulations, the directors (including independent directors) nominated and approved by the Board of Directors on March 8, 2024, will be elected by the shareholders' meeting.

(3) The newly elected directors (including independent directors) will take office immediately after their election. The three-year term of the 19th Board will commence from 21 June 2024, to 20 June 2027. The former directors (including independent directors) from the previous term will be relieved of their duties upon re-election.

(4) The list of directors (including independent director) candidates is attached as pp. [49-50], Attachment 10.

Voting Results:

Other Matters

1. (Proposed by the Board)

Proposal: Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to examine and discuss.

Explanation: (1) Proposal for release the prohibition on newly elected directors from participation in competitive business as outlined in Article 209 of the Company Act, in response to actual needs.

(2) A director engaging in activities, whether for themselves or on behalf of others, that fall within the scope of the company's business:

Occupational Title	Name	Positions Concurrently Held in Other Companies
Director	Chih-Cheng Lin	Chairman, Mitsumichi Industrial Co., Ltd. Chairman, Taiwan Cheer Champ Co., Ltd. Corporate Director, Turvo International Co., Ltd. (Representative, Zeng Hsing Industrial Co., Ltd.)
Director	Chung-Ting Tsai	Director, Can Xin Investment Co., Ltd. Corporate Director, Turvo International Co., Ltd. (Representative, Zeng Hsing Industrial Co., Ltd.)
Director	Chin-Tan Lee	Supervisor, Hsieh Feng Aluminium Business Co., Ltd.
Director	Su-Chen Liao	Director, Taiwan Long Hawn Enterprise Co. Chairman, Shenghong Investment Co., Ltd.
Director	Ruei-Yi Hong	Director, Chiuan Huang Ltd.
Director	Meng-Chung Ho	Director and General Manager, Magic Outdoor International Limited
Independent Director	Young-Yaw Pai	Chairman, Precision Motion Industries, Inc. Corporate Chairman, Chensu Plastics Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Chanson Metal Profiling Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Millennium Vee Hotel Taichung (Representative, Apex Dynamics, Inc.) Corporate Director, Yun Tan Technologies Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Exfiro Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, UNION MECHATRONIC INC. (Representative, Precision Motion Industries, Inc.) Chairman, Yuanzhou Co., Ltd.
Independent Director	Hui-Yu Huang	CPA, Yangtze CPAs and Co. Supervisor, Hungkuang University
Independent Director	Yung-Sheng Hsu	Independent Director, Globe Union Industrial Corp. Independent Director, Adimmune Corporation Corporate Director, Ideal Bike Corporation (Representative, Guoling Investment Co., Ltd.)

Resolution:

Questions and Motions

Adjournment

Zeng Hsing Industrial Co., Ltd. 2023 Annual Business Report

1. Management policy and implementation summary

- (1) The future vision for company development revolves around strategy as the core. We aim to integrate organizational resources, expand brand partnerships, drive strategic alliances, leverage synergies, break through industry limitations, and cultivate new ventures. We will set annual targets for each company within the Group, implement target management, and regularly conduct variance analysis and reviews to ensure operational performance.
- (2) We will continue to research and develop new products to strengthen existing production lines, upgrade the user interface and provide online video and tutorials. Also, we will improve existing product appearances and features by cooperating with academia to provide diversified products combination.
- (3) Expanding brand customer collaborations to offer diversified services is our strategy for enhancing customer relationship management. By effectively understanding customer needs and providing a range of satisfactory products and services, we aim to strengthen long-term strategic partnerships.
- (4) Consistently utilizing IE automation for implementation and advanced standardization initiatives, our goal is to refine tooling design, thereby improving overall production quality and efficiency.
- (5) By nurturing a profound quality mindset and advancing quality initiatives, we aim to implement the “San Gen Shugi” (three real philosophy: Real place, Real thing, Realistic action) as the foundation of our quality improvement plan. This involves continuously enhancing production quality to achieve an overall standard of excellence.
- (6) Participating in external continuous improvement competitions enables the employees to enhance their professional skills and sense of pride through learning and accumulated experience.
- (7) Continue to promote green product management: promote green product design and taking advantage of the international environmental conservation trend to pursue continuous improvement; implement ISO14001 environmental management system and green procurement policy to ensure compliance with EU environmental regulations.
- (8) Continuously promote the greenhouse gas checking system ISO 14064-1 and energy management system ISO 50001.
- (9) MES/SPC (MES: Manufacturing Execution System, SPC: Statistic Process Control) system: We improve our production process, enhance the effectiveness and control our online performance by using this system.

2. The Result of Implementation of Business plan

The 2023 consolidated net income of the Company reached NT\$7,558 million, increase by 5% compared to NT\$7,198 million in 2022. The 2023 net income before tax amounted to NT\$703 million, which reflects a 11.13% decrease compared to NT\$7.91 million in 2022.

3. Execution of the Budget of Operating income and expenditure

The financial forecast was not disclosed publicly by the Company, as a result, there is no related statement available.

4. Profitability analysis

Unit: In NT\$ thousands; %

Item \ Year		2023	2022 (After Restatement)	2022 (Before Restatement)
Operational performance	Operating revenues	\$7,558,277	\$7,198,245	\$7,198,245
	Gross profit	1,917,554	1,454,440	1,454,440
	Operating profit and loss	518,349	360,742	378,559
	Income before Tax	702,684	790,549	808,366
	Net income attributable to stockholder of the parent	253,276	491,321	494,472
	Earnings per share (NT\$)	3.81	8.03	8.08
Profitability Analysis	Return on Total Assets (%)	5.12	5.97	6.31
	Return on Equity (%)	7.25	8.90	9.47
	Operating profit / paid-in capital (%)	77.91	54.22	56.9
	Pre-tax net profit / paid-in capital (%)	105.61	118.82	121.49
	Net Margin (%)	8.33	8.49	8.69

Note: The presented information is the data from the consolidated financial statement.

The reasons for the financial report restatement are summarized as follows:

- (1) The Group has restated certain information and disclosed notes to the consolidated financial statements for the third quarter of 2022, the full year of 2022, the first quarter of 2023, and the second quarter of 2023.
- (2) The Group acquired a 21.56% stake in Turvo International Co., Ltd., making it the company's largest shareholder. Following a special shareholders' meeting on 31 August 2022, where all directors, including independent directors, were replaced, the Group secured more than half of the seats on the board. Additionally, Turvo International Co., Ltd.'s board of directors appointed the legal representative of the Group as the chairman of the board, overseeing its significant operations. Consequently, starting from the date of gaining control, Turvo International Co., Ltd. has been consolidated in the Group's financial statements.
- (3) This group has chosen to measure the non-controlling interests in Turvo International Co., Ltd. based on the proportional share of the identifiable net assets already recognized.
- (4) The fair value assessment related to the Group's business combination has been finalized. Retrospective adjustments have been made to the provisional amounts recognized on the acquisition date to reflect new information about the facts and circumstances existing as of that date.

5. Research development status

(1) Since its establishment, the Company has continuously invested in research and development talents and material resources to maintain competitiveness. The research and development expenditure in 2023 reached NT\$327,139 thousand, accounting for 4.33% of the net operating revenue. The research and development expenditure in 2022 (after restatement) reached NT\$185,152 thousand, accounting for 2.57% of the net operating revenue. The increase in both amount and proportion is primarily attributed to the inclusion of Turvo in the consolidated financial statements since September 2022.

(2) Successfully developed technologies or products

Year	Research results
2023	QD61AP (Double Belt Mechanical Sewing Machine) H10Q (Horizontal Fully Rotary Computerized Sewing Machine) H7XH (Horizontal Fully Rotary Computerized Sewing Machine) QBxxA (Horizontal Fully Rotary Computerized Sewing Machine) CJ04BX (Combo Computerized Embroidery Sewing Machine) H11J/H21J (Horizontal Fully Rotary Computerized Sewing Machine) QXXNST (Horizontal Fully Rotary Computerized Sewing Machine) H50P (Horizontal Fully Rotary Computerized Sewing Machine) H22E/H55E (Horizontal Fully Rotary Computerized Sewing Machine)

Chairman: Chih-Cheng Lin Manager: Tung-Liang Liu Chief Accountant: Tzu-Ho Chuang

Zeng Hsing Industrial Co., Ltd.

Audit Committee 's Review Report

The Board of Directors has prepared and submitted to us the Company's 2023 Business Report, proposal for earnings distribution and the financial statements audited by the accountant, who issued an audit report accordingly. Pursuant to Article 219 of the Company Act, we hereby submit this report.

Sincerely,

For the 2024 Annual Meeting of Shareholders of Zeng Hsing Industrial Co., Ltd.

Audit Committee Convenor:

Ming-Liang Tarng

8 March 2024

ZENG HSING INDUSTRIAL CO., LTD.

The Status of Endorsement and Guarantee as of 31 March 2024

Unit: In NT\$ thousand

Endorser/ Guarantor	Receiving Parties		Ceilings of guarantee/ endorsement provided to a single entity	Maximum balance for the period	Ending	Actual amount provided	Amount of endorsement guarantee secured by assets	Percentage of accumulated guarantee amount to net assets value from the most recent financial statements	Ceilings of total guarantee/ endorsement
	Relationship	Name							
The Company	Subsidiary	Zeng Hsing Industrial Co., Ltd. (VN)	1,650,250	687,785	687,785	0	0	12.50	2,200,334
Total					687,785	0	0		

- Note: 1. The total amount of endorsements/guarantees shall not exceed 40% of the current net worth of the Company.
2. The ceilings of guarantee/ endorsement provided to any single overseas affiliated company shall not exceed 30% of the current net worth of the Company.
3. The total amount of endorsements and guarantees made by the Company and its subsidiaries collectively shall not exceed 45% of the current net worth of the Company.
4. The amount of endorsements and guarantees made by the Company and its subsidiaries to any single enterprise shall not exceed 30% of the current net worth of the Company.
5. The Company, directly or indirectly holding 100% voting shares of foreign companies, is not subject to the limitations stated in points 1 and 2 above regarding

【Attachment 4】

Unit: in NT\$ Thousand; Thousand Shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation related to concurrent employment								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation received from investments outside of subsidiaries or from the parent company
		Base Compensation (A)		Retirement Pension (B)		Bonus to Directors (C) (Proposed figures)		Expense from Professional Practice (D)				Salary, Bonuses, and Allowances (E)		Retirement Pension (F)		Employees' Compensation (G) (Proposed figures)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements				
																Cash	Stock	Cash	Stock			
Independent Director	Ming-Liang Tarn	720	720	0	0	0	0	30	30	0.30 %	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	None
Independent Director	Jun-Ming Hsu	720	720	0	0	0	0	30	30	0.30 %	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	None
Independent Director	Young-Yaw Pai	380	380	0	0	0	0	20	20	0.16 %	0.16%	0	0	0	0	0	0	0	0	0.16%	0.16%	None
Chairman	Chih-Cheng Lin	0	0	0	0	1,000	1,600	28	53	0.41 %	0.65%	5,304	5,606	0	0	979	0	979	0	2.89%	3.25%	None
Director	Ruei-Yi Hong	0	0	0	0	500	500	28	28	0.21 %	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
Director	Su-Chen Liao	0	0	0	0	500	500	28	28	0.21 %	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
Director	Jin-Tan Lee	0	0	0	0	500	500	28	28	0.21 %	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
Director	Chung-Ting Tsai	0	0	0	0	500	800	28	43	0.21 %	0.33%	3,227	3,227	108	108	391	0	391	0	1.68%	1.80%	None
Director	Pao-Sung Chang	0	0	0	0	500	500	28	28	0.21 %	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
Director	Meng-Chung Ho	0	0	0	0	500	500	23	23	0.21 %	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	None
1. Independent directors' remuneration payment policies, systems, standards and structure, and state the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.: Evaluations are made according to the Company's "Directors and Managers 'Remuneration Management Measures" and "Directors and Managers' Performance Evaluation Measures", in addition to referring to the Company's overall operating performance, future operating risk of the industry and development trends. The individual performance achievement rate and contribution to the Company's performance are also considered for reasonable compensation. The related performance evaluation and compensation reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time depending on the actual operation and relevant laws in order to keep the balance between the Company's sustainable operation and risk control.																						
2. Apart from the aforementioned disclosure, the remunerations for directors of the Company providing services (such as serving as a consultant, not concurrently an employee, in the parent company/ all companies included in the financial statements /reinvestment business) to consolidated subsidiaries: None																						

1. Independent directors' remuneration payment policies, systems, standards and structure, and state the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.: Evaluations are made according to the Company's "Directors and Managers' Remuneration Management Measures" and "Directors and Managers' Performance Evaluation Measures", in addition to referring to the Company's overall operating performance, future operating risk of the industry and development trends. The individual performance achievement rate and contribution to the Company's performance are also considered for reasonable compensation. The related performance evaluation and compensation reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time depending on the actual operation and relevant laws in order to keep the balance between the Company's sustainable operation and risk control.

2. Apart from the aforementioned disclosure, the remunerations for directors of the Company providing services (such as serving as a consultant, not concurrently an employee, in the parent company/ all companies included in the financial statements /reinvestment business) to consolidated subsidiaries: None

Note 1: Independent Director, Young-Yaw Pai, took office on 20 June 2023

Zeng Hsing Industrial Co., Ltd.
Comparison Table of Amendment to the “Rules of Procedure for Meetings of the Board of Directors”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 3	<p>(Convening and notice of board meetings)</p> <p>A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The meeting notice may be effected by means of facsimile or email in accordance with the Articles of Incorporation.</p> <p>All matters set out in the subparagraphs of Article 12, Paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>(Convening and notice of board meetings)</p> <p>A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.</p> <p>The meeting notice may be effected by means of facsimile or email in accordance with the Articles of Incorporation.</p> <p>All matters set out in the subparagraphs of Article 12, Paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.</p>	Amendment in Compliance with Regulations/Laws
Article 8	<p>(Reference materials, non-voting participants, and holding board meetings)</p> <p>When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.</p> <p>As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.</p> <p>When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and</p>	<p>(Reference materials, non-voting participants, and holding board meetings)</p> <p>When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.</p> <p>As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.</p> <p>When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and</p>	Amendment in Compliance with Regulations/Laws

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>when more than one-half of all the directors are in attendance.</p> <p>If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2. The number of “all directors” as used in the preceding paragraph shall be counted as the number of directors then actually in office.</p>	<p>when more than one-half of all the directors are in attendance.</p> <p>If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time <u>to the same day</u>, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2. The number of “all directors” as used in the preceding paragraph shall be counted as the number of directors then actually in office.</p>	
Article 11	<p>(Discussion of proposals)</p> <p>A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 5 shall apply mutatis mutandis.</p>	<p>(Discussion of proposals)</p> <p>A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 5 shall apply mutatis mutandis.</p> <p><u>During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.</u></p>	Amendment in Compliance with Regulations/Laws
Article 12	<p>(Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p>	<p>(Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:</p>	Amendment in Compliance with Regulations/Laws

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>1. The Corporation's business plan.</p> <p>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means an individual donation, or</p>	<p>1. The Company's business plan.</p> <p>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p><u>6. The election or discharge of the chairman of the board of directors.</u></p> <p>6- 7. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7- 8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8- 9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term</p>	Laws

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>"major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	

Zeng Hsing Industrial Co., Ltd.
Comparison Table of Amendment to the “Codes of Ethical Conduct”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 2	Conducted in accordance with the relevant provisions of Letter No Securities-Futures-I-0930005101 of the Securities and Futures Bureau of the Supervisory commission, Executive Yuan dated 28 October 2004 and Letter No. Taiwan-Stock-Listing-0930028186 of the Taiwan Stock Exchange Corporation dated 11 November 2004.	Conducted in accordance with the relevant provisions of Letter No Securities-Futures-I-0930005101 of the Securities and Futures Bureau of the Supervisory commission, Executive Yuan dated 28 October 2004 and Letter No. Taiwan-Stock-Listing-0930028186 of the Taiwan Stock Exchange Corporation dated 11 November 2004. Conducted in accordance with “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies”.	Amendment in Compliance with Regulations/Laws
Article 3	7. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.	7. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual or to report to the integrity reporting mailbox at report_zh@zenghsing.com.tw upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.	Addition of New Reporting Channel
Article 6	A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to audit committee, and submitted to a shareholders meeting.	A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to audit committee, and submitted to a shareholders meeting. Roles and Responsibilities 1. Organizer: Human Resources	Adjustments and Amendments to Roles and Responsibilities, Reflecting

Article	Original Provision	Amended Provision	Reasons for Amendment
		<p>Department, responsible for formulating the Codes of Ethical Conduct.</p> <p>2. Co-organizer: Investor Relations Department, responsible for implementing the contents of the Codes of Ethical Conduct.</p>	Actual Company Conditions, with Added Explanations
Article 7	Addition	<p>Enforcement and Revision</p> <p>A company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to audit committee, and submitted to a shareholders meeting.</p>	Adjustments and Amendments Based on Actual Company Conditions (As per the Original Article 6)

Independent Auditors' Report Translated from Chinese

To ZENG HSING INDUSTRIAL CO., LTD

Opinion

We have audited the accompanying consolidated balance sheets of Zeng Hsing Industrial Co., Ltd (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company and its subsidiaries' accounts receivable and allowance for doubtful accounts amounted to NTD 1,518,739 thousand and NTD 14,249 thousand, respectively. Net accounts receivable represented 13% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. Since the collection of notes and accounts receivable is the key factor in the working capital management of the Company and its subsidiaries, and the adoption of provision policy requires significant management judgement whose the measurement results affect the net amount of accounts receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each group; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period.

In addition, we considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2023, the net inventories amounted to NTD 1,254,186 thousand accounting for 10% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. The Company and its subsidiaries starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation and slow-moving losses for raw materials, supply and parts. Due to diversity of products and uncertainty arising from rapid changes in products, allowance for obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; understanding the allowance for inventory loss and slow-moving inventory policies; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging intervals to make sure that the inventory aging schedule was appropriate. In addition, we sample tested inventories to check related certificates of purchases and sales and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audit of Other Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NT\$27,316 thousand and NT\$30,438 thousand, representing 0.23% and 0.24% of consolidated total assets as of December 31, 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$6,628 thousand and NT\$2,599 thousand, representing 0.94% and 0.32% of the consolidated net income before tax for the years ended December 31 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31 2023 and 2022.

Chen, Ming Hung
Huang, Ching Ya
Ernst & Young, Taiwan
March 8, 2024

Notice to Readers :

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at	
		31 December 2023	31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1), 12	\$2,845,230	\$3,047,053
Financial assets measured at amortized cost, current	4, 8, 12	179,591	170,950
Accounts receivable, net	4, 6(2), 6(12), 12	1,504,490	2,028,943
Other receivables	12	89,031	110,169
Inventories, net	4, 6(3)	1,254,186	1,598,106
Prepayment		44,869	32,296
Other current assets		120,352	102,002
Total current assets		<u>6,037,749</u>	<u>7,089,519</u>
Non-current assets			
Investments accounted for under the equity method	4	111,099	101,995
Property, plant and equipment	4, 6(4), 8	3,710,655	3,525,829
Right of use assets	4, 6(13)	248,005	319,560
Intangible assets	4,6(5)	1,590,148	1,650,447
Deferred tax assets	4, 6(17)	31,340	38,116
Other non-current assets	4, 8, 12	266,158	519,210
Total non-current assets		<u>5,957,405</u>	<u>6,155,157</u>
Total assets		<u>\$11,995,154</u>	<u>\$13,244,676</u>

(The accompanying notes are an integral part of the consolidated financial statements)
(continued)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		31 December 2023	31 December 2021
Current liabilities			
Short-term loans	4, 6(6), 12	\$393,000	\$1,438,492
Contract liabilities, current	6(11)	69,573	69,984
Notes payable	12	144,735	113,157
Accounts payable	12	738,279	605,059
Other payables	12	464,149	554,894
Current tax liabilities	4	140,633	307,332
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(7), 12	132,525	152,454
Other current liabilities	4, 6(13), 12	116,185	98,332
Total current liabilities		<u>2,199,079</u>	<u>3,339,704</u>
Non-current liabilities			
Long-term loans	4, 6(7), 12	723,702	613,905
Deferred tax liabilities	4, 6(17)	408,157	452,667
Net defined benefit liabilities, non-current	4, 6(8)	19,672	29,340
Other non-current liabilities	4, 6(13), 12	33,056	61,444
Total non-current liabilities		<u>1,184,587</u>	<u>1,157,356</u>
Total liabilities		<u>3,383,666</u>	<u>4,497,060</u>
Equity attributable to the parent company	4, 6(9)		
Capital			
Common stock		665,356	665,356
Capital surplus		1,890,261	1,890,261
Retained earnings			
Legal reserve		730,563	730,563
Special reserve		202,396	326,214
Unappropriated earnings		2,125,301	2,118,459
Total Retained earnings		<u>3,058,260</u>	<u>3,175,236</u>
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		<u>(265,978)</u>	<u>(200,974)</u>
Equity attributable to owners of the parent		<u>5,347,899</u>	<u>5,529,879</u>
Non-controlling interests	6(10)	<u>3,263,589</u>	<u>3,217,737</u>
Total equity		<u>8,611,488</u>	<u>8,747,616</u>
Total liabilities and equity		<u>\$11,995,154</u>	<u>\$13,244,676</u>

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2023	2022
Net Sales	4, 6(11)	\$7,558,277	\$7,198,245
Cost of Sales	6(3), 6(14)	(5,640,723)	(5,743,805)
Gross Profit		1,917,554	1,454,440
Operating Expenses	6(13), 6(14)		
Selling and marketing		(368,068)	(273,102)
Management and administrative		(736,738)	(606,976)
Research and development		(327,139)	(185,152)
Expected credit gains (losses)	4, 6(12)	32,740	(28,468)
Total Operating Expenses		(1,399,205)	(1,093,698)
Operating Income		518,349	360,742
Non-operating income and expenses	6(15)		
Other income		141,942	89,642
Other gains and losses		55,668	362,838
Financial costs		(21,309)	(27,635)
Share of profit or loss of associates and joint ventures		8,034	4,962
Subtotal		184,335	429,807
Income before income tax		702,684	790,549
Income tax expense	4, 6(17)	(73,134)	(179,608)
Income, net of tax		629,550	610,941
Other comprehensive income	6(16), 6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		10,966	(6,442)
Income tax related to items that may not be reclassified subsequently		(2,193)	1,288
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(111,861)	147,131
Income tax related to items that may be reclassified subsequently		22,111	(28,636)
Total other comprehensive (loss) income, net of tax		(80,977)	113,341
Total comprehensive income		<u>\$548,573</u>	<u>\$724,282</u>
Net income attributable to:			
Stockholders of the parent		\$253,276	\$491,321
Non-controlling interests		376,274	119,620
		<u>\$629,550</u>	<u>\$610,941</u>
Comprehensive income attributable to:			
Stockholder of the parent		\$197,039	\$611,407
Non-controlling interests		351,534	112,875
		<u>\$548,573</u>	<u>\$724,282</u>
Earnings per share (NTD)	6(18)		
Earnings per share-basic		\$3.81	\$8.03
Earnings per share-diluted		<u>\$3.80</u>	<u>\$8.01</u>

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2022	6(9)	\$605,356	\$1,389,627	\$730,563	\$295,491	\$2,213,284	\$(326,214)	\$4,908,107	\$67,921	\$4,976,028
Appropriations of earnings, 2021:										
Special reserve					30,723	(30,723)		-		-
Cash dividends						(514,553)		(514,553)		(514,553)
Due to business combination									3,123,016	3,123,016
Issue of shares		60,000	478,098					538,098		538,098
Share-based payment			22,536					22,536		22,536
Net income for the year ended 31 December 2022						491,321		491,321	119,620	610,941
Other comprehensive income, net of tax for the year ended 31 December 2022						(5,154)	125,240	120,086	(6,745)	113,341
Total comprehensive income		-	-	-	-	486,167	125,240	611,407	112,875	724,282
Cash dividends of subsidiary	6(10)								(10,998)	(10,998)
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(35,716)		(35,716)	(75,077)	(110,793)
Balance as of 31 December 2022	6(9)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$326,214</u>	<u>\$2,118,459</u>	<u>\$(200,974)</u>	<u>\$5,529,879</u>	<u>\$3,217,737</u>	<u>\$8,747,616</u>
Balance as of 1 January 2023	6(9)	\$665,356	\$1,890,261	\$730,563	\$326,214	\$2,118,459	\$(200,974)	\$5,529,879	\$3,217,737	\$8,747,616
Appropriations of earnings, 2022:										
Special reserve					(123,818)	123,818		-		-
Cash dividends						(365,945)		(365,945)		(365,945)
Net income for the year ended 31 December 2023						253,276		253,276	376,274	629,550
Other comprehensive income, net of tax for the year ended 31 December 2023						8,773	(65,010)	(56,237)	(\$24,740)	(80,977)
Total comprehensive income		-	-	-	-	262,049	(65,010)	197,039	351,534	548,573
Cash dividends of subsidiary	6(10)								(282,949)	(282,949)
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(13,080)	6	(13,074)	(22,733)	(35,807)
Balance as of 31 December 2023	6(9)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$202,396</u>	<u>\$2,125,301</u>	<u>\$(265,978)</u>	<u>\$5,347,899</u>	<u>\$3,263,589</u>	<u>\$8,611,488</u>

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$702,684	\$790,549
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Share-based payment transactions	-	22,536
Depreciation	602,008	409,507
Amortization	98,529	62,724
Gain on disposal of property, plant and equipment	(5,630)	(3,662)
Gain on disposal of right of use asset	(671)	(745)
Net gain of financial assets at fair value through profit or loss	(8,775)	(58,054)
(Gain) loss from market value decline, obsolete and slow-moving of inventories	(4,467)	18,729
Share of profit or loss of associates and joint ventures	(8,034)	(4,962)
Expected credit (profit) loss	(32,740)	28,468
Other losses	-	663
Interest income	(62,278)	(21,790)
Interest expense	21,309	27,635
Profit from lease modification	-	(34)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	7,460	165,955
Decrease (increase) in accounts receivable	543,658	(219,090)
Decrease in inventories, net	328,301	802,326
Decrease (increase) in other receivables	28,388	(35,741)
Increase in prepayments	(14,127)	(1,178)
(Increase) decrease in other current assets	(19,115)	52,005
Decrease in contract liabilities	(411)	(4,613)
Increase (decrease) in notes payable	111,713	(16,715)
Increase (decrease) in accounts payable	141,256	(571,252)
Decrease in other payables	(80,620)	(105,376)
Increase (decrease) in other current liabilities	49,495	(8,303)
Increase (decrease) in net defined benefit liabilities	1,298	(908)
Increase in other non-current liabilities	3,779	-
Cash generated from operations	2,403,010	1,328,674
Interest received	62,278	21,790
Income tax paid	(261,225)	(155,402)
Net cash provided by operating activities	2,204,063	1,195,062

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

(continued)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
(Increase) decrease in financial assets at measured at amortized cost	(8,641)	79,442
Acquisition of investments accounted for under the equity method	(12,499)	-
Acquisition of property, plant and equipment	(118,606)	(250,643)
Acquisition of subsidiaries	-	(1,619,800)
Proceeds from disposal of property, plant and equipment	29,115	23,726
Proceeds from disposal of right-of-use asset	3,477	8,976
Decrease (increase) in refundable deposits	218	(2,221)
Dividends receive	2,500	2,500
Acquisition of intangible assets	(6,162)	(10,182)
Proceeds from disposal of intangible assets	-	28
Increase in other non-current assets	(517,558)	(202,319)
Cash inflow from business combination	-	1,075,853
Net cash used in investing activities	(628,156)	(894,640)
Cash flows from financing activities:		
Increase in short-term loans	2,262,000	8,590,210
Decrease in short-term loans	(3,307,839)	(8,291,420)
Increase in short-term notes and bills payable	110,000	1,700,000
Decrease in short-term notes and bills payable	(110,000)	(1,830,000)
Increase in long-term loans	245,655	217,510
Decrease in long-term loans	(155,787)	(195,850)
Lease principal repayment	(71,309)	(25,193)
Cash dividends	(365,945)	(514,553)
Interest paid	(21,470)	(27,635)
Cash dividends of subsidiary	(282,949)	(10,998)
Cash capital increase	-	538,098
Acquisition of ownership interests in subsidiaries	(35,807)	(103,097)
Net cash (used in) provided by financing activities	(1,733,451)	47,072
Effect of exchange rate changes on cash and cash equivalents	(44,279)	65,111
Net (decrease) increase in cash and cash equivalents	(201,823)	412,605
Cash and cash equivalents at beginning of period	3,047,053	2,634,448
Cash and cash equivalents at end of period	\$2,845,230	\$3,047,053

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

Independent Auditors' Report Translated from Chinese

To ZENG HSING INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of Zeng Hsing Industrial Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, the parent company only changes in equity and the parent company only cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies.

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audit of Other Auditors section of our report), the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 698,251 thousand and NTD 4,837 thousand, respectively. Net accounts receivable represented 9% of the parent company only total assets and have significant impacts on the Company. The collection of accounts receivable is a key factor in the working capital management of the Company, and the adoption of provision policy requires significant management judgement whose the measurement results affect the net amount of accounts receivable, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over assessment of client credit risk and accounts receivable collection management; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each group; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period.

In addition, we also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (including investments accounted for under the equity method-inventory of subsidiaries)

As of December 31, 2023, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements. The Company starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation losses for raw materials, supply and parts. Due to diversity of products and uncertainty arising from rapid changes in products, allowance for obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; understanding the allowance for inventory loss and slow-moving inventory policies; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging schedule to make sure that the inventory aging schedule was appropriate. In addition, we also obtained the current year's reports on inventory movement and sample tested to check whether purchases and sales were supported by appropriate vouchers and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audit of Other Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NTD 27,316 thousand and NTD 30,438 thousand, representing 0.37% and 0.37% of the parent company only total assets as of December 31, 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NTD 6,628 thousand and NTD 2,599 thousand, representing 2.42% and 0.43% of the parent company only net income before tax for the years ended December 31, 2023 and 2022, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Ming Hung
Huang, Ching Ya
Ernst & Young, Taiwan
March 8, 2024

Notice to Readers :

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of	
		31 December 2023	31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1), 12	\$989,375	\$1,246,480
Accounts receivable, net	4, 6(2), 6(12), 12	622,728	1,269,220
Accounts receivable-related parties, net	4, 6(2), 6(12), 7, 12	70,686	81,341
Other receivables	12	17,685	1,894
Inventories, net	4, 6(3)	42,625	50,313
Prepayment		301	201
Other current assets		1,501	1,930
Total current assets		<u>1,744,901</u>	<u>2,651,379</u>
Non-current assets			
Financial assets measured at amortized cost, non-current	4, 8, 12	200	200
Investments accounted for under the equity method	4, 6(4)	4,833,641	4,687,534
Property, plant and equipment	4, 6(5), 8	650,204	703,803
Investment property	4, 6(6)	62,442	63,672
Intangible assets	4	19,502	26,757
Deferred tax assets	4, 6(17)	14,184	19,938
Other non-current assets	4, 6(13)	7,588	11,358
Total non-current assets		<u>5,587,761</u>	<u>5,513,262</u>
Total assets		<u>\$7,332,662</u>	<u>\$8,164,641</u>

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of	
		31 December 2023	31 December 2022
Current liabilities			
Short-term loans	4, 6(7), 12	\$370,000	\$1,348,000
Financial liabilities at fair value through profit or loss, current	12	-	1,315
Contract liabilities, current	6(11)	58,066	56,396
Notes payable	12	259	491
Accounts payable	12	89,512	53,146
Accounts payable-related parties	7, 12	869,281	433,153
Other payables	12	94,563	134,042
Current tax liabilities	4	40,058	91,240
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8), 12	24,000	24,000
Other current liabilities	4, 6(13), 12	19,760	18,103
Total current liabilities		<u>1,565,499</u>	<u>2,159,886</u>
Non-current liabilities			
Long-term loans	4, 6(8), 12	192,000	216,000
Deferred tax liabilities	4, 6(17)	202,121	227,031
Net defined benefit liabilities, non-current	4, 6(9)	19,672	29,340
Other non-current liabilities	4, 6(13), 12	5,471	2,505
Total non-current liabilities		<u>419,264</u>	<u>474,876</u>
Total liabilities		<u>1,984,763</u>	<u>2,634,762</u>
Equity attributable to the parent company	4, 6(10)		
Capital			
Common stock		665,356	665,356
Capital surplus		1,890,261	1,890,261
Retained earnings			
Legal reserve		730,563	730,563
Special reserve		202,396	326,214
Unappropriated earnings		2,125,301	2,118,459
Total Retained earnings		<u>3,058,260</u>	<u>3,175,236</u>
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(265,978)	(200,974)
Total equity		<u>5,347,899</u>	<u>5,529,879</u>
Total liabilities and equity		<u>\$7,332,662</u>	<u>\$8,164,641</u>

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

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December	
		2023	2022
Net Sales	4, 6(11), 7	\$3,423,569	\$5,336,553
Cost of Sales	6(3), 6(15), 7	(2,996,970)	(4,657,303)
Gross Profit		426,599	679,250
Unrealized Intercompany Profit	7	(2,545)	(4,472)
Realized Intercompany Profit		4,472	2,440
Gross Profit		428,526	677,218
Operating Expenses	6(13), 6(15), 7		
Selling and marketing		(171,479)	(104,269)
Management and administrative		(218,207)	(284,008)
Research and development		(102,543)	(118,224)
Expected credit gains (losses)	4, 6(12)	33,258	(33,267)
Total Operating Expenses		(458,971)	(539,768)
Operating (loss) income, net		(30,445)	137,450
Non-operating income and expenses	6(15)		
Other income		69,558	45,524
Other gains and losses		11,328	258,579
Financial costs		(16,147)	(16,614)
Share of profit or loss of associates and joint ventures	4, 6(4)	239,417	174,032
Subtotal		304,156	461,521
Income before income tax		273,711	598,971
Income tax expense	4, 6(17)	(20,435)	(107,650)
Income, net of tax		253,276	491,321
Other comprehensive income	6(16), 6(17)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		10,966	(6,442)
Income tax related to items that may not be reclassified subsequently		(2,193)	1,288
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(80,906)	156,194
Income tax related to items that may be reclassified subsequently		15,896	(30,954)
Total other comprehensive loss, net of tax		(56,237)	120,086
Total comprehensive income		\$197,039	\$611,407
Earnings per share (NTD)	6(18)		
Earnings per share-basic		\$3.81	\$8.03
Earnings per share-diluted		\$3.80	\$8.01

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

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total Equity
Balance as of 1 January 2022	6(11)	\$605,356	\$1,389,627	\$730,563	\$295,491	\$2,213,284	\$(326,214)	\$4,908,107
Appropriations of earnings, 2021:								
Special reserve					30,723	(30,723)		-
Cash dividends						(514,553)		(514,553)
Cash capital increase		60,000	478,098					538,098
Share-based payment transactions			22,536					22,536
Net income for the year ended 31 December 2022						491,321		491,321
Other comprehensive income, net of tax for the year ended 31 December 2022						(5,154)	125,240	120,086
Total comprehensive income		-	-	-	-	486,167	125,240	611,407
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries			-			(35,716)		(35,716)
Balance as of 31 December 2022	6(11)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$326,214</u>	<u>\$2,118,459</u>	<u>\$(200,974)</u>	<u>\$5,529,879</u>
Balance as of 1 January 2023	6(11)	\$665,356	\$1,890,261	\$730,563	\$326,214	\$2,118,459	\$(200,974)	\$5,529,879
Appropriations of earnings, 2022:								
Special reserve					(123,818)	123,818		-
Cash dividends						(365,945)		(365,945)
Net income for the year ended 31 December 2023						253,276		253,276
Other comprehensive income, net of tax for the years ended 31 December 2023						8,773	(65,010)	(56,237)
Total comprehensive income		-	-	-	-	262,049	(65,010)	197,039
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(13,080)	6	(13,074)
Balance as of 31 December 2023	6(11)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$202,396</u>	<u>\$2,125,301</u>	<u>\$(265,978)</u>	<u>\$5,347,899</u>

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

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$273,711	\$598,971
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Share-based payment transactions	-	22,536
Depreciation	60,935	59,909
Amortization	18,919	18,280
Gain on disposal of property, plant and equipment	(551)	-
Net gain of financial assets at fair value through profit or loss	(8,775)	(58,054)
Loss (gain) from market value decline, obsolete and slow-moving of inventories	3,604	(416)
Share of profit or loss of associates and joint ventures	(239,417)	(174,032)
Expected credit (gains) losses	(33,258)	33,267
Unrealized intercompany loss	2,545	4,472
Realized intercompany profit	(4,472)	(2,440)
Other losses	-	663
Interest income	(22,832)	(5,391)
Interest expense	16,147	16,614
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	7,460	165,955
Decrease (increase) in accounts receivable	679,750	(441,030)
Decrease in accounts receivable-related parties	10,655	178,672
Decrease in inventories, net	4,084	101,499
(Increase) decrease in other receivables	(8,541)	2,495
(Increase) decrease in prepayments	(100)	4,145
Decrease in other current assets	429	730
Increase in other non-current assets	(8,151)	(10,481)
Increase (decrease) in contract liabilities	1,670	(6,045)
Decrease in notes payable	(232)	(10)
Increase (decrease) in accounts payable	36,366	(74,110)
Increase (decrease) in accounts payable-related parties	436,128	(51,204)
Decrease in other payables	(39,479)	(30,506)
Increase (decrease) in other current liabilities	1,620	(2,031)
Increase (decrease) in net defined benefit liabilities	1,298	(908)
Cash generated from operations	1,189,513	351,550
Interest received	22,832	5,391
Income tax paid	(77,070)	(59,900)
Net cash provided by operating activities	1,135,275	297,041

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

(Continued)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2023	2022
(Continued)		
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(164,324)	(1,619,800)
Acquisition of property, plant and equipment	(3,722)	(19,028)
Proceeds from disposal of property, plant and equipment	551	1,416
Increase in refundable deposits	(31)	(43)
Proceeds from disposal of intangible assets	(2,096)	(9,761)
Disposition of intangible assets	-	28
Dividends received	194,138	53,321
Net cash (used in) provided by investing activities	24,516	(1,593,867)
Cash flows from financing activities:		
Increase in guarantee deposits received	4,830	-
Increase in short-term loans	2,069,000	7,864,000
Decrease in short-term loans	(3,047,000)	(7,145,000)
Increase in short-term notes and bills payable	110,000	1,700,000
Decrease in short-term notes and bills payable	(110,000)	(1,830,000)
Increase in long-term loans	-	144,000
Decrease in long-term loans	(24,000)	(208,000)
Lease principal repayment	(1,827)	(1,900)
Interest paid	(16,147)	(16,614)
Cash capital increase	-	538,098
Cash dividends	(365,945)	(514,553)
Proceeds from capital reduction of investments accounted for under the equity method	-	198,731
Acquisition of ownership interests in subsidiaries	(35,807)	(103,097)
Net cash (used in) provided by financing activities	(1,416,896)	625,665
Net decrease in cash and cash equivalents	(257,105)	(671,161)
Cash and cash equivalents at beginning of period	1,246,480	1,917,641
Cash and cash equivalents at end of period	\$989,375	\$1,246,480

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

【Attachment 8】

Zeng Hsing Industrial Co., Ltd. Profit Distribution Table 2023

Unit: NT\$

Items	Total	Remark
Beginning retained earnings	\$ 1,866,434,092	
Add: Fair value adjustments arising from business combination	9,896,121	
Less: Difference between consideration and carrying amount of subsidiaries acquired	(13,079,181)	
Add: Net profit after tax for 2023	253,275,887	
Other comprehensive income (remeasurements of defined benefit plans (for the year ended 2023))	8,773,328	
Less:		
10% legal reserve	0	
Special reserve	(63,582,388)	
Distributable net profit	<u>2,061,717,859</u>	
Distributable items:		
Shareholders' cash dividends	(252,835,398)	
Unappropriated retained earnings	\$ 1,808,882,461	

Note:

Note 1: Profit distribution shall set aside for the distribution of unappropriated retained earnings for the year ended 2023.

Note 2: The fractional amount of cash dividends distributed less than one unit is recorded as other income of the company.

Note 3: In accordance with Article 36 of the Articles of Incorporation, as the accumulated statutory surplus reserve has equaled the additional paid-in capital of the company, there is no requirement to allocate further statutory surplus reserve.

Chairman: Chih-Cheng Lin Manager: Tung-Liang Liu Chief Accountant: Tzu-Ho Chuang

Zeng Hsing Industrial Co., Ltd.

Comparison Table of Amendment to the “Operational procedures for Acquisition and Disposal of Assets”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 5	<p>Degree of authority delegated for investment in non-operating real property and marketable securities</p> <p>The degree of authority delegated for acquiring the aforementioned assets by the company and its subsidiaries individually is as follows:</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real property shall not exceed the net worth of the Company. 2. The total amount of investments in long-term and short-term securities shall not exceed the net worth of the Company. 3. The amount of individual securities investment shall not exceed 60% of the net worth of the Company. 	<p>Degree of authority delegated for investment in non-operating real property and marketable securities</p> <p>The degree of authority delegated for acquiring the aforementioned assets by the company and its subsidiaries individually is as follows:</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real property shall not exceed the net worth of the Company. 2. The total amount of investments in long-term and short-term securities shall not exceed 200% of the net worth of the Company. 3. The amount of individual securities investment shall not exceed 60% of the net worth of the Company. 	Amendments in Compliance with Company Best Practice Principle
Article 8	<p>(Operational Procedures for Acquisition and Disposal of Real Property, Rights-of-Use Assets, and Other Fixed Assets)</p> <ol style="list-style-type: none"> 1. Appraisal Procedures and Operational Procedures The acquisition or disposal of real property, rights-of-use assets, and other fixed assets by the company are all conducted in accordance with the company's internal control system for property, plants, and equipment cycle. 2. Determination Procedures for Transaction Terms and Authorization Limits (1) Acquisition or disposal of real property or right-of-use assets should consider publicly announced current values, assessed values, actual transaction prices of nearby properties, etc., to set transaction terms and prices. An analysis report must be submitted to the Chairman for approval for amounts up to NT\$50 million (inclusive). Amounts exceeding NT\$5 million require a report to be presented at 	<p>(Operational Procedures for Acquisition and Disposal of Real Property, Rights-of-Use Assets, and Other Fixed Assets)</p> <ol style="list-style-type: none"> 1. Appraisal Procedures and Operational Procedures The acquisition or disposal of real property, rights-of-use assets, and other fixed assets by the company are all conducted in accordance with the company's internal control system for property, plants, and equipment cycle. 2. Determination Procedures for Transaction Terms and Authorization Limits (1) Acquisition or disposal of real property or right-of-use assets for business use should consider publicly announced current values, assessed values, actual transaction prices of nearby properties, etc., to set transaction terms and prices. An analysis report must be submitted to the Chairman for approval for amounts up to NT\$50 million (inclusive). Amounts exceeding NT\$5 million (inclusive) require a 	Amendments in Compliance with Company Best Practice Principle

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>the subsequent Board of Directors meeting; for amounts exceeding NT\$50 million, Board of Directors approval is necessary before proceeding.</p> <p>(2) For the acquisition or disposal of other fixed assets, one of the following methods - inquiry, comparison, negotiation, or bidding - should be chosen. Amounts up to NT\$30 million (inclusive) require approval according to the authorized procedure. Amounts exceeding NT\$30 million require approval from the Chairman and subsequent approval from the Board of Directors before proceeding.</p> <p>3. Implementation Units For the acquisition or disposal of real property, right-of-use assets, or other fixed assets, the decision-making authority should be approved according to the preceding paragraph. After approval, the execution shall be carried out by the respective department and management department.</p> <p>4. Real Property, Right-of-Use Assets, or Other Fixed Assets Appraisal Report In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the</p>	<p>report to be presented at the subsequent Board of Directors meeting; for amounts exceeding NT\$50 million, Board of Directors approval is necessary before proceeding.</p> <p><u>(2) For the acquisition or disposal of non-operating real property, reference should be made to publicly announced current values, assessed values, actual transaction prices of nearby properties, etc., to determine transaction terms and prices. An analysis report should be submitted to the Chairman for approval for amounts up to NT\$5 million (inclusive). Amounts exceeding NT\$5 million require approval from the Chairman and a subsequent report to the Board of Directors. Approval from the Board of Directors is necessary for amounts exceeding NT\$5 million before proceeding.</u></p> <p><u>(23) For the acquisition or disposal of other fixed assets and right-of-use assets, one of the following methods - inquiry, comparison, negotiation, or bidding - should be chosen. Amounts up to NT\$30 million (inclusive) require approval according to the authorized procedure. Amounts exceeding NT\$30 million require approval from the Chairman and subsequent approval from the Board of Directors before proceeding.</u></p> <p>3. Implementation Units For the acquisition or disposal of real property, right-of-use assets, or other fixed assets, the decision-making authority should be approved according to the preceding paragraph. After approval, the execution shall be carried out by the respective department and management department.</p> <p>4. Real Property, Right-of-Use Assets, or Other Fixed Assets Appraisal Report In acquiring or disposing of real property, equipment, or right-of-use</p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the</p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
		<p>appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	

Zeng Hsing Industrial Co., Ltd.

The List of Directors Candidates of the 19th Board

Title	Name	Education	Experience	Current Position	Number of Shares Held
Director	Chih-Cheng Lin	EMBA of National Chung Hsing University	General Manager, the Company	Chairman, Zhangjiagang Zeng Hsing Machinery & Electronics Co.,Ltd Chairman, Zhangjiagang Zeng Hsing Trading Co., Ltd. Director, Zeng Hsing Industrial Co., Ltd. (BVI) Director, Jetsun Technology Co.,Ltd.(Seychelles) Chairman, Zeng Hsing Industrial Co., Ltd. (VN) Chairman, Shinco Technologies Limited (VN) General Manager, Jetsun Technology Company Limited. Chairman, Mitsumichi Industrial Co. Ltd. Chairman, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director, Zorca Worldwide Ltd.(BVI) Corporate director, Turvo International Co., Ltd. (Representative, Zeng Hsing Industrial Co., Ltd.) Chairman, Taiwan Cheer Champ Co., Ltd. Chairman, the Company	1,033,080
Director	Chung-Ting Tsai	Master of Business Administration, California State University, San Bernardino	Manager, Marketing Planning Center of the Company	Director, Can Xin Investment Co., Ltd. Corporate director, Turvo International Co., Ltd. (Representative, Zeng Industrial Co., Ltd.) Deputy General Manager/Director, Marketing Sales Department, the Company	998,305
Director	Chin-Tan Lee	Industrial Management Department, Asian Eastern University of Science and Technology	Supervisor, Hsieh Feng Aluminum Business Co., Ltd.	Supervisor, Hsieh Feng Aluminium Business Co., Ltd. Director, the Company	666,608
Director	Su-Chen Liao	Graduate, National Chin-Yi University of Technology	Supervisor, the Company	Director, Taiwan Long Huan Enterprise Co. Chairman, Shenghong Investment Co., Ltd. Director, the Company	845,774
Director	Ruei-Yi Hong	Master of Industrial Engineering & Management National Chin-Yi University of Technology	Supervisor, the Company	Director, Chiuan Huang Ltd. Director, the Company	2,023,129
Director	Meng-Chung Ho	Interior Design Department, Ming-Der Senior High School	General Manager, China Management Office, Changqing Enterprise Co., Ltd. Supervisor, the Company	Director / General Manager, Magic Outdoor International Limited Director, the Company	1,029,262

The List of Independent Directors Candidates of the 19th Board

Title	Name	Education	Experience	Current Position	Number of Shares Held
Independent Director	Young-Yaw Pai	Master of Mechanical Engineering from Stevens Institute of Technology, USA	Chairman, Precision Motion Industries, Inc.	Chairman, Precision Motion Industries, Inc. Independent Director/ Member, Remuneration Committee/ Member, Audit Committee, Zeng Hsing Industrial Co., Ltd. Corporate Chairman, Chensu Plastics Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Chanson Metal Profiling Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Millennium Vee Hotel Taichung (Representative, Apex Dynamics, Inc.) Corporate Director, Yun Tan Technologies Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, Exfiro Co., Ltd. (Representative, Precision Motion Industries, Inc.) Corporate Director, UNION MECHATRONIC INC. (Representative, Precision Motion Industries, Inc.) Chairman, Yuanzhou Co., Ltd.	0
Independent Director	Hui-Yu Huang	Advanced Management Program in Finance at the College of Social Sciences and Management, National Chung Hsing University	CPA, Yangtze CPAs and Co.	CPA, Yangtze CPAs and Co. Supervisor, Hungkuang University	0
Independent Director	Yung-Sheng Hsu	Doctoral Program in Accounting, Department of Accounting, National Taiwan University	Lecturer, National Taichung University of Science and Technology Lecturer, National Penghu University of Science and Technology Reporter, Commercial Times	Professor, National Chung Hsing University Independent Director/ Member, Remuneration Committee/ Member, Audit Committee/ Member, Sustainable Development Committee/ Member, Corporate Governance Committee, Globe Union Industrial Corp. Independent Director/ Member, Remuneration Committee/ Member, Audit Committee/ Member, Risk Management Committee, Adimmune Corporation Corporate Director, Ideal Bike Corporation (Representative, Guoling Investment Co., Ltd.)	0

Appendix 1

Zeng Hsing Industrial Co., Ltd.

Articles of Incorporation

- Article 1 The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “Zeng Hsing Industrial Co., Ltd.”
- Article 2 The scope of business of the Company shall be as follows:
1.CB01010 Machinery and Equipment Manufacturing.
2.CB01990 Other machinery manufacturing.
3.CC01030 electrical and audio-visual electronic products manufacturing.
4.CD01050 bicycle and its parts manufacturing.
5.CH01010 Sporting Goods Manufacturing.
6.CQ01010 Mold Manufacturing.
7.C805990O the plastic products manufacturing.
8.F401010 International Trade.
9.ZZ99999 In addition to the licensing business, it is a business that is not prohibited or restricted by the business law.
- Article 3 The Company may act as a guarantor.
- Article 4 The Company may reinvest in other company as necessary, and may be a limited liability shareholder of another company through the resolution of the Board of Directors. The total investment shall not be subject to the restrictions on the amount of investment transferred under Article 13 of the Company Act.
- Article 5 The Company shall have its head office in TAICHUNG and, if necessary, may set up branches or business offices in and out of this country upon a resolution of its Board of Directors and approval from the competent government authority.
- Article 6 Deleted

Section II Shares

- Article 7 The total capital amount of the Company shall be NT\$850 million accounting for 85 million shares, at a par value of Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments. Among them, 5 million shares of the reserved share certificate are attached to the special stock option or the shareholding company bond is used for exercise of the stock option.
- Article 8 The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of directors of the Company, and issued after duly authentication pursuant to the law.
The shares issued by the Company may be exempted from printing any share certificate for the shares issued but shall register the issued shares with a centralized securities depository enterprise.

- Article 9 The shareholders of the company handle stock transfer, pledge setting, loss reissuance, inheritance, donation, seal loss, replacement, or address change, and other securities matters. Except where otherwise provided by laws and securities regulations, they shall be processed in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.
- Article10 The transfer of the Company’s treasury stock to employees, the issuance of employee stock options, the new restricted employee shares, and new shares reserved for employee subscription by cash investment may include employees of affiliated companies who meet certain conditions. The conditions and the method of subscription are authorized by the board.
- Article11 Deleted
- Article12 Deleted
- Article13 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders’ meeting, 30 days before the convocation of extraordinary shareholders’ meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

Section III Shareholders’ Meeting

- Article14 Shareholders’ meeting shall be of two types, namely general and extraordinary shareholders’ meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year and the latter shall be convened in accordance with laws whenever necessary.
The Company’s shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
- Article15 The convening of shareholders shall be announced in accordance with the Company Act, Securities and Exchange Act and the relevant laws and regulations promulgated by competent securities authorities.
- Article16 In case a shareholder is unable to attend a shareholders’ meeting, he/she may issue proxy printed by the Company setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for the representative to be present on his/her behalf in accordance with Article 177 of the Company Act, Article 25-1 of the Securities and Exchange Act, and relevant regulations issued by the competent securities authority.
The use and revocation of proxy authorization in the preceding paragraph shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.
- Article17 When the shareholders meeting is held, the chairman of the Board of Directors is the chairman: when the chairman is absent, the chairman of the Board of Directors appoints a director; if not appointed, the directors may elect one chair from among themselves.

- Article18 Unless otherwise provided in the laws, a shareholder of the Company shall have one vote for each share held by him or her.
- Article19 Unless otherwise provided in the Company Act, Securities and Exchange Act or other laws, resolution(s) shall be made at the meeting attended by shareholders holding and representing a majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.
- Article20 The shareholders' resolutions shall contain detailed information, signed by the chairman, and announced within 20 days after the meeting. The proceedings of the proceedings in the shareholder's signature book and the proxy letter of attendance are kept in the Company.

Section IV Directors

- Article21 The Company shall have five (5) to thirteen (13) directors to be elected at a shareholders' meeting through a nomination system from persons of legal capacity to serve a term of three years. A director may be re-elected. At least three (3) directors or one-fifth of all directors, whichever the higher number, shall be the independent directors. The qualification, shareholding percentage and the limitations of concurrently serving other positions, the methods of nomination and election and other related.
- Article21-1
Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Securities and Exchange Act and relevant laws and regulations.
The independent and non-independent directors are elected at the same time, but in separately calculated numbers.
The company may purchase liability insurance for directors to cover the compensation responsibility that they should bear within their term of office for executing business within the scope of their duties according to the law.
- Article22 When the director's vacancy exceeds one-third, the temporary shareholders' meeting shall be convened within 60 days to fill the term of the term to cover the original term.
- Article23 When the term ends and it is too late to re-elect, his or her term will be extended to perform his duties until the director is re-elected.
- Article24 The Board of Directors shall be organized by directors. The chairman of the board shall be elected by the majority of directors present at a meeting attended by more than two thirds of directors. The directors may also elect a vice chairman of the board whenever they may deem necessary to carry out the Company's activities. The chairman of the board shall externally represent the Company and conduct activities on behalf of the Company pursuant to relevant laws, the Company's Articles of Incorporation and resolutions of the shareholders' and board meeting.
- Article25 Except for the inaugural meeting of each term convened in accordance with Article 203 of the Company Act, all other board meetings shall be convened and chaired by the Chairman. In case the chairman of the Board of Directors is on

leave or unable to perform his duties for cause, the vice chairman of the Board of Directors, if any, shall act as the chairman. If there is no vice chairman of the board or the vice chairman of the board is also on leave or unable to perform his duties for cause, the chairman of the board shall designate a director to act as the chairman. If there is no such designation, the directors shall elect one from amongst themselves.

The notice may be effected in writing, e-mail or fax.

Article26 In case a board member is unable to attend the Board of Directors' meeting, he/she may issue proxy setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for another board member to present on his/her behalf. The representative shall serve as the proxy for one director only. Other than what is demanded by the Company Act, Securities and Exchange Act or other laws, the resolution of the Board of Directors shall be adopted by a majority of the directors present at the meeting attended by more than half of the directors.

Article27 The deliberations of the Board of Directors shall be recorded as a deliberation, with detailed information, signed or sealed by the chairman, and distributed to the directors within 20 days after the meeting. The proceedings shall be accompanied by the signature book of the directors and the proxy letter of appointment shall be kept in the Company

Article28 The remuneration of the directors shall be determined in accordance with the contribution and their participation, and with reference to the usual standards of the Company with the same industry to authorize the Board of Directors. If the Company has surplus, it shall also distribute remuneration in accordance with the provisions of Article 36

Article29 The Company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors. The audit committee shall be responsible for implementing the functions and powers of what are specified for supervisors in the Company Act, Securities and Exchange Act and other relevant laws

Section V Managers

Article30 The Company has one general manager and its appointment and dismissal is decided by the Board of Directors. The general manager accepts the order of the chairman and handles all business of the Company.

Article31 In addition to the competent authority or the statute, the general manager may hire a consultant as required by the business and report to the Board of Directors for verification.

Article32 Deleted

Section VI Accounting

Article33 The Company's fiscal year starts from January 1 to December 31 of each year.

Article34 At the close of each fiscal year, the Board of Directors shall prepare the following statements and records and in accordance with the procedure prescribed by law not later than the 30th day prior to the meeting date of a general meeting of

shareholders, and submit the same to the general shareholders meeting for acceptance:

- (1) Business report;
- (2) Financial Statements;
- (3) Proposal of Distribution of Earnings or Making Up of Loss

Article35 The Company shall allocate 2% to 6% of profit as employees' compensation and no more than 4% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. Directors may only receive compensation in cash. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors, distribute the aforementioned employees' and director's compensation and report to the shareholders' meeting for such distribution. The procedures for the determination of directors remuneration are based on the Company's "Evaluation Measures for the Performance of Directors and Managers". In addition to the overall operating performance of the company, the future operating risks and development trends of the industry, reference is also made to the individual performance achievement rate and contribution to company performance to determine reasonable compensation. The related performance appraisal and reasonableness of remuneration are reviewed by the remuneration committee and the Board of Directors, and the remuneration system is reviewed from time to time according to the actual operating conditions and relevant laws and regulations, to achieve balance between sustainable operations and risk control.

Article36 If the company has a surplus every year, in addition to the tax paid according to the law, it should first make up for the loss in previous years, and the next 10% is the statutory surplus reserve, but the statutory surplus accumulation has reached the paid-up capital of the company. The statutory surplus reserve shall not be included; and the special surplus reserve shall be paid or renewed in accordance with the regulations of the competent authority. After the accumulated undistributed surplus is added to the balance, the resolution of the chairman of the Board of Directors is distributed by the shareholders' meeting. The company is a traditional industry, the company is mature, profitable and financial structure is sound, so the surplus distribution, in addition to the company law and the company's articles of association, will regard the company's capital planning and operating results, determine the annual dividend distribution. However, the principle of dividend stability and balance is adopted in principle. Before the annual shareholders' meeting, the Board of Directors formulates the method of surplus distribution based on the financial situation, but at least 50% of the shareholders' dividends are paid. The cash dividend ratio is not less than 30% of the total dividend. However, the company shall not distribute dividends if there is no surplus earning.

Section VII Additional Provisions

Article37 The organization by-law of the Company shall be provided otherwise.

Article37-1

If the Company plans to withdraw the public issuance, it should report it to the shareholders' meeting.

Article38 In regard to all matters not provided for in these Articles of Incorporation, the Company Act, Securities and Exchange Act or other laws shall govern.

Article39 These Articles of Incorporation were enacted on Dec. 11, 1974

Amended on 20 December 1976 for the first time

Amended on 27 Sep 1977 for the second time

Amended on 20 June 1978 for the third time

Amended on 10 January 1981 for the fourth time

Amended on 2 November 1981 for the fifth time

Amended on 14 September 1982 for the sixth time

Amended on 5 September 1983 for the seventh time

Amended on 21 October 1983 for the eighth time

Amended on 5 January 1984 for the ninth time

Amended on 16 July 1985 for the tenth time

Amended on 8 October 1988 for the eleventh time

Amended on 25 May 1989 for the twelfth time

Amended on 2 February 1990 for the thirteenth time

Amended on 15 November 1991 for the fourteenth time

Amended on 6 January 1993 for the fifteenth time

Amended on 25 June 1994 for the sixteenth time,

Amended on 3 December 1994 for the seventeenth time

Amended on 10 May 1995 for the eighteenth time

Amended on 9 July 1997 for the nineteenth time

Amended on 10 June 1998 for the twentieth time

Amended on 16 June 1999 for the twenty-first time

Amended on 28 June 2002 for the twenty-second time

Amended on 10 June 2003 for the twenty-third time

Amended on 10 June 2003 for twenty-fourth time

Amended on 29 June 2004 for twenty-fifth time

Amended on 29 June 2004 for twenty-sixth time

Amended on 30 June 2005 for the twenty-seventh time

Amended on 14 June 2006 for the twenty-eighth time

Amended on 9 March 2007 for the twenty-ninth time

Amended on 13 June 2007 for the thirtieth time

Amended on 13 June 2008 for the thirty-first time

Amended on 19 June 2009 for the thirty-second time

Amended on 15 June 2011 for the thirty-third time

Amended on 27 June 2012 for the thirty-fourth time

Amended on 11 June 2013 for the thirty-fifth time

Amended on 20 June 2014 for the thirty-sixth time

Amended on 15 June 2016 for the thirty-seventh time.

Amended on 14 June 2017 for the thirty- eighth time.

Amended on 13 June 2018 for the thirty- ninth time

Amended on 14 June 2019 for the fortieth time.

Amended on 20 July 2021 for the forty-first time.
Amended on 15 June 2022 for the forty-second time.

Zeng Hsing Industrial Co., Ltd.

Chairman: Chih-Cheng Lin

Appendix 2

Zeng Hsing Industrial Co., Ltd.

Rules of Procedure for Shareholders Meetings

Article 1: Purpose:

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

Article 2:

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

Article 3:

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

Unless otherwise provided in these Regulations, a company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors. Furthermore, convening of a virtual-only shareholders' meeting shall require a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.

2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation proposal to urge the Company to promote public interests or fulfill its social responsibilities, provided that the number of items proposed shall be limited to one item only in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4:

Entrusted to attend the shareholder authorization:

Shareholders may, at each shareholder meeting, issue a letter of appointment issued by the Company, register the scope of authorization, entrust an agent, attend the

shareholders' meeting.

The shareholder shall issue a power of attorney and have entrusted one person to the extent that it shall be delivered to the Company five days before the meeting of the shareholders. If the power of attorney is repeated, the first person to serve shall prevail. However, the statement is revoked before the commissioner, no longer this limit.

After the power of attorney has been delivered to the Company, the shareholders wishing to attend the shareholders' meeting in person, or wish to exercise their voting rights in writing or electronically, shall notify the Company in writing of the cancellation of the entrustment in writing two days before the meeting of the Shareholders' Meeting; The voting right to attend the trip shall prevail.

Article 5:

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions as set forth in the preceding paragraph on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6: (Preparation of documents such as the attendance book)

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

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

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, preprinted ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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: (Particulars to be included in the shareholders meeting notice of convening a virtual shareholders meeting)

To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights
2. 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:
 - (1) 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.
 - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (3) 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 shareholder 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 meeting agenda of that shareholders meeting.
 - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except for the circumstances specified in Article 44-9, Paragraph 6 of the “Regulations Governing the Administration of Shareholder Services of Public Companies”, at least shareholder connectivity equipment and necessary assistance should be provided. Additionally, the notice should specify the period for shareholders to apply to the company and other relevant considerations.

Article 7: (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the Board of Directors be chaired by the chairman of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be

recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

Article 8: (Documentation of a shareholders meeting by audio or video)

The company shall record continuously and uninterruptedly the entire process of shareholder registration, meeting proceedings, and voting tabulation from the acceptance of shareholder registration

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

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

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

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9:

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

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative

resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10: (Discussion of Proposals)

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

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

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

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

Article 11: (Shareholder Speech)

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

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

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

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

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

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

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

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

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

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

Article 13:

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

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph 6.11.1 shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under Article 6.11.2 shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

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

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

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

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

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

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

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

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

Article 14: (Election of directors and supervisors)

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

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

Article 15:

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

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

When convening a virtual-only shareholder 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-only shareholders meeting online.

Article 16: (Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

Article 17:

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the

meeting place, they shall wear an identification card or armband bearing the word “Proctor”.

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

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

Article 18: (Recess and resumption of a shareholders meeting)

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

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

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

Article 19: (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-only shareholders meeting)

When the Company convenes a virtual-only 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 communication technical issues.

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 shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under Paragraph 2, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, 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 Paragraph 2, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in Paragraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under Paragraph 2 is required.

When postponing or resuming a meeting according to Paragraph 2, 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 dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of 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's shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under Paragraph 2.

Article 22:

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 online. Except in the circumstances set out in Article 44-9, paragraph 6, it shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.

Article 23:

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

Appendix 3

Zeng Hsing Industrial Co., Ltd.

Rules for Director Elections

Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3: The overall composition of the Board of Directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The Board of Directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 4: The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5: Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7: The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8: The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article11: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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

Article12: The Board of Directors of this Corporation shall issue notifications to the persons elected as directors.

Article13: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix 4

Zeng Hsing Industrial Co., Ltd.

Operational procedures for Acquisition and Disposal of Assets

(Before Amendments)

Article 1: Purpose

To ensure asset protection and facilitate information transparency, this processing procedure is hereby established.

Article 2: Legal Basis

This procedure is established in accordance with Article 36-1 of the Securities and Exchange Act (hereinafter referred to as “the Act”) and the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.” It shall be carried out in accordance with the prescribed procedures.

Article 3: The term "assets" includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 4: Terms used are defined as follows:

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

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. The term "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that has been obtained need not be counted toward the transaction amount.
8. The term "most recent financial statements" refers to the financial statements that have been audited or reviewed by a CPA and publicly disclosed by the company before acquiring or disposing of assets in accordance with the law.

Article 5: Degree of authority delegated for investment in non-operating real property and marketable securities

The degree of authority delegated for acquiring the aforementioned assets by the company and its subsidiaries individually is as follows:

1. The total amount of non-operating real property shall not exceed the net worth of the Company.
2. The total amount of investments in long-term and short-term securities shall not exceed the net worth of the Company.
3. The amount of individual securities investment shall not exceed 60% of the net worth of the Company.

Article 6: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional

- capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 3. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 7: Where a company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8: (Operational Procedures for Acquisition and Disposal of Real Property, Rights-of-Use Assets, and Other Fixed Assets)

1. Appraisal Procedures and Operational Procedures

The acquisition or disposal of real property, rights-of-use assets, and other fixed assets by the company are all conducted in accordance with the company's internal control system for property, plants, and equipment cycle.

2. Determination Procedures for Transaction Terms and Authorization Limits

(1) Acquisition or disposal of real property or right-of-use assets should consider publicly announced current values, assessed values, actual transaction prices of nearby properties, etc., to set transaction terms and prices. An analysis report must be submitted to the Chairman for approval for amounts up to NT\$50 million (inclusive). Amounts exceeding NT\$5 million require a report to be presented at the subsequent Board of Directors meeting; for amounts exceeding NT\$50 million, Board of Directors approval is necessary before proceeding.

(2) For the acquisition or disposal of other fixed assets, one of the following methods - inquiry, comparison, negotiation, or bidding - should be chosen. Amounts up to NT\$30 million (inclusive) require approval according to the authorized procedure. Amounts exceeding NT\$30 million require approval from the Chairman and subsequent approval from the Board of Directors before proceeding.

3. Implementation Units

For the acquisition or disposal of real property, right-of-use assets, or other fixed assets, the decision-making authority should be approved according to the preceding paragraph. After approval, the execution shall be carried out by the respective department and management department.

4. Real Property, Right-of-Use Assets, or Other Fixed Assets Appraisal Report

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. °
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9: Operational procedure for acquisition or disposal of marketable securities

1. Appraisal Procedures and Operational Procedures

The purchase and sale of long and short-term marketable securities by the company are all conducted in accordance with the company's internal control system for investment cycle.

2. Determination Procedures for Transaction Terms and Authorization Limits

- (1) For the purchase or sale of marketable securities in Taiwan Stock Exchange or the Taipei Exchange, the responsible department shall make decisions based on market conditions. Amounts up to NT\$30 million (inclusive) require approval from the Chairman and reporting at the subsequent Board of Directors meeting, accompanied by an analysis report of unrealized gains or losses on long and short-term marketable securities. Amounts exceeding NT\$30 million require approval from the Board of Directors before proceeding.
- (2) For the purchase or sale of marketable securities not conducted in Taiwan Stock Exchange or the Taipei Exchange, high-risk transactions shall be approved in the manner specified in the preceding paragraph. However, for lower-risk investments such as government bonds, treasury bills, secured corporate bonds, bond funds, etc., individual investments with amounts up to NT\$100 million (inclusive) require approval from the Chairman and reporting at the subsequent Board of Directors meeting, accompanied by an analysis report of unrealized gains or losses on long and short-term marketable securities. Individual investments exceeding NT\$100 million require approval from the Board of Directors before proceeding.
- (3) For the purchase or sale of long-term investment securities, the most recent audited or reviewed financial statements of the target company by a CPA should be obtained as a reference for evaluating the transaction price. Considerations should include its net asset value per share, profitability, and future development potential. Approval from the Chairman is required, and a report

should be submitted at the subsequent Board of Directors meeting, accompanied by an analysis report of unrealized gains or losses on long and short-term marketable securities.

3. Implementation Units

The company's long and short-term marketable securities investments should be executed by the finance and accounting department after approval of the decision-making authority as specified in the preceding paragraph.

4. Obtain the opinion of the CPA

The company shall obtain the most recent audited or reviewed financial statements of the target company by a CPA as a reference for evaluating the transaction price before the transaction date. Additionally, for transactions exceeding 20% of the company's subscribed capital or three hundred million New Taiwan Dollars, the company shall solicit the opinion of the accountant on the reasonableness of the transaction price before the transaction date. However, this requirement does not apply if the marketable securities have an active market with publicly quoted prices or if otherwise regulated by the Financial Supervisory Commission.

Article 10: Operational procedure for related-party transactions

1. When a company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Appraisal Procedures and Operational Procedures

When a company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms shall be evaluated according to the paragraph 3, subparagraphs 1 through 4, and subparagraph 6 of this article.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between a company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's Board of Directors may pursuant to Article 8, paragraph 2, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (2) Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 2, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 2 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 2 and 3.

If a company or a subsidiary thereof that is not a domestic company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the company's total assets, the company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the company and its parent company or subsidiaries or between its subsidiaries.

The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 15, paragraph 1(7) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or Board of Directors and recognized by the audit committee need not be counted toward the transaction amount.

3. The assessment of the reasonableness of transaction costs

- (1) A company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 - 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial

institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) A company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the results of a company's appraisal conducted in accordance with subparagraph 1 and subparagraph 2 of paragraph 3 of this article are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph 5 of paragraph 3 of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 2. Where a company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- (5) Where a company acquires real property or right-of-use assets thereof from a

related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of company's equity stake in the other company.
 2. Audit Committee shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. A company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (6) When a company acquires real property or right-of-use assets from related parties, if any of the following situations apply, the appraisal procedures and operational procedures specified in paragraphs 1 and 2 of this article shall apply, and the provisions regarding the assessment of the reasonableness of transaction costs in the paragraph 3 (1), 3 (2), and 3 (3) shall not apply:
1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 4. The real property right-of-use assets for business use are acquired by the company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- (7) When a company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding paragraphs 3(5) if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 11: Operational procedure for acquisition or disposal of membership cards or intangible assets

1. Appraisal Procedures and Operational Procedures

The acquisition or disposal of membership cards or intangible assets by the company are all conducted in accordance with the company's internal control

system for properties, plants, and equipment cycle.

2. Determination Procedures for Transaction Terms and Authorization Limits

The company shall refer to expert appraisal reports or market fair prices when acquiring or disposing of membership cards or intangible assets, and determine transaction terms and prices. An analysis report shall be submitted to the Chairman for amounts up to twenty percent of the company's additional paid-in capital. For amounts exceeding 20% of the company's paid-in capital, approval from the Chairman shall be obtained first, followed by approval from the Board of Directors

3. Implementation Units

The company's acquisition or disposal of membership cards or intangible assets should be executed by the finance and accounting unit after approval of the decision-making authority as specified in the preceding paragraph.

4. Expert assessment opinion report on membership cards or intangible assets.

When the transaction amount for the acquisition or disposal of membership cards or intangible assets reaches 20% of the company's additional paid-in capital or exceeds NT\$300 million, except for transactions with domestic government agencies, the company shall, prior to the occurrence of the transaction, seek the opinion of a CPA on the reasonableness of the transaction price.

Article11-1: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1, Subparagraph 7 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article12: Operational procedure for acquisition or disposal of claims of financial institutions
The Company generally does not engage in transactions involving the acquisition or disposal of claims of financial institutions. However, should there be a need to engage in such transactions in the future, the appraisal procedures and operational procedures will be established following approval from the Board of Directors

Article13: Operational procedure for acquisition or disposal of derivatives

1. Trading principles and strategies:

(1) Types of derivatives that may be traded

1. The derivative financial instruments engaged in by the company refer to transaction contracts whose value is derived from assets, interest rates, exchange rates, indices, or other commodities (such as forward contracts, options, futures, interest rate or exchange rate swaps, as well as composite contracts composed of the aforementioned instruments).

2. Matters related to margin trading shall be handled in accordance with the relevant provisions of this procedure. However, bond transactions with buyback conditions attached are exempt from the provisions of this procedure.

(2) Operating or hedging strategies

The company engages in derivative financial instrument transactions primarily for hedging purposes. The selection of trading instruments should focus on mitigating risks arising from the company's business operations. The currency held should align with the actual foreign exchange needs arising from the company's import and export transactions. The principle is to

internally offset the overall positions of the company (referring to foreign currency income and expenses) to reduce the company's overall foreign exchange risk and save on foreign exchange operation costs. Transactions for other specific purposes require careful evaluation and can only proceed after approval from the Board of Directors.

(3) Segregation of duties

1. Finance & Accounting Department

(1) Personnel

- A. Responsible for formulating strategies for the entire company's financial instrument trading.
- B. The personnels are required to calculate positions on a bi-weekly basis, gather market information, conduct trend analysis and risk assessment, formulate operational strategies, and proceed with trading based on approval from the authority designated for such decisions.
- C. Execute trades based on authorized limits and established strategies.
- D. When significant changes occur in the financial markets or when the personnels determine that established strategies are no longer applicable, they shall promptly submit an assessment report, formulate revised strategies, and proceed with trading based on approval from the general manager.

(2) Finance and accounting personnel

- A. Confirm the execution of trades.
- B. Review whether trades were conducted in accordance with authorized limits and established strategies.
- C. Conduct monthly evaluations and submit evaluation reports for approval to the general manager.
- D. Accounting and financial processing
- E. File reports and disclosures in accordance with the regulations of the Financial Supervisory Commission

(3) Delivery personnel: Execute delivery tasks.

(4) Decision-making authority of derivatives

A. Decision-making authority of hedging transaction

The authority to engage in hedging transactions must be approved by the chairman before implementation, and a report should be presented for discussion at the nearest subsequent board meeting.

B. For other specific purpose transactions, approval from the Board of Directors is required before proceeding.

C. When submitting asset acquisition or disposal transactions for discussion at the board meeting in accordance with regulations, due consideration should be given to the opinions of each independent director. If any independent director expresses dissenting or reservation opinions, it should be duly recorded in the minutes of the board meeting.

(4) Performance evaluation

1. Hedging transactions

(1) Using the difference between the company's book value exchange rate cost and the profit or loss generated from derivative financial transactions as the basis for performance evaluation.

(2) In order to fully understand and express the evaluation risk of transactions, the company adopts a monthly closing evaluation method to assess profits and losses.

- (3) The finance and accounting department should provide the management team with evaluations of foreign exchange positions, along with analysis of foreign exchange market trends and market analysis, to serve as management references and guidance.
2. Specific-purpose transactions

The actual profit and loss generated serves as the basis for performance evaluation, and accounting personnel are required to regularly prepare position reports to provide management with references.
- (5) Maximum loss limit on total trading and for individual contracts
 1. Types of contracts
 - (1) Hedging transaction limit

The finance department should oversee the overall positions of the company to mitigate trading risks. The hedging transaction amount should not exceed two-thirds of the company's overall net position. If it exceeds two-thirds, it should be reported to and approved by the general manager.
 - (2) Specific-purpose transactions

Based on forecasts of market changes, the finance and accounting department may develop strategies as needed, subject to approval by the Board of Directors and in accordance with policy directives.
 2. Establishment for maximum loss limit on total trading
 - (1) In hedging transactions aimed at risk mitigation, the individual contract loss limit is set at 50% of the individual contract amount, while the overall contract loss limit is set at fifty percent of the total contract amount.
 - (2) In the case of contracts for specific purposes, after establishing positions, stop-loss points should be set to prevent excessive losses. The setting of stop-loss points should not exceed fifteen percent of the contract amount. The individual contract loss limit is set at either ten percent of the contract amount or USD 10 thousand, whichever is lower. The annual maximum limit for losses from specific-purpose trading operations is USD 30 thousand. If the loss amount exceeds 10% of the transaction amount, it must be immediately reported to the general manager and reported to the Board of Directors for discussion on necessary measures.
2. Risk management measures
 - (1) Credit risk management:

Due to the potential impact of various factors on market fluctuations, which can lead to operational risks in derivative financial instrument transactions, market risk management is conducted according to the following principles:

 1. Primarily well-known financial institutions both domestically and internationally.
 2. Trading instruments: Limited to products offered by well-known financial institutions both domestically and internationally.
 3. Transaction amount: The unsettled transaction amount with the same counterparty should not exceed 10% of the authorized total amount. However, transactions approved by the Chairman are not subject to this limit.
 - (2) Market risk management:

Primarily focused on the publicly available foreign exchange trading market provided by banks, with no immediate consideration for the futures market.
 - (3) Liquidity risk management:

To ensure market liquidity, priority is given to financial products with higher

liquidity (i.e., can be easily liquidated in the market at any time) when selecting financial instruments. Financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

(4) Cash flow risk management:

To ensure stable turnover of company operating funds, the capital source for derivative transactions is limited to proprietary funds. Additionally, the transaction amount should consider the forecasted cash inflows and outflows for future cash requirements.

(5) Operational risk management:

1. Adherence to authorized limits, operational procedures, and inclusion in internal audits should be strictly followed to mitigate operational risks.
2. The personnel involved in derivative transactions, confirmation, and delivery operations must not hold multiple positions simultaneously.
3. The personnel responsible for risk measurement, supervision, and control should belong to different departments from those mentioned previously. They should report to the Board of Directors or to senior executives not directly responsible for trading or position decisions.
4. The positions held in derivative instrument transactions should be evaluated at least once a week. However, for hedging transactions conducted for business needs, evaluations should be conducted at least twice a month. Evaluation reports should be submitted to senior executives authorized by the Board of Directors.

(6) Commodity risk management

Internal personnels of financial instruments must possess comprehensive and accurate professional knowledge. They should also demand full disclosure of risks from banks to avoid underestimating the risks associated with financial instruments.

(7) Legal risk management:

Documents signed with financial institutions should be reviewed by specialized personnel in foreign exchange or legal affairs, including legal advisors, before formal signing to mitigate legal risks.

3. Internal audit system

- (1) Internal audit personnel should regularly assess the adequacy of internal controls for derivative instrument transactions. They should conduct monthly audits of the compliance of the trading department with the procedures for engaging in derivative instrument transactions and analyze the transaction cycle, preparing audit reports. In the event of significant violations, they should notify the Audit Committee in writing.
- (2) Internal audit personnel should submit audit reports along with the annual internal audit operations status to the Financial Supervisory Commission by the end of February of the following year. Any improvements in abnormal situations should be reported to the FSC for reference no later than the end of May of the following year.

4. Regular evaluation methods

- (1) The Board of Directors should authorize senior executives to regularly supervise and evaluate whether derivative transactions are conducted in accordance with the company's established trading procedures, and whether the risks undertaken are within the acceptable scope. In the event of abnormal situations in market valuation reports (such as positions exceeding loss limits), immediate reporting to the Board of Directors should occur, along with the implementation of appropriate measures.

- (2) Positions held in derivative trading should be assessed at least once a week. However, if the transactions are undertaken for hedging purposes due to business needs, they should be evaluated at least twice a month. The assessment reports should be submitted to the senior management authorized by the Board of Directors.
5. Where the company engaging in derivatives trading, the board's supervision and management principles
 - (1) The Board of Directors should designate senior executives to be vigilant at all times in supervising and controlling the risks associated with derivative transactions. The management principles are as follows:
 1. Regularly assess whether the current risk management measures are appropriate and implemented in accordance with this guideline and the company's established procedures for engaging in derivative transactions.
 2. Supervise trading and profit/loss situations. In the event of abnormal circumstances, necessary measures should be taken, and an immediate report should be made to the Board of Directors, with independent directors in attendance to provide their opinions.
 - (2) Regularly evaluate whether the performance of derivative transactions complies with established business strategies and whether the risks undertaken fall within the company's acceptable tolerance levels.
 - (3) After engaging in derivative instrument transactions in accordance with the established procedures, authorized personnel should subsequently report to the most recent Board of Directors meeting.
 - (4) When engaging in derivative instrument transactions, the company should establish a register detailing the types, amounts, dates of Board approval, and matters subject to careful assessment as stipulated in the fourth paragraph, sections (2), (5)(1), and (5)(2). This register should be kept for reference.

Article 14: Operational procedures for merger, demerger, acquisition, or transfer of shares.

1. Appraisal Procedures and Operational Procedures

- (1) When the company is engaged in merger, demerger, acquisition, or transfer of shares, it is advisable to engage lawyers, CPAs, underwriters, etc., to jointly discuss the expected timetable for legal procedures. A project team should be organized to execute according to legal procedures. Before convening the board meeting for resolution, accountants, lawyers, or securities underwriters should be engaged to provide opinions on the reasonableness of the exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit them for discussion and approval by the board. However, if the company merges its wholly-owned subsidiaries holding 100% of the issued shares or total capital directly or indirectly, or merges between subsidiaries holding 100% of the issued shares or total capital directly or indirectly, it may be exempted from obtaining the aforementioned expert opinions on reasonableness.
- (2) The company shall prepare a public document addressed to shareholders containing the key provisions and relevant matters of the merger, demerger, or acquisition, along with expert opinions as specified in paragraph 1, section (1), and deliver it to the shareholders before the shareholders' meeting, along with the notice of the shareholders' meeting, for reference on whether to approve the merger, demerger, or acquisition. However, if exempted from convening a shareholders' meeting to decide on merger, division, or acquisition matters as stipulated by other laws, this requirement

does not apply. Additionally, if, due to insufficient attendance, voting rights, or other legal restrictions, a shareholders' meeting of any party involved in the merger, demerger, or acquisition cannot be convened or a resolution cannot be passed, or if the proposal is rejected by the shareholders' meeting, the participating company in the merger, demerger, or acquisition should immediately publicly explain the reasons, subsequent handling procedures, and the expected date of the shareholders' meeting.

2. Other matters to be noted

- (1) When the company is engaged in merger, demerger, or acquisition, unless otherwise stipulated by law or with prior approval due to special circumstances, should convene both the Board of Directors and the shareholders' meeting on the same day to decide on relevant matters concerning the merger, demerger, or acquisition.

When the company is engaged in share transfers, unless otherwise stipulated by other laws or with prior approval due to special circumstances, should convene the board of directors on the same day.

When the company is engaged in merger, demerger, acquisition, or share transfers listed on the stock exchange or traded in brokerage houses shall prepare complete written records of the following information and retain them for five years for audit purposes:

1. Basic information of personnel: including all individuals involved in the merger, demerger, acquisition, or share transfer plan or its execution before the public announcement of the plan, such as their job titles, names, and ID numbers (passport numbers for foreigners).
2. Key dates: including the dates of signing letters of intent or memoranda, engaging financial or legal advisors, signing contracts, and board meetings.
3. Important documents and minutes: including the merger, demerger, acquisition, or share transfer plan, letters of intent or memoranda, important contracts, and minutes of board meetings.

When the company is engaged in merger, demerger, acquisition, or share transfer listed on the stock exchange or traded in brokerage houses shall, within two days from the date of the board resolution, submit the information specified in items 1 and 2 above through the prescribed format via the internet information system.

When the company is engaged in merger, demerger, acquisition, or share transfer that are not listed or traded on brokerage houses, the listed companies or those traded on brokerage houses shall enter into agreements with them and proceed according to the requirements outlined in the preceding two items.

- (2) All individuals involved in or aware of the company's merger, demerger, acquisition, or share transfer plan shall provide a written confidentiality commitment. Before the information is made public, they shall not disclose the contents of the plan to external parties, nor engage in the buying or selling of stocks or other securities with equity characteristics related to all companies involved in the merger, demerger, acquisition, or share transfer plan, either personally or using others' names.
- (3) Principles for Determining and Modifying Exchange Ratios or Acquisition Prices: When the company is engaged in merger, demerger, acquisition, or share transfer should engage CPAs, lawyers, or securities underwriters to provide opinions on the reasonableness of the exchange ratio, acquisition price, or distribution of cash or other property to shareholders before the

board meetings of both parties, and submit them to the shareholders' meeting. In principle, the exchange ratio or acquisition price shall not be arbitrarily changed, unless conditions for modification have been stipulated in the contract and disclosed publicly. The conditions for modifying the exchange ratio or acquisition price are as follows:

1. Handling cash increases in capital, issuing convertible bonds, issuing bonus shares, issuing warrants, issuing preferred shares with warrants, warrants, and other securities with equity characteristics.
 2. Actions that involve the disposal of significant company assets or other activities that impact the financial operations of the company.
 3. Incidents such as major disasters, significant technological changes, or other events that affect the shareholders' equity or the securities' prices of the company.
 4. Adjustments made by either party of the companies involved in merger, demerger, acquisition, or share transfer to repurchase treasury shares in accordance with the law.
 5. Changes in the entities or households participating in merger, demerger, acquisition, or share transfer.
 6. Other conditions stipulated in the contract that are subject to modification and have been publicly disclosed.
- (4) The contents of the contract should include the following in addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act:
1. Default handling
 2. Treatment principles for previously issued equity securities or repurchased treasury stocks of companies dissolved or divided due to mergers.
 3. Quantity and handling principles for repurchasing treasury stocks after the base date for calculating the exchange ratio.
 4. Handling methods for changes in participating entities.
 5. Planned execution progress and expected completion schedule.
 6. Procedures for handling delays in plan execution and the scheduled date for calling a shareholders' meeting in case of plan delays.
- (5) When the number of participating companies changes in merger, demerger, acquisition, or transfer of shares: After any party involved in merger, demerger, acquisition, or transfer of shares publicly discloses information, if they intend to proceed with another merger, demerger, acquisition, or transfer of shares with other companies, except when the number of participating companies decreases and the shareholders' meeting has already resolved and authorized the board of directors to change the powers, the participating company may be exempted from convening a shareholders' meeting for a re-decision. However, in the original merger, demerger, acquisition, or transfer of shares case, any completed procedures or legal acts should be carried out again by all participating companies.
- (6) When the company engage in merger, demerger, acquisition, or transfer of shares that are not publicly traded companies, this company should enter into an agreement with them. It should also follow the provisions of Article 2, paragraph (1) for convening a board meeting date, paragraph (2) for pre-agreement on confidentiality, and paragraph (5) for dealing with changes in the number of participating companies in merger, demerger, acquisition, or transfer of shares.

Article 15: Procedure for public disclosure

1. The items to be disclosed and the standards for disclosure announcements
 - (1) Acquisition or disposition of real property or right-of-use assets, or other assets with related parties, or transactions involving other assets beyond real property or right-of-use assets, where the transaction amount reaches at least 20% of the company's additional paid-in capital, 10% of total assets, or exceeds NT\$300 million. However, transactions involving the purchase or sale of domestic government bonds, bonds with repurchase agreements, securities investment trust funds issued by domestic securities investment trust enterprises, or subscription or repurchase of money market funds are not subject to this limit.
 - (2) Engaging in merger, demerger, acquisition, or transfer of shares.
 - (3) Incurring losses from derivative transactions that reach the predetermined limit for total or individual contract losses as specified in the operational procedures.
 - (4) Acquisition or disposition of assets, such as equipment or right-of-use assets for business purposes, where the counterparty is not a related party, and the transaction amount meets one of the following criteria:
 1. For publicly traded companies with an additional paid-in capital of less than NT\$10 billion, the transaction amount exceeds NT\$500 million.
 2. For publicly traded companies with an additional paid-in capital of NT\$10 billion or more, the transaction amount exceeds NT\$1 billion.
 - (5) Acquiring real property through self-development, leasing and development, joint construction and housing division, joint construction and partitioning, or joint construction and sale, where the counterparty is not a related party, and the company plans to invest an amount exceeding NT\$500 million.
 - (6) Transactions involving assets other than those specified in the preceding five items, disposal of debt by financial institutions, or investments in mainland China, where the transaction amount exceeds 20% of the company's additional paid-in capital or NT\$300 million. However, the following situations are not subject to this limit:
 1. Buying and selling domestic bonds or foreign bonds with credit ratings not lower than the sovereign credit rating level of Taiwan.
 2. Buying and selling bonds with repurchase or sale conditions, or subscribing to or purchasing back money market funds issued by domestic securities investment trust enterprises.
 - (7) The calculation method for the aforementioned transaction amount is as follows, and the term "within one year" is based on the date when the transaction occurred. Transactions for which disclosure has already been made in accordance with regulations need not be counted again.
 1. Each transaction amount.
 2. The cumulative amount of transactions with the same counterparty involving the acquisition or disposition of the same type of assets within one year.
 3. The cumulative amount of transactions involving the acquisition or disposition (cumulative acquisition and disposition separately) of real property or right-of-use assets for the same development project within one year.
 4. The cumulative amount of transactions involving the acquisition or disposition (cumulative acquisition and disposition separately) of the same securities within one year.

2. The deadline for announcement and reporting

When the company acquires or disposes of assets and meets the disclosure criteria stipulated in this procedure, with transaction amounts reaching the disclosure and reporting standards set forth in this clause, the company shall complete the announcement and reporting within two days from the date of occurrence.

3. Announcement and reporting procedure

- (1) The company shall submit relevant information to the website designated by the Financial Supervisory Commission for announcement and reporting.
- (2) The company shall monthly input information about itself and its non-publicly traded subsidiaries' derivative transactions up to the end of the previous month, in the prescribed format, to the website designated by the Financial Supervisory Commission for information reporting by the tenth day of each month.
- (3) If there are errors or omissions in the announced items as required by regulations, the company shall correct them within two days from the date of knowledge in accordance with relevant legal provisions.
- (4) When the company acquires or disposes of assets, it shall keep relevant contracts, minutes, register books, appraisal reports, opinions from accountants, lawyers, or securities underwriters in the company, unless otherwise stipulated by other laws, for at least five years.
- (5) After announcing and reporting transactions as per the preceding clause, if any of the following situations occur, the company shall, within two days from the date of occurrence, submit relevant information to the website designated by the Financial Supervisory Commission for announcement and reporting:
 1. Changes, terminations, or cancellations of relevant contracts signed for the original transaction.
 2. Failure to complete mergers, divisions, acquisitions, or transfers of shares according to the scheduled timetable in the contract.
 3. Changes in the original announcement and reporting content.

4. Announcement Format

When the company acquires or disposes of assets and meets the reporting criteria, it should conduct announcements within the specified period, adhering to the content, format, and required items as prescribed by the regulatory authority, based on the nature of the transaction. The following scenarios necessitate announcement in the stipulated format:

- (1) Trading of securities of subsidiaries, affiliates, or related enterprises in domestic and foreign centralized trading markets or over-the-counter markets.
- (2) Acquisition of real estate through self-development, joint development with separate ownership, joint development with separate division, or joint development with separate sale.
- (3) Acquisition or disposition of real estate and other fixed assets, or acquisition of real estate from related parties.
- (4) Purchase or sale of securities, membership certificates, intangible assets, or disposal of debt not conducted in centralized trading markets or brokerage offices.
- (5) Investment in mainland China.
- (6) Engagement in derivative transactions.
- (7) Conducting merger, demerger, acquisition, or transfer of shares.

Article16: The subsidiaries of the company shall comply with the following regulations:

1. Subsidiaries shall also establish and implement the “Operational Procedure for Acquisition or Disposal of Assets” in accordance with the relevant provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
2. For subsidiaries that are not publicly traded companies, the procedure must be approved by the subsidiary's board of directors, and any amendments must also be approved by the board of directors. If the subsidiary is a publicly traded company, the procedure must be established in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” approved by the subsidiary's board of directors, and submitted to the shareholders' meeting for approval. Any amendments must also follow this process.
3. For subsidiaries that are not publicly traded companies, if the acquisition or disposal of assets meets the disclosure standards set forth in the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the parent company shall also handle the matters related to public disclosure on behalf of the subsidiary.
4. In the disclosure standards of subsidiaries, the provisions regarding the additional paid-in capital or total assets shall be based on the additional paid-in capital or total assets of the parent company.

Article16-1: The provision regarding 10% of total assets shall be calculated based on the total asset amount in the most recent individual or separate financial statements as stipulated in the financial reporting standards for securities issuers.

For companies with stocks without par value or with a per-share par value not equal to NT\$10, the transaction amount concerning the provision of 20% of additional paid-in capital shall be calculated based on 10% of the equity attributable to the parent company's owners. Regarding transactions where the additional paid-in capital reaches NT\$10 billion, the transaction amount shall be calculated based on NT\$20 billion of equity attributable to the parent company's owners.

Article17: Penalties

Employees of the company who handle the acquisition or disposition of assets in violation of this procedure shall be subject to assessment according to the relevant regulations of the company, and shall be penalized according to the severity of the circumstances.

Article18: Implementation and Revision

The “Operational Procedure for Acquisition or Disposal of Assets” of the company has been approved by the Audit Committee and the Board of Directors and reported to the shareholders' meeting for approval. The same procedure applies when amendments are made. During the board meetings, due consideration should be given to the opinions of each independent director. If any independent director expresses dissent or reservation, it should be clearly documented in the minutes of the board meeting.

According to the preceding provision, if the discussion is not approved by more than half of the members of the Audit Committee, it may be implemented with the consent of more than two-thirds of all directors, and the decision of the Audit Committee should be clearly recorded in the minutes of the board meeting.

The “all members of the Audit Committee” and “all directors” referred to in the preceding paragraph shall be calculated based on the actual incumbents.

Article 19: Additional provision

This procedure shall be governed by relevant laws and regulations in matters not covered herein.

Appendix 5

Shareholding of Directors

1. The company's additional paid-in capital is NT\$665,356,310, with a total issued shares of 66,535,631 shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum required combined shareholding of all directors is 5,322,850 shares.
3. As of the book closure date for this shareholders' meeting, the individual and collective shareholding of directors is as listed in the table below:

Position	Name	Number of Shares Held	Remark
Chairman	Chih-Cheng Lin	1,033,080	
Director	Su-Chen Liao	845,774	
Director	Ruei-Yi Hong	2,023,129	
Director	Chung-Ting Tsai	998,305	
Director	Pao-Sung Chang	215,924	
Director	Meng-Chung Ho	1,029,262	
Director	Chin-Tan Lee	666,608	
Independent Director	Ming-Liang Tarn	0	
Independent Director	Jun-Ming Hsu	0	
Independent Director	Young-Yaw Pai	0	
Total Shares Held by All Directors		6,812,082	

Thank you for attending the shareholders'
meeting!

Your feedbacks and are greatly appreciated!