

# **Zeng Hsing Industrial CO., LTD**

## **2025 Annual General Meeting**

### **Meeting Agenda**

**Date: 13 June 2025**

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# Zeng Hsing Industrial Co., Ltd.

## Procedure for the 2025 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. Questions and Motions
8. Adjournment

# Zeng Hsing Industrial Co., Ltd.

## Agenda of 2025 Annual Meeting of Shareholders

1. Type of Meeting: Physical Shareholders' Meeting
2. Time and Date: 9:00 a.m., 13 June 2025 (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) 2024 Business Report
  - (2) Audit Committee's Review Report on the 2024 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 2024
  - (6) Report on the Communications between Members of the Audit Committees and Chief Internal Auditors
  - (7) Report on Amendment to the "Ethical Corporate Management Best Practice Principles"
  - (8) Report on Amendment to the "Procedures for Ethical Management and Guidelines for Conduct"
  - (9) Report on Amendment to the "Codes of Ethical Conduct"
8. Proposals
  - (1) Adoption of the 2024 Business Report and Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2024 Profits
9. Discussion
  - (1) Amendment to the "Articles of Incorporation"
  - (2) Amendment to the "Operational Procedures for Acquisition and Disposal of Assets"
  - (3) Amendment to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees"
  - (4) Amendment to the "Rules for Election of Directors"
10. Questions and Motions
11. Adjournment

# Management Presentations (Company Reports)

1. 2024 Business Reports (Proposed by the Board)

Explanation: The 2024 Business Report is attached as pp. [8-10], Attachment 1.

2. Audit Committee's Review Report on the 2024 Financial Statements (Proposed by the Board)

Explanation: The Audit Committee's Review Report is attached as p. [11], Attachment 2.

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

Explanation: The Status of Endorsement and Guarantee is attached as p. [12], 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 2024, after deducting remuneration to director and employees' compensation, amounts to NT\$553,698,892. It is proposed to distribute NT\$8,250,000 for remuneration to director and NT\$20,000,000 for employees' compensation for 2024. This aligns with the provision in the accounts."

5. Report on Remuneration to Director for 2024 (Proposed by the Board)

Explanation: (1) 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" 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. [13], 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 2024 is as follows (excluded the audit committee meeting):

Date	Attendees	Communication Matters
8 August 2024 (Separate Meeting)	Independent Director, Hui-Yu Huang Independent Director, Yung-Sheng Hsu Independent Director, Young-Yaw Pai Internal Auditors, Jia- Jun Xie, Yu-Ching Huang and Ting-Yao Chen.	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 “Ethical Corporate Management Best Practice Principles” (Proposed by the Board)

Explanation: Report on Amendment to the “Ethical Corporate Management Best Practice Principles” Please refer to Attachment 5, pp. [14-18] for details.

8. Report on Amendment to the “Procedures for Ethical Management and Guidelines for Conduct” (Proposed by the Board)

Explanation: Report on Amendment to the “Procedures for Ethical Management and Guidelines for Conduct” Please refer to Attachment 6, pp. [19-23] for details.

9. 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 7, pp. [24-29] for details.

# Proposals

## 1. (Proposed by the Board)

Proposal: Adoption of the 2024 Business Report and Financial Statements

Explanation: (1) The Company's Business Report and Financial Statements for 2024 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. [8-10], Attachment 1 and pp. [30-52], Attachment 8.

Resolution:

## 2. (Proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2024 Profits

Explanation: (1) The Board has adopted a Proposal for Distribution of 2024 Profits on 7 March 2025.

(2) The proposed dividend to shareholders is NT\$ 399,213,786.

(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\$6,000 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 2024 is attached as pp. [53], Attachment 9.

Resolution:



# Discussion

1. (Proposed by the Board)

Proposal: Amendment to the “Articles of Incorporation”. Please proceed to examine and discuss.

Explanation: In order to conform to the needs of commercial practice, the Company hereby proposes to amend the “Articles of Incorporation”. Please refer to pp. [54-56] (Attachment 10) for details.

Resolution:

2. (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. [57-60] (Attachment 11) for details.

3. (Proposed by the Board)

Proposal: Amendment to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees”. Please proceed to examine and discuss.

Explanation: In order to conform to the needs of commercial practice, the Company hereby proposes to amend the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees”. Please refer to pp. [61-66] (Attachment 12) for details.

4. (Proposed by the Board)

Proposal: Amendment to the “Rules for Election of Directors”. Please proceed to examine and discuss.

Explanation: In order to conform to the needs of commercial practice, the Company hereby proposes to amend the “Rules for Election of Directors”. Please refer to pp. [67-68] (Attachment 13) for details.

Resolution:

## Questions and Motions

## Adjournment

## Zeng Hsing Industrial Co., Ltd. 2024 Annual Business Report

### 1. Management policy and implementation summary

- (1) The sewing machine business aims to expand cooperation with existing clients and undertake OEM production of new products, while simultaneously enhancing its professional technical capabilities. As for non-core operations, the Company actively seeks OEM opportunities for other products to broaden the Group's revenue base and increase profitability.
- (2) The Group's resource integration efforts focus on optimizing asset utilization and production allocation, with the objective of reducing total manufacturing costs and enhancing profitability."
- (3) R&D efforts focus on incorporating more energy-saving and efficiency-oriented concepts into new product designs, aiming to create differentiated products from competitors, enhance product value, and align more closely with global environmental awareness.
- (4) To instill and deepen quality awareness, the Company continues to implement the Quality Promotion Plan, adhering to the 'Three Reals' policy (actual place, actual thing, actual situation). This approach ensures the identification of root causes, enables the development of optimal solutions, and facilitates proactive responses to improve production quality and elevate overall quality standards
- (5) The Company continues to invest in semi-automation of production equipment and high-level production leveling activities, while optimizing jig and fixture design to enhance overall product quality and production efficiency. Efforts are also underway to accelerate the integration of machine networking and big data analytics to support better decision-making and improve overall operational efficiency.
- (6) The Company actively recruits external professionals with technical expertise, aiming to break through current limitations in R&D and quality, thereby enhancing the competitiveness of its products.
- (7) In terms of environmental sustainability, the Company assesses product carbon footprints to understand emission patterns and incorporates green design, energy-saving, and recyclability concepts to reduce carbon emissions and promote environmental sustainability. On the factory management side, policies for reducing carbon emissions, water usage, and waste generation continue to be actively implemented.

## 2. The Result of Implementation of Business plan

The 2024 consolidated net income of the Company reached NT\$8,337 million, increase by 10.31% compared to NT\$7,558 million in 2023. The 2024 net income before tax amounted to NT\$1,202million, which reflects a 70.98% decrease compared to NT\$703 million in 2023.

## 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		2024	2023
Operational performance	Operating revenues	\$8,337,227	\$7,558,277
	Gross profit	2,455,681	1,917,554
	Operating profit and loss	931,208	518,349
	Income before Tax	1,201,634	702,684
	Net income attributable to stockholder of the parent	453,188	253,276
	Earnings per share (NT\$)	6.81	3.81
Profitability Analysis	Return on Total Assets (%)	7.46	5.12
	Return on Equity (%)	10.41	7.25
	Operating profit / paid-in capital (%)	139.96	77.91
	Pre-tax net profit / paid-in capital (%)	180.6	105.61
	Net Margin (%)	11.04	8.33

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

## 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 2024 reached NT\$372,659 thousand, accounting for 4.47% of the net operating revenue, representing a 13.91% increase compared to NT\$327,139 thousand in 2023.

(2) Successfully developed technologies or products

Year	Research results
2024	H7XJ(S) (Horizontal Fully Rotary Computerized Sewing Machine) HXXR (Horizontal Fully Rotary Computerized Sewing Machine) QM20AE2 (Horizontal Fully Rotary Computerized Sewing Machine) H72H/H75H (Horizontal Fully Rotary Computerized Sewing Machine) H21L (Horizontal Fully Rotary Computerized Sewing Machine) H43E (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 2024 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 2025 Annual Meeting of Shareholders of Zeng Hsing Industrial Co., Ltd.

Audit Committee Convenor:

7 March 2025

## ZENG HSING INDUSTRIAL CO., LTD.

### The Status of Endorsement and Guarantee as of 31 March 2025

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)	1,702,672	713,413	713,413	0	0	12.57	2,270,229
Total					713,413	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	The Company	All companies included in the financial statements			
																				Cash	Stock	
Independent Director	Ming-Liang Tarn	360	360	0	0	0	0	10	10	370	370	0	0	0	0	0	0	0	0	370	370	None
										0.08%	0.08%											
Independent Director	Jun-Ming Hsu	360	360	0	0	0	0	10	10	370	370	0	0	0	0	0	0	0	0	370	370	None
										0.08%	0.08%											
Independent Director	Young-Yaw Pai	720	720	0	0	0	0	15	15	735	735	0	0	0	0	0	0	0	0	735	735	None
										0.16%	0.16%											
Independent Director	Hui-Yu Huang	360	360	0	0	0	0	15	15	375	375	0	0	0	0	0	0	0	0	375	375	None
										0.08%	0.08%											
Independent Director	Yung-Sheng Hsu	360	360	0	0	0	0	20	20	380	380	0	0	0	0	0	0	0	0	380	380	None
										0.08%	0.08%											
Chairman	Chih-Cheng Lin	2,662	2,918	0	0	4,950	5,550	25	45	7,637	8,513	0	0	0	0	0	0	0	0	7,637	8,513	None
										1.69%	1.88%											
Director	Ruei-Yi Hong	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	None
										0.14%	0.14%											
Director	Su-Chen Liao	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	None
										0.14%	0.14%											
Director	Jin-Tan Lee	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	None
										0.14%	0.14%											
Director	Chung-Ting Tsai	0	0	0	0	600	900	30	55	630	995	3,224	3,224	108	108	326	0	326	0	4,288	4,613	None
										0.14%	0.21%											
Director	Po-Sung Chang	0	0	0	0	300	300	10	10	310	310	0	0	0	0	0	0	0	0	310	310	None
										0.07%	0.07%											
Director	Meng-Chung Ho	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	None
										0.14%	0.14%											

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, Po-Sung Chang, Ming-Liang Tarn and Jun-Ming Hsu took office on 21 June 2024

Note 2: Independent Directors Hui-Yu Huang and Yung-Sheng Hsu were appointed as new Independent Directors of the 19th Board on 21 June 2024.

**Zeng Hsing Industrial Co., Ltd.**  
**Comparison Table of Amendment to the “Ethical Corporate Management Best Practice Principles”**

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 6	<p>(Prevention Programs)</p> <p>To implement the business philosophy and policies stated in the preceding article, the Company has prescribed the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs") under the “Procedures for Ethical Management and Guidelines for Conduct”, including operational procedures, guidelines, and training.</p> <p>When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.</p> <p>In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>(Prevention Programs)</p> <p>To implement the business philosophy and policies stated in the preceding article, the Company has prescribed the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs") under the “Procedures for Ethical Management and Guidelines for Conduct” <u>(Document No. 2P-SD-14)</u>, including operational procedures, guidelines, and training.</p> <p>When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.</p> <p>In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>Addition of the document reference number.</p>
Article 11	<p>Prohibition of Illegal Political Contributions</p> <p>The Company’s directors, managers, employees, appointees, and actual controllers shall comply with the Political Donations Act and the Company’s internal procedures when making direct or indirect contributions to political parties, organizations, or individuals involved in political activities. Such contributions shall not be made in exchange for commercial benefits or business advantages</p>	<p>Prohibition of illegal political contributions</p> <p>The Company’s directors, managers, employees, appointees, and actual controllers shall comply with the Political Donations Act and <del>the Company’s internal procedures handled</del> <u>in accordance with the political donation procedures set forth in the Company’s “Procedures for Ethical Management and Guidelines for Conduct”</u> when making direct or indirect contributions to political parties, organizations, or individuals involved in political activities. Such contributions shall not be made in exchange for commercial benefits or business advantages</p>	<p>Amended in accordance with the Company’s practical operations. (for the purpose of improving the accuracy in wording).</p>
Article 12	<p>Prohibition of Improper Charitable Donations or Sponsorships</p> <p>When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal</p>	<p>Prohibition of Improper Charitable Donations or Sponsorships</p> <p>When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and <del>internal-</del></p>	<p>Amended in accordance with the Company ‘s practical operations.</p>



Article	Original Provision	Amended Provision	Reasons for Amendment
	operational procedures, and shall not surreptitiously engage in bribery.	<del>operational procedures and handled in accordance with the amount standards of charitable donations or sponsorships procedures set forth in the Company's "Procedures for Ethical Management and Guidelines for Conduct";</del> and shall not surreptitiously engage in bribery.	
Article 17	<p>Organizational Structure and Responsibilities</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <p>Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</p> <p>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p>	<p>Organizational Structure and Responsibilities</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company <del>shall establish a</del> has <u>designated the Strategy Development Department</u> as the dedicated unit <u>(hereinafter referred to as the "Dedicated Unit")</u> that responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</p> <p>Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</p> <p>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual</p>	<p>The Strategy Development Department is designated as the responsible unit for overseeing the Company's ethical corporate management practices.</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
Article 20	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>The results of examination in the preceding paragraph shall be reported to senior management and the <del>ethical management</del> Dedicated Unit and put down in writing in the form of an audit report to be submitted to the board of directors.</p>	<p>The Strategy Development Department has been designated as the dedicated unit of ethical corporate management.</p>

Article 23	<p><b>Whistleblowing System</b></p> <p>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> <li>1. An independent mailbox or hotline to allow internal and external personnel of the Company to submit reports.</li> <li>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</li> <li>3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</li> <li>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</li> <li>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</li> <li>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</li> <li>7. Whistle-blowing incentive measures. When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</li> </ol>	<p><b>Whistleblowing System</b></p> <p><del>The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</del></p> <ol style="list-style-type: none"> <li><del>1. An independent mailbox or hotline to allow internal and external personnel of the Company to submit reports.</del></li> <li><del>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</del></li> <li><del>3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</del></li> <li><del>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</del></li> <li><del>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</del></li> <li><del>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</del></li> <li><del>7. Whistle-blowing incentive measures.</del></li> </ol> <p><u>The Company has established the “Whistleblowing Management Guidelines” (Document No.: 2P-SD-20), and all reported matters shall be handled in accordance with the provisions set forth therein.</u></p> <p>When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the <del>dedicated personnel or</del> unit handling the whistle-blowing system shall <del>immediately prepare</del> <u>deliver an investigation</u> report and notify the independent directors in written form.</p>	<p>The Company has established the Whistleblowing Management Guidelines, and the procedures for handling related reports shall be carried out in accordance with the provisions set forth in the guidelines.</p>
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Article 24	<p>Disciplinary and Grievance Mechanism</p> <p>Disciplinary actions and appeal procedures related to violations of ethical corporate management regulations shall be handled in accordance with the Company's "Work Rules Management Guidelines" and "Employee Grievance Management Guidelines", and shall make immediate disclosure on the Company's internal platform of the title and name of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>Disciplinary and Grievance Mechanism</p> <p>Disciplinary actions and appeal procedures related to violations of ethical corporate management regulations shall be handled in accordance with the Company's "Work Rules <del>Management Guidelines</del>" (<a href="#">Document No. 2P-HR-18</a>) and "Employee Grievance Management Guidelines" (<a href="#">Document No. 2P-SR-01</a>), and shall make immediate disclosure on the Company's internal platform of the title and name of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>Amended in accordance with the Company 's practical operations.</p>
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**Zeng Hsing Industrial Co., Ltd.**  
Comparison Table of Amendment to the “Procedures for Ethical Management and Guidelines for Conduct”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 5	<p><b>Dedicated Unit and Duties</b> The Company shall designate the Strategy Development Department as the dedicated unit (hereinafter, “the Company’s dedicated unit”) and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</li> </ol>	<p><b>Dedicated Unit and Duties</b> The Company shall designate the Strategy Development Department as the dedicated unit (hereinafter, “the Company’s dedicated unit”) <del>and provide it with sufficient resources and competent personnel</del> to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</li> <li>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>4. Promoting and coordinating</li> </ol>	Amended in accordance with the Company’s practical operations.

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</p>	<p>awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.</p>	
Article 9	<p>Procedures for Handling Political Contributions</p> <p>Political contributions by the Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$500,000 or more, it shall be made only after being reported to and approved by the board of directors:</p> <p>1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.</p> <p>2. A written record of the decision-making process shall be kept.</p> <p>3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</p> <p>4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters</p>	<p>Procedures for Handling Political Contributions</p> <p>Political contributions by the Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a <u>single</u> contribution is NT\$<del>500,000</del> or more, it shall be made only after being reported to and approved by the board of directors:</p> <p>1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.</p> <p>2. A written record of the decision-making process shall be kept.</p> <p>3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</p> <p>4. In making political contributions, commercial dealings, applications for</p>	<p>A <u>single</u> donation of NT\$500,000 or more shall be reported to the board of directors for approval before it may be executed.</p>



Article	Original Provision	Amended Provision	Reasons for Amendment
	involving the interests of this Corporation with the related government agencies shall be avoided.	permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.	
Article 10	<p>Amount Standards and Procedures for Handling Charitable Donations or Sponsorships</p> <p>Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the chairman in charge for approval, and a notification shall be given to the Corporate Social Responsibility Office and the Company's dedicated unit. When the amount is NT\$1,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:</p> <ol style="list-style-type: none"> <li>1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.</li> <li>2. A written record of the decision making process shall be kept.</li> <li>3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.</li> <li>4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.</li> <li>5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</li> </ol>	<p>Amount Standards and Procedures for Handling Charitable Donations or Sponsorships</p> <p>Charitable donations or sponsorships by the Company shall be <u>coordinated, planned, and executed by the Sustainability Office and</u> shall be provided in accordance with the following provisions and reported to the chairman in charge for approval, and a notification shall be given to the Corporate Social Responsibility Office <del>and the Company's dedicated unit</del>. When a <u>single</u> donation or sponsorship amount is NT\$1,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:</p> <ol style="list-style-type: none"> <li>1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.</li> <li>2. A written record of the decision making process shall be kept.</li> <li>3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.</li> <li>4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.</li> <li>5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</li> </ol>	Amended in accordance with the Company's practical operations.
Article 21	Handling of Unethical Conduct by	Handling of Unethical Conduct by	The

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>Personnel of the Company</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant rewards depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Company shall internally establish and publicly announce on its website and the intranet, an internal independent mailbox or hotline, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</p> <ol style="list-style-type: none"> <li>1. the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.</li> <li>2. the informed party's name or other information sufficient to distinguish its identifying features.</li> <li>3. specific facts available for investigation. Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</li> </ol> <p>The dedicated unit of the Company shall observe the following procedure in handling whistleblowing matters:</p> <ol style="list-style-type: none"> <li>1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.</li> <li>2. The dedicated unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of related department.</li> <li>3. If a person being informed of is</li> </ol>	<p>Personnel of the Company</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant rewards depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <ol style="list-style-type: none"> <li>1. The Company shall internally establish and publicly announce on its website and the intranet, an <del>internal</del> independent mailbox <del>or</del> <del>hotline</del>, for insiders and outsiders of the Company to submit reports. A whistleblower shall at least furnish the following information:</li> <li><del>2. the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.</del></li> <li><del>3. the informed party's name or other information sufficient to distinguish its identifying features.</del></li> <li><del>4. specific facts available for investigation. Personnel of the Company handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</del></li> </ol> <p><del>The dedicated unit of the Company shall observe the following procedure in handling whistleblowing matters:</del></p> <ol style="list-style-type: none"> <li><del>1. An information shall be reported to the department head if involving the rank and file and to an independent director if involving a director or a senior executive.</del></li> <li><del>2. The dedicated unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and,</del></li> </ol>	<p>Company has established the <a href="#">Whistleblowing Management Guidelines</a>, and all reported matters shall be handled in accordance with the provisions set forth therein.</p>



Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	<p><del>where necessary, with the assistance of related department.</del></p> <p><del>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</del></p> <p><del>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</del></p> <p>2. <u>The Company has established the "Whistleblowing Management Guidelines" (Document No.: 2P-SD-20), and all reported matters shall be handled in accordance with the provisions set forth therein.</u></p> <p>3. With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p><del>6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</del></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 1	<p><b>Purpose</b></p> <p>In recognition of the necessity to assist the Company in its establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors and managerial officers of the Company (including general managers or their equivalents, deputy general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.</p>	<p>Article 1 Purpose</p> <p>In recognition of the necessity to assist the Company in its establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors <del>and</del> managerial officers <u>and all employees</u> of the Company <del>(including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company)</del> to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.</p>	<p>The Codes of Ethical Conduct shall apply to all employees of the Company.</p>
Article 2	<p><b>Basis</b></p> <p>The Company’s “Codes of Ethical Conduct” are formulated in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies”.</p>	<p><del>Basis</del></p> <p><del>The Company’s “Codes of Ethical Conduct” are formulated in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies”.</del></p> <p><u>Scope and Basis</u></p> <p>1. <u>Scope of application: The “Codes of Ethical Conduct” apply to the Company's directors and managerial officers (including those at the deputy assistant general managers level and above), and all employees, hereinafter collectively referred to as “Company Personnel.”</u></p> <p>2. <u>Basis: The Company’s “Codes of Ethical Conduct” are formulated in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies”.</u></p>	<p>Expansion of Scope of Application.</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 3 4	<p>Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses the following eight matters:</p> <p>In the event of any of the following circumstances, the relevant departments shall submit a formal report to the Chairman for approval. For material cases, the matter shall be submitted to the board of directors for resolution.</p> <p>1. Prevention of Conflicts of Interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or managerial officer works. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>2. Minimizing incentives to pursue personal gain:</p> <p>The Company shall prevent its directors or managerial officers from engaging in any of the following activities:</p> <p>(1) Seeking an opportunity to pursue personal gain by using company property</p>	<p>Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses the following eight matters:</p> <p>In the event of any of the following circumstances, the relevant departments shall submit a formal report to the Chairman for approval. For material cases, the matter shall be submitted to the board of directors for resolution.</p> <p>1. Prevention of Conflicts of Interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or managerial officer works. <del>The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the company. The Company has established a policy for the prevention of conflicts of interest. In the event that any of the aforementioned situations occur, directors shall proactively disclose the matter to the board of directors, while managerial officers and all employees shall proactively report to their</del></p>	<p>The responsibilities have been revised and adjusted in accordance with the actual operations of the Company, and the article numbers have been renumbered accordingly (Article 3 has moved to Article 4).</p> <p>In the event of a conflict of interest, individuals must proactively disclose the situation in accordance with the principle of proactive disclosure.</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>or information or taking advantage of their positions.</p> <p>(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p>(3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.</p> <p>3. Confidentiality: The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>5. Safeguarding and proper use of company assets: All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p>	<p><u>immediate supervisors.</u></p> <p>2. Minimizing incentives to pursue personal gain: The Company Personnel shall prevent its <del>directors or managerial officers</del> from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the <del>directors and managerial officers</del> <u>Company Personnel</u> to maximize the reasonable and proper benefits that can be obtained by the company.</p> <p>3. Confidentiality: The <u>Company Personnel</u> <del>directors and managerial officers</del> of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>4. Fair trade: <u>The Company Personnel</u> <del>Directors and managerial officers</del> shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their</p>	<p>The scope of application has been adjusted to apply to all personnel of the Company.</p> <p>The scope of application has been adjusted to apply to all personnel of the Company.</p> <p>The scope of application has been adjusted to apply to all personnel of the Company.</p> <p>The scope of application has been adjusted to apply to all personnel of the Company.</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>6. Legal compliance: The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</p> <p>7. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, other appropriate individual or whistleblower mailbox(<a href="mailto:report_zh@zenghsing.com.tw">report_zh@zenghsing.com.tw</a>) 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 will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.</p> <p>8. Disciplinary measures: When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall be disclosed on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken, if necessary. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</p>	<p>positions, or through misrepresentation of important matters, or through other unfair trading practices.</p> <p>5. Safeguarding and proper use of company assets: <del>The Company Personnel All directors and managerial officers</del> have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.</p> <p>6. Legal compliance: <del>The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</del> <u>Company personnel shall comply with all laws, regulations, and internal rules applicable to the Company's operations. Furthermore, they shall strengthen the promotion and their compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws</u></p> <p>7. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to <del>report to a company managerial officer, chief internal auditor, other appropriate individual or whistleblower mailbox(<a href="mailto:report_zh@zenghsing.com.tw">report_zh@zenghsing.com.tw</a>)</del> <u>report any suspected or actual violations of laws, regulations, or the Codes of Ethical Conduct in accordance with the Company's "Whistleblower Policy" (Document No. 2P-SD-20).</u> To encourage employees to report illegal conduct, the company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.</p> <p>8. Disciplinary measures:</p>	<p>personnel of the Company.</p> <p>The scope of application has been adjusted to apply to all personnel of the Company.</p> <p>All personnel of the Company are required to comply with internal regulations and ensure enhanced compliance with external regulations.</p> <p>The reporting procedure has been revised to refer to and follow the "Whistleblower Policy" for handling.</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
		<p><del>When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall be disclosed on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken, if necessary. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.</del></p> <p><u>In the event that any employee of the Company violates this Codes of Ethical Conduct, the matter shall be handled in accordance with the “Work Rules” and relevant laws and regulations. For violations committed by directors or managerial officers, upon notification received by the Human Resources Department, a written report shall be submitted for the chairperson’s instruction or referred to the board of directors for resolution. The individual in violation shall be given the opportunity to present an appeal during the disciplinary investigation process or prior to submission to the board of directors. When necessary, information regarding the violator, including the date of the violation, the nature of the misconduct, the provisions of the Codes of Ethical Conduct breached, and the handling status, shall be disclosed on the Market Observation Post System (MOPS).</u></p>	<p>The procedure for reporting notifications and the appropriate recipients must be clearly defined. In the case of significant matters, internal communications will be issued as necessary.</p>
Article <del>4</del> <u>5</u>	The Codes of Ethical Conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on	The Codes of Ethical Conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on	The article numbers have been renumbered accordingly (Article 4



Article	Original Provision	Amended Provision	Reasons for Amendment
	the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.	the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.	has moved to Article 5)
Article <del>5</del> <u>6</u>	Method of disclosure The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.	Method of disclosure The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.	The article numbers have been renumbered accordingly (Article 5 has moved to Article 6)
Article <del>6</del> <u>3</u>	Responsibility and Authority  1. Primary Responsible Unit: The Human Resources Department shall be responsible for the formulation of the Codes of Ethical Conduct.  2. Responsible Collaborating Unit: The Investor Relations Department shall be responsible for implementing the provisions outlined in the Codes of Ethical Conduct.	Responsibility and Authority  1. Primary Responsible Unit: The Human Resources Department shall be responsible for the formulation <del>of the Codes of Ethical Conduct and</del> <u>administration of matters related to the Codes of Ethical Conduct.</u>  2. Responsible Collaborating Unit: The Investor Relations Department shall <del>be responsible for implementing the provisions outlined in the Codes of Ethical Conduct.</del> <u>handle matters related to the board of directors in connection with this Codes of Ethical Conduct</u>	The article numbers have been renumbered accordingly (Article 6 has moved to Article 3), with revisions to the description of responsibilities and authorities.

## **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, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, 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 2024 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, 2024, the Company and its subsidiaries' accounts receivable and allowance for doubtful accounts amounted to NTD 1,820,808 thousand and NTD 53,490 thousand, respectively. Net accounts receivable represented 14% 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, 2024, the net inventories amounted to NTD 1,621,789 thousand accounting for 12% 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\$31,027 thousand and NT\$27,316 thousand, representing 0.24% and 0.23% of consolidated total assets as of December 31, 2024 and 2023, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$7,261 thousand and NT\$6,628 thousand, representing 0.60% and 0.94% of the consolidated net income before tax for the years ended December 31, 2024 and 2023, 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 2024 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, 2024 and 2023.

Chen, Ming Hung  
Huang, Ching Ya  
Ernst & Young, Taiwan  
March 7, 2025

## **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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of			
		31 December 2024		31 December 2023	
		Amount	%	Amount	%
Current Assets					
Cash and cash equivalents	4, 6(1), 12	\$2,279,804	17	\$2,845,230	24
Financial assets measured at amortized cost, current	4, 6(2), 8, 12	551,236	4	179,591	1
Accounts receivable, net	4, 6(3), 6(13), 12	1,767,318	14	1,504,490	13
Other receivables	12	82,464	1	89,031	1
Inventories, net	4, 6(4)	1,621,789	12	1,254,186	10
Prepayment		50,710	-	44,869	-
Other current assets		140,838	1	120,352	1
Total current assets		6,494,159	49	6,037,749	50
Non-current assets					
Financial assets measured at amortized cost, non-current	4, 6(2), 8, 12	588,479	4	200	-
Investments accounted for under the equity method	4	114,157	1	111,099	1
Property, plant and equipment	4, 6(5), 8	3,907,309	30	3,710,655	31
Right of use assets	4, 6(14)	356,176	3	248,005	2
Intangible assets	4,6(6)	1,534,238	12	1,590,148	14
Deferred tax assets	4, 6(18)	38,414	-	31,340	-
Net defined benefit assets, non-current	4,6(9)	2,689	-	-	-
Other non-current assets	4, 8, 12	105,083	1	265,958	2
Total non-current assets		6,646,545	51	5,957,405	50
Total assets		\$13,140,704	100	\$11,995,154	100

(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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		31 December 2024		31 December 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6(7), 12	\$906,000	7	\$393,000	3
Contract liabilities, current	6(12)	74,357	1	69,573	1
Notes payable	12	74,174	1	144,735	1
Accounts payable	12	820,247	6	738,279	6
Other payables	12	638,861	4	464,149	4
Current tax liabilities	4	142,779	1	140,633	1
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8), 12	107,525	1	132,525	1
Other current liabilities	4, 6(14), 12	117,288	1	116,185	1
Total current liabilities		2,881,231	22	2,199,079	18
Non-current liabilities					
Long-term loans	4, 6(8), 12	616,177	5	723,702	6
Deferred tax liabilities	4, 6(18)	454,210	3	408,157	3
Net defined benefit liabilities, non-current	4, 6(9)	-	-	19,672	-
Other non-current liabilities	4, 6(14), 12	110,975	1	33,056	1
Total non-current liabilities		1,181,362	9	1,184,587	10
Total liabilities		4,062,593	31	3,383,666	28
Equity attributable to the parent company	4, 6(10)				
Capital					
Common stock		665,356	5	665,356	6
Capital surplus		1,890,261	14	1,890,261	16
Retained earnings					
Legal reserve		730,563	6	730,563	6
Special reserve		265,979	2	202,396	2
Unappropriated earnings		2,213,091	17	2,125,301	17
Total Retained earnings		3,209,633	25	3,058,260	25
Other components of equity					
Exchange differences on translation of foreign operations - the parent company		(200,145)	(2)	(265,978)	(2)
Equity attributable to owners of the parent		5,565,105	42	5,347,899	45
Non-controlling interests	6(11)	3,513,006	27	3,263,589	27
Total equity		9,078,111	69	8,611,488	72
Total liabilities and equity		\$13,140,704	100	\$11,995,154	100

(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 2024 and 2023  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December			
		2024		2023	
		Amount	%	Amount	%
Net Sales	4, 6(12)	\$8,337,227	100	\$7,558,277	100
Cost of Sales	6(4), 6(15)	(5,881,546)	(71)	(5,640,723)	(75)
Gross Profit		2,455,681	29	1,917,554	25
Operating Expenses	6(14), 6(15)				
Selling and marketing		(291,103)	(4)	(368,068)	(5)
Management and administrative		(821,729)	(10)	(736,738)	(9)
Research and development		(372,659)	(4)	(327,139)	(4)
Expected credit (losses) gains	4, 6(13)	(38,982)	-	32,740	-
Total Operating Expenses		(1,524,473)	(18)	(1,399,205)	(18)
Operating Income		931,208	11	518,349	7
Non-operating income and expenses	6(16)				
Other income		158,954	2	141,942	2
Other gains and losses		127,652	1	55,668	1
Financial costs		(21,928)	-	(21,309)	(1)
Share of profit or loss of associates and joint ventures		5,748	-	8,034	-
Subtotal		270,426	3	184,335	2
Income before income tax		1,201,634	14	702,684	9
Income tax expense	4, 6(18)	(281,281)	(3)	(73,134)	(1)
Income, net of tax		920,353	11	629,550	8
Other comprehensive income	6(17), 6(18)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		14,196	-	10,966	-
Income tax related to items that may not be reclassified subsequently		(2,839)	-	(2,193)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		182,317	2	(111,861)	(1)
Income tax related to items that may be reclassified subsequently		(16,458)	-	22,111	-
Total other comprehensive (loss) income, net of tax		177,216	2	(80,977)	(1)
Total comprehensive income		\$1,097,569	13	\$548,573	7
Net income attributable to:					
Stockholders of the parent		\$453,188		\$253,276	
Non-controlling interests		467,165		376,274	
		<u>\$920,353</u>		<u>\$629,550</u>	
Comprehensive income attributable to:					
Stockholder of the parent		\$529,171		\$197,039	
Non-controlling interests		568,398		351,534	
		<u>\$1,097,569</u>		<u>\$548,573</u>	
Earnings per share (NTD)	6(19)				
Earnings per share-basic		\$6.81		\$3.81	
Earnings per share-diluted		<u>\$6.79</u>		<u>\$3.80</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 2024 and 2023  
(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 2023	6(10)	\$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(11)								(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(10)	<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>
Balance as of 1 January 2024	6(10)	\$665,356	\$1,890,261	\$730,563	\$202,396	\$2,125,301	\$(265,978)	\$5,347,899	\$3,263,589	\$8,611,488
Appropriations of earnings, 2023:										
Special reserve					63,583	(63,583)		-		-
Cash dividends						(252,836)		(252,836)		(252,836)
Net income for the year ended 31 December 2024						453,188		453,188	467,165	920,353
Other comprehensive income, net of tax for the year ended 31 December 2023						11,357	64,626	75,983	101,233	177,216
Total comprehensive income		-	-	-	-	464,545	64,626	529,171	568,398	1,097,569
Cash dividends of subsidiary	6(11)								(248,848)	(248,848)
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries						(60,336)	1,207	(59,129)	(70,149)	(129,278)
Changes in non-controlling interests									16	16
Balance as of 31 December 2024	6(10)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$265,979</u>	<u>\$2,213,091</u>	<u>\$(200,145)</u>	<u>\$5,565,105</u>	<u>\$3,513,006</u>	<u>\$9,078,111</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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$1,201,634	\$702,684
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	557,231	602,008
Amortization	105,101	98,529
Loss (gain) on disposal of property, plant and equipment	6,643	(5,630)
Gain on disposal of right of use asset	-	(671)
Net gain of financial assets at fair value through profit or loss	-	(8,775)
Gain from market value decline, obsolete and slow-moving of inventories	(6,869)	(4,467)
Share of profit or loss of associates and joint ventures	(5,748)	(8,034)
Expected credit loss (profit)	38,982	(32,740)
Interest income	(72,456)	(62,278)
Interest expense	21,928	21,309
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	7,460
(Increase) decrease in accounts receivable	(276,105)	543,658
(Increase) decrease in inventories, net	(341,201)	328,301
Decrease in other receivables	6,567	28,388
Increase in prepayments	(9,301)	(14,127)
Increase in other current assets	(20,380)	(19,115)
Increase (decrease) in contract liabilities	4,784	(411)
(Decrease) increase in notes payable	(70,561)	111,713
Increase in accounts payable	87,628	141,256
Increase (decrease) in other payables	184,097	(80,620)
(Decrease) increase in other current liabilities	(13,044)	49,495
(Decrease) increase in net defined benefit liabilities, non-current	(19,672)	1,298
Increase in net defined benefit assets, non-current	(2,689)	-
Cash generated from operations	1,376,569	2,399,231
Interest received	72,456	62,278
Income tax paid	(239,902)	(261,225)
Net cash provided by operating activities	1,209,123	2,200,284

(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 31 December 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2024	2023
Cash flows from investing activities:		
Increase in financial assets at measured at amortized cost	(959,924)	(8,641)
Acquisition of investments accounted for under the equity method	-	(12,499)
Acquisition of property, plant and equipment	(451,003)	(118,606)
Proceeds from disposal of property, plant and equipment	23,303	29,115
Proceeds from disposal of right-of-use asset	-	3,477
(Increase) decrease in refundable deposits	(184)	218
Dividends received	3,550	2,500
Acquisition of intangible assets	(9,946)	(6,162)
Increase in other non-current assets	(105,726)	(517,558)
Net cash used in investing activities	(1,499,930)	(628,156)
Cash flows from financing activities:		
Increase in short-term loans	3,474,800	2,262,000
Decrease in short-term loans	(2,961,800)	(3,307,839)
Increase in short-term notes and bills payable	-	110,000
Decrease in short-term notes and bills payable	-	(110,000)
Increase in long-term loans	24,000	245,655
Decrease in long-term loans	(156,525)	(155,787)
Increase in other non-current liabilities	287	3,779
Lease principal repayment	(64,599)	(71,309)
Cash dividends	(252,836)	(365,945)
Interest paid	(21,614)	(21,470)
Cash dividends of subsidiary	(248,848)	(282,949)
Acquisition of ownership interests in subsidiaries	(129,278)	(35,807)
Net cash used in financing activities	(336,413)	(1,729,672)
Effect of exchange rate changes on cash and cash equivalents	61,794	(44,279)
Net decrease in cash and cash equivalents	(565,426)	(201,823)
Cash and cash equivalents at beginning of period	2,845,230	3,047,053
Cash and cash equivalents at end of period	\$2,279,804	\$2,845,230

(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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, and its parent company only financial performance and the parent company only cash flows for the years ended December 31, 2024 and 2023, 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 2024 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, 2024, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 952,410 thousand and NTD 41,949 thousand, respectively. Net accounts receivable represented 13% 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.

### **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 31,027 thousand and NTD 27,316 thousand, representing 0.41% and 0.37% of the parent company only total assets as of December 31, 2024 and 2023, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NTD 7,261 thousand and NTD 6,628 thousand, representing 1.38% and 2.42% of the parent company only net income before tax for the years ended December 31, 2024 and 2023, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 2024 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 7, 2025

**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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of			
		31 December 2024		31 December 2023	
		Amount	%	Amount	%
Current Assets					
Cash and cash equivalents	4, 6(1), 12	\$762,820	10	\$989,375	14
Accounts receivable, net	4, 6(2), 6(12), 12	791,344	11	622,728	8
Accounts receivable-related parties, net	4, 6(2), 6(12), 7, 12	119,117	2	70,686	1
Other receivables	12	12,375	-	17,685	-
Inventories, net	4, 6(3)	16,413	-	42,625	1
Prepayment		129	-	301	-
Other current assets		3,238	-	1,501	-
Total current assets		1,705,436	23	1,744,901	24
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)	5,165,711	68	4,833,641	66
Property, plant and equipment	4, 6(5), 8	599,717	8	650,204	9
Investment property	4, 6(6)	61,212	1	62,442	1
Intangible assets	4	16,563	-	19,502	-
Deferred tax assets	4, 6(17)	19,576	-	14,184	-
Net defined benefit assets, non-current	4, 6(9)	2,689	-	-	-
Other non-current assets	4, 6(13)	6,583	-	7,588	-
Total non-current assets		5,872,251	77	5,587,761	76
Total assets		\$7,577,687	100	\$7,332,662	100

(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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		31 December 2024		31 December 2023	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6(7), 12	\$450,000	6	\$370,000	5
Contract liabilities, current	6(11)	66,955	1	58,066	1
Notes payable	12	657	-	259	-
Accounts payable	12	82,282	1	89,512	1
Accounts payable-related parties	7, 12	797,232	11	869,281	12
Other payables	12	110,771	2	94,563	1
Current tax liabilities	4	31,424	-	40,058	1
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	18,003	-	19,760	-
Total current liabilities		1,581,324	21	1,565,499	21
Non-current liabilities					
Long-term loans	4, 6(8), 12	168,000	2	192,000	3
Deferred tax liabilities	4, 6(17)	258,039	4	202,121	3
Net defined benefit liabilities, non-current	4, 6(9)	-	-	19,672	-
Other non-current liabilities	4, 6(13), 12	5,219	-	5,471	-
Total non-current liabilities		431,258	6	419,264	6
Total liabilities		2,012,582	27	1,984,763	27
Equity attributable to the parent company	4, 6(10)				
Capital					
Common stock		665,356	9	665,356	9
Capital surplus		1,890,261	25	1,890,261	26
Retained earnings					
Legal reserve		730,563	10	730,563	10
Special reserve		265,979	3	202,396	3
Unappropriated earnings		2,213,091	29	2,125,301	29
Total Retained earnings		3,209,633	42	3,058,260	42
Other components of equity					
Exchange differences on translation of foreign operations - the parent company		(200,145)	(3)	(265,978)	(4)
Total equity		5,565,105	73	5,347,899	73
Total liabilities and equity		\$7,577,687	100	\$7,332,662	100

(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 2024 and 2023  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December			
		2024		2023	
		Amount	%	Amount	%
Net Sales	4, 6(11), 7	\$3,878,276	100	\$3,423,569	100
Cost of Sales	6(3), 6(14), 7	(3,326,690)	(86)	(2,996,970)	(88)
Gross Profit		551,586	14	426,599	12
Unrealized Intercompany Profit	7	(4,589)	-	(2,545)	-
Realized Intercompany Profit		2,545	-	4,472	-
Gross Profit		549,542	14	428,526	12
Operating Expenses	7				
Selling and marketing		(97,885)	(2)	(171,479)	(5)
Management and administrative		(231,322)	(6)	(218,207)	(6)
Research and development		(114,766)	(3)	(102,543)	(3)
Expected credit (losses) gains	4, 6(12)	(37,112)	(1)	33,258	1
Total Operating Expenses		(481,085)	(12)	(458,971)	(13)
Operating income (loss), net		68,457	2	(30,445)	(1)
Non-operating income and expenses	6(15)				
Other income		65,812	2	69,558	2
Other gains and losses		49,002	1	11,328	-
Financial costs		(10,747)	-	(16,147)	-
Share of profit or loss of associates and joint ventures	4, 6(4)	352,925	9	239,417	7
Subtotal		456,992	12	304,156	9
Income before income tax		525,449	14	273,711	8
Income tax expense	4, 6(17)	(72,261)	(2)	(20,435)	-
Income, net of tax		453,188	12	253,276	8
Other comprehensive income	6(16), 6(17)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		14,196	-	10,966	-
Income tax related to items that may not be reclassified subsequently		(2,839)	-	(2,193)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		81,084	2	(80,906)	(2)
Income tax related to items that may be reclassified subsequently		(16,458)	-	15,896	-
Total other comprehensive loss, net of tax		75,983	2	(56,237)	(2)
Total comprehensive income		\$529,171	14	\$197,039	6
Earnings per share (NTD)	6(18)				
Earnings per share-basic		\$6.81		\$3.81	
Earnings per share-diluted		\$6.79		\$3.80	

(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 2024 and 2023  
(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 2023	6(11)	\$665,356	\$1,890,261	\$730,563	\$326,214	\$2,118,459	(\$200,974)	\$5,529,879
Appropriations of earnings, 2022:								
Reversal of 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 year 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>
Balance as of 1 January 2024	6(11)	\$665,356	\$1,890,261	\$730,563	\$202,396	\$2,125,301	\$(265,978)	\$5,347,899
Appropriations of earnings, 2023:								
Special reserve					63,583	(63,583)		-
Cash dividends						(252,836)		(252,836)
Net income for the year ended 31 December 2024						453,188		453,188
Other comprehensive income, net of tax for the years ended 31 December 2024						11,357	64,626	75,983
Total comprehensive income		-	-	-	-	464,545	64,626	529,171
Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries			-			(60,336)	1,207	(59,129)
Balance as of 31 December 2024	6(11)	<u>\$665,356</u>	<u>\$1,890,261</u>	<u>\$730,563</u>	<u>\$265,979</u>	<u>\$2,213,091</u>	<u>\$(200,145)</u>	<u>\$5,565,105</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 2024 and 2023  
(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$525,449	\$273,711
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	52,216	60,935
Amortization	16,884	18,919
Gain on disposal of property, plant and equipment	(122)	(551)
Net gain of financial assets at fair value through profit or loss	-	(8,775)
(Gain) loss from market value decline, obsolete and slow-moving of inventories	(2,913)	3,604
Share of profit or loss of associates and joint ventures	(352,925)	(239,417)
Expected credit losses (gains)	37,112	(33,258)
Unrealized intercompany loss	4,589	2,545
Realized intercompany profit	(2,545)	(4,472)
Interest income	(24,344)	(22,832)
Interest expense	10,747	16,147
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	7,460
(Increase) decrease in accounts receivable	(205,728)	679,750
(Increase) decrease in accounts receivable-related parties	(48,431)	10,655
Decrease in inventories, net	29,125	4,084
Decrease (increase) in other receivables	5,310	(8,541)
Decrease (increase) in prepayments	172	(100)
(Increase) decrease in other current assets	(1,737)	429
Increase in net defined benefit assets	(2,689)	-
Increase in other non-current assets	(9,795)	(8,151)
Increase in contract liabilities	8,889	1,670
Increase (decrease) in notes payable	398	(232)
(Decrease) increase in accounts payable	(7,230)	36,366
(Decrease) increase in accounts payable-related parties	(72,049)	436,128
Increase (decrease) in other payables	16,208	(39,479)
(Decrease) increase in other current liabilities	(36)	1,620
(Decrease) increase in net defined benefit liabilities	(5,476)	1,298
Cash (used in) generated from operations	(28,921)	1,189,513
Interest received	24,344	22,832
Income tax paid	(49,666)	(77,070)
Net cash (used in) provided by operating activities	(54,243)	1,135,275

(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 2024 and 2023

(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2024	2023
(Continued)		
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(88,631)	(164,324)
Acquisition of property, plant and equipment	(5,489)	(3,722)
Proceeds from disposal of property, plant and equipment	7,049	551
Increase in refundable deposits	(92)	(31)
Acquisition of intangible assets	(4,990)	(2,096)
Proceeds from capital reduction of investments accounted for under the equity method	103,892	-
Dividends received	154,783	194,138
Net cash provided by investing activities	166,522	24,516
Cash flows from financing activities:		
Increase in guarantee deposits received	-	4,830
Increase in short-term loans	1,835,000	2,069,000
Decrease in short-term loans	(1,755,000)	(3,047,000)
Increase in short-term notes and bills payable	-	110,000
Decrease in short-term notes and bills payable	-	(110,000)
Decrease in long-term loans	(24,000)	(24,000)
Lease principal repayment	(1,973)	(1,827)
Interest paid	(10,747)	(16,147)
Cash dividends	(252,836)	(365,945)
Acquisition of ownership interests in subsidiaries	(129,278)	(35,807)
Net cash used in financing activities	(338,834)	(1,416,896)
Net decrease in cash and cash equivalents	(226,555)	(257,105)
Cash and cash equivalents at beginning of period	989,375	1,246,480
Cash and cash equivalents at end of period	\$762,820	\$989,375

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

【Attachment 9】

**Zeng Hsing Industrial Co., Ltd.**  
**Profit Distribution Table**  
**2024**

Unit: NT\$

Items	Total	Remark
<b>Beginning retained earnings</b>	<b>\$ 1,808,882,461</b>	
Less: Difference between the actual acquisition or disposal price and carrying amounts of subsidiaries	<b>(60,336,473)</b>	
Add: Net profit after tax for 2024	<b>453,187,759</b>	
Other comprehensive income (remeasurements of defined benefit plans (for the year ended 2024))	<b>11,357,272</b>	
Special reserve	<b>65,833,164</b>	
Less:		
10% legal reserve	<b>0</b>	
<b>Distributable net profit</b>	<b><u>2,278,924,183</u></b>	
Distributable items:		
Shareholders' cash dividends	<b>(399,213,786)</b>	
Unappropriated retained earnings	<b>\$ 1,879,710,397</b>	

**Note:**

Note 1: Profit distribution shall set aside for the distribution of unappropriated retained earnings for the year ended 2024.

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 “Articles of Incorporation”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 2	<p>The scope of business of the Company shall be as follows:</p> <p>1.CBO1010 Machinery and Equipment Manufacturing.</p> <p>2.CB01990 Other machinery manufacturing.</p> <p>3.CC01030 electrical and audio-visual electronic products manufacturing.</p> <p>4.CD01050 bicycle and its parts manufacturing.</p> <p>5.CH01010 Sporting Goods Manufacturing.</p> <p>6.CQ01010 Mold Manufacturing.</p> <p>7.C805990 Other plastic products manufacturing.</p> <p>8.F401010 International Trade.</p> <p>9.ZZ99999 In addition to the licensing business, it is a business that is not prohibited or restricted by the business law</p>	<p>The scope of business of the Company shall be as follows:</p> <p>1.CBO1010 Machinery and Equipment Manufacturing.</p> <p>2.CB01990 Other machinery manufacturing.</p> <p>3.CC01030 electrical and audio-visual electronic products manufacturing.</p> <p>4.CD01050 bicycle and its parts manufacturing.</p> <p>5.CH01010 Sporting Goods Manufacturing.</p> <p>6.CQ01010 Mold Manufacturing.</p> <p>7.C805990 Other plastic products manufacturing.</p> <p><u>8.F401010 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.</u></p> <p><u>9. F113020 Wholesale of Electrical Appliances.</u></p> <p><u>10. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.</u></p> <p><u>11. F213010 Retail Sale of Electrical Appliances.</u></p> <p><del>8</del> <u>12.</u> F401010 International Trade.</p> <p><u>13. JZ99990 Unclassified Other Services.</u></p> <p><del>9-14.</del> ZZ99999 In addition to the licensing business, it is a business that is not prohibited or restricted by the business law.</p>	Amended in accordance with the Company’s practical operations.
Article 35	<p>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</p>	<p>The Company shall allocate 2% to 6% of profit as employees’ compensation, <u>with at least 0.5% of the profit specifically allocated for distribution to basic-level employees</u>, 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</p>	Amended in accordance with the Company’s practical operations.



Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>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</p>	<p>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. <del>The procedures for the determination of directors remuneration are based on the Company's "Evaluation Measures for the Performance of Directors and Managers"</del>. 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</p>	
Article 36	<p>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</p>	<p>If the company has a surplus <del>every in the</del> <u>fiscal year</u>, 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</p>	<p>Amended in accordance with the Company's practical operations. (For the purpose of more precise definition)</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	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.	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 <u>distributable earnings for the current year</u> of shareholders' dividends are paid. <u>The term "distributable earnings for the current year" as referred to herein shall be based on the undistributed earnings for the year as defined in Paragraph 1 of this Article.</u> 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	
Article 39	These Articles of Incorporation were enacted on 11 Dec.1974.  Omitted.  Amended on 15 June 2022 for the forty-second time.	These Articles of Incorporation were enacted on 11 Dec.1974.  Omitted.  Amended on 15 June 2022 for the forty-second time. <u>Amended on 13 June 2025 for the forty-third time.</u>	Addition of the amendment date.

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 10	<p>(Paragraph 1 is omitted.)</p> <p>Operational procedure for related-party transactions</p> <p>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.</p> <p>2. Appraisal Procedures and Operational Procedures</p> <p>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</p>	<p>(Paragraph 1 is omitted.)</p> <p>Operational procedure for related-party transactions</p> <p>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.</p> <p>2. Appraisal Procedures and Operational Procedures</p> <p>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</p>	<p>Amendments in Compliance with Company Best Practice Principle</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>following matters have been approved by the Board of Directors and recognized by the Audit Committee:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(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.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p>	<p>following matters have been approved by the Board of Directors and recognized by the Audit Committee:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(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, <del>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:</del> , <u>and where the cumulative amount, calculated retrospectively over a one-year period from the date of occurrence of the transaction, reaches 20 percent of the Company's</u></p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>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.</p> <p>(Paragraph 3 is omitted.)</p>	<p><u>paid-in capital, the matter shall be reported at the next meeting of the Audit Committee and the board of directors. Amounts previously reported shall be excluded from the calculation.</u></p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>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</p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
		<p>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.</p> <p>(Paragraph 3 is omitted.)</p>	

# Zeng Hsing Industrial Co., Ltd.

## Comparison Table of Amendment to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 4	<p>Loan and Endorsement Guarantee Limits:</p> <ol style="list-style-type: none"> <li>1. If the recipient of the Company's funding is a company or business entity with which the Company has business transactions, the individual loan amount shall not exceed the higher of the total purchase or sales amount between both parties in the preceding year.</li> <li>2. For any recipient of the Company's funding, whether or not they have ongoing business dealings or require short-term financial assistance, the individual limit for each recipient shall not exceed 20% of the Company's <b>total available loan funds</b>; the financing amount shall not exceed 40% of the company's net worth.</li> <li>3. The total amount of endorsements and guarantees provided by the Company shall not exceed 40% of the current net worth. The endorsement and guarantee amount for a single entity shall not exceed 20% of the current net worth; however, for a single overseas affiliate company, the limit shall be 30% of the current net worth. If the endorsement or guarantee is provided due to business relations, the amount shall not exceed the total transactions with the company in the previous year (whichever is higher between the total purchase or sales amount between the parties)</li> <li>4. The total amount of endorsements and guarantees provided by the company and its subsidiaries shall not exceed 45% of the current net worth, and the endorsement and guarantee amount for a single entity shall not exceed 30% of the current net worth.</li> </ol>	<p>Loan and Endorsement Guarantee Limits:</p> <ol style="list-style-type: none"> <li>1. If the recipient of the Company's funding is a company or business entity with which the Company has business transactions, the individual loan amount shall not exceed the higher of the total purchase or sales amount between both parties in the preceding year.</li> <li>2. For any recipient of the Company's funding, whether or not they have ongoing business dealings or require short-term financial assistance, the individual limit for each recipient shall not exceed 20% of the Company's <u>net worth</u> <del>total available loan funds</del>; the financing amount shall not exceed 40% of the company's net worth.</li> <li>3. In the event that the company's funds exhibit any of the following circumstances, the Board of Directors must address them in accordance with the procedures outlined below: <ol style="list-style-type: none"> <li>(1) Accounts Receivable (including both related and non-related parties): Should accounts receivable remain uncollected for a period exceeding three months beyond the normal credit period, and the amount involved is deemed significant, such matters must be reviewed by the Board.</li> <li>(2) Other Receivables (such as “other receivables”, “prepayments”, “deposits”, etc.): If the amount is significant or the nature of the receivable is considered special, and any of the following conditions apply, the receivables must be reviewed by the Board: <ol style="list-style-type: none"> <li>A. The payment amount does not</li> </ol> </li> </ol> </li> </ol>	Amendments in Compliance with Company Best Practice Principle



Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>The term “short-term” referred to above means one year; the term “financing amount” refers to the accumulated balance of short-term financing.</p> <p>Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or foreign companies where the Company directly or indirectly has 100% of the voting shares, <b>are exempt from the restriction in item 1, paragraph 2. However, the limit and duration of the funding loan must still be set according to the provisions of Article 6, Paragraph 1.</b></p> <p>Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares are exempt from the restriction in item 1, paragraph 3.</p>	<p>pertain to a contractual relationship.</p> <p>B. The payment amount does not align with the performance obligations specified in the contract.</p> <p>C. The reason for the payment has ceased to exist.</p> <p>In the event that the total amount of the aforementioned receivables from a single counterparty reaches NT\$30 million, the matter shall be presented to the Board for a decision on whether the funds are to be considered as loans. This decision must occur at least once per quarter. Should evidence be provided that clearly demonstrates there is no intention for the funds to be a loan (e.g., through legal action, implementation of concrete and feasible control measures, etc.), the funds shall not be classified as loans.</p> <p>If the Board determines that the funds are indeed of a loan nature, the funds shall be accounted for in accordance with Article 4 as part of the total financial loan amount and the individual counterparty’s loan limit, and disclosed as per the requirements in Article 9. In the event that the inclusion of these funds results in exceeding the established loan limits, the matter shall be addressed in accordance with Article 8, (12).</p> <p>4. The total amount of endorsements and guarantees provided by the Company shall not exceed 40% of the current net worth. The endorsement and guarantee amount for a single entity shall not exceed 20% of the current net worth; however, for a single overseas affiliate company, the limit shall be 30% of the current net worth. If the endorsement or guarantee is provided due to business relations, the amount shall not exceed the total transactions with the company in the previous year (whichever is higher between the total purchase or sales amount between the</p>	



Article	Original Provision	Amended Provision	Reasons for Amendment
		<p>parties)</p> <p>5. The total amount of endorsements and guarantees provided by the company and its subsidiaries shall not exceed 45% of the current net worth, and the endorsement and guarantee amount for a single entity shall not exceed 30% of the current net worth.</p> <p>The term “short-term” referred to above means one year; the term “financing amount” refers to the accumulated balance of short-term financing.</p> <p>Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or foreign companies where the Company directly or indirectly has 100% of the voting shares, <del>are exempt from the restriction in item 1, paragraph 2. However, the limit and duration of the funding loan must still be set according to the provisions of Article 6, Paragraph 1., the financing amount shall be exempt from the general limitation of 40% of the Company’s net worth. However, the total financing amount shall not exceed 100% of the Company’s net worth.</del></p> <p>Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares are exempt from the restriction in item 1, paragraph 4.</p>	
Article 6	<p>Operating Procedures (Item 1 is omitted)</p> <p>II. Procedures for Endorsements and Guarantees:</p> <p>(1) When an endorsed or guaranteed entity intends to utilize an amount within the approved endorsement or guarantee limit, it shall submit basic corporate and financial information along with a completed application form to the Company’s Finance Department. The Finance Department shall conduct a thorough evaluation and perform credit investigations. Evaluation items shall include the necessity and</p>	<p>Operating Procedures (Item 1 is omitted)</p> <p>II. Procedures for Endorsements and Guarantees:</p> <p>(1) When an endorsed or guaranteed entity intends to utilize an amount within the approved endorsement or guarantee limit, it shall submit basic corporate and financial information along with a completed application form to the Company’s Finance Department. The Finance Department shall conduct a thorough evaluation and perform credit investigations. Evaluation items shall include the necessity and</p>	<p>Amendments in Compliance with Company Best Practice Principle</p>

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>reasonableness of the endorsement or guarantee; whether the amount is commensurate with the transaction amount arising from business dealings; the impact on the Company's operational risks, financial position, and shareholders' equity; and whether collateral is required and the valuation of such collateral.</p> <p>(2) The responsible personnel of the Company's Finance Department shall compile the relevant information and evaluation results from the preceding paragraph. If, at the time of providing the endorsement or guarantee, the cumulative balance does not exceed 30% of the Company's net worth for the current period, the case shall be submitted to the Chairperson for approval and subsequently presented to the next meeting of the Board of Directors for ratification. If the cumulative balance has exceeded 30% of the Company's net worth, the case shall be submitted to the Board of Directors for resolution and processed in accordance with the board's decision. In the event that the total amount of endorsements and guarantees to be made by the Company and its subsidiaries reaches <b>50%</b> or more of the Company's net worth, the necessity and reasonableness thereof shall be explained at the shareholders' meeting.</p> <p>(3) The Finance Department shall maintain a dedicated register for endorsements and guarantees, which shall include the following details for record-keeping: the entity receiving the endorsement or guarantee, the amount, the date of approval by the board of directors or the chairperson, the date the endorsement or guarantee was provided, items requiring prudent evaluation pursuant to these procedures, details and appraised value of the collateral (if any), and the conditions and date for release from the endorsement or guarantee obligation.</p>	<p>reasonableness of the endorsement or guarantee; whether the amount is commensurate with the transaction amount arising from business dealings; the impact on the Company's operational risks, financial position, and shareholders' equity; and whether collateral is required and the valuation of such collateral.</p> <p>(2) The responsible personnel of the Company's Finance Department shall compile the relevant information and evaluation results from the preceding paragraph. If, at the time of providing the endorsement or guarantee, the cumulative balance does not exceed 30% of the Company's net worth for the current period, the case shall be submitted to the Chairperson for approval and subsequently presented to the next meeting of the Board of Directors for ratification. If the cumulative balance has exceeded 30% of the Company's net worth, the case shall be submitted to the Board of Directors for resolution and processed in accordance with the board's decision. In the event that the total amount of endorsements and guarantees to be made by the Company and its subsidiaries reaches <del>50</del> <u>45%</u> or more of the Company's net worth, the necessity and reasonableness thereof shall be explained at the shareholders' meeting.</p> <p>(3) The Finance Department shall maintain a dedicated register for endorsements and guarantees, which shall include the following details for record-keeping: the entity receiving the endorsement or guarantee, the amount, the date of approval by the board of directors or the chairperson, the date the endorsement or guarantee was provided, items requiring prudent evaluation pursuant to these procedures, details and appraised value of the collateral (if any), and the conditions and date for release from the endorsement or guarantee obligation.</p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>(4) When the endorsed or guaranteed entity repays its obligations, it shall notify the Company to facilitate the release of the Company's guarantee responsibility. This shall also be recorded in the endorsement and guarantee register.</p> <p>(5) The Finance Department shall periodically assess and recognize any contingent losses arising from endorsements and guarantees. Such information shall be appropriately disclosed in the Company's financial statements. Relevant information shall also be provided to the certified public accountants for them to perform the necessary audit procedures and issue an appropriate audit opinion.</p>	<p>(4) When the endorsed or guaranteed entity repays its obligations, it shall notify the Company to facilitate the release of the Company's guarantee responsibility. This shall also be recorded in the endorsement and guarantee register.</p> <p>(5) The Finance Department shall periodically assess and recognize any contingent losses arising from endorsements and guarantees. Such information shall be appropriately disclosed in the Company's financial statements. Relevant information shall also be provided to the certified public accountants for them to perform the necessary audit procedures and issue an appropriate audit opinion</p>	
Article 8	<p>Operational Controls</p> <p>I. Lending of Funds to Others:</p> <p>(1) In the event that a case involving the lending of funds to others is initiated, the Finance Department shall conduct a thorough review of the borrower's intended use of funds, collateral conditions, and the potential impact on the Company's operational risk, financial condition, and shareholders' equity. A formal proposal shall be completed, specifying the maximum loan amount, loan term, interest calculation method, or clearly stating the reason for rejection. The case shall then be forwarded to the Strategic Development Unit for due diligence and asset appraisal. Upon obtaining confirmation and consent, the case shall be submitted for approval by the general manager and chairperson in accordance with internal regulations, and then presented to the board of directors for resolution.</p> <p>(2) For loan renewal cases, in addition to following the aforementioned review and due diligence procedures, credit investigations</p>	<p>Operational Controls</p> <p>I. Lending of Funds to Others:</p> <p>(1) In the event that a case involving the lending of funds to others is initiated, the Finance Department shall conduct a thorough review of the borrower's intended use of funds, collateral conditions, and the potential impact on the Company's operational risk, financial condition, and shareholders' equity. A formal proposal shall be completed, specifying the maximum loan amount, loan term, interest calculation method, or clearly stating the reason for rejection. The case shall then be forwarded to the Strategic Development Unit for due diligence and asset appraisal. Upon obtaining confirmation and consent, the case shall be submitted for approval by the general manager and chairperson in accordance with internal regulations, and then presented to the board of directors for resolution.</p> <p>(2) For loan renewal cases, in addition to following the aforementioned review and due diligence procedures, credit investigations</p>	

Article	Original Provision	Amended Provision	Reasons for Amendment
	<p>shall be conducted <del>semi-annually or annually</del> within the loan term. The results shall be submitted to the authorized supervisors for approval in accordance with the prescribed reporting procedures</p> <p>(3) The borrower shall provide collateral of equivalent value. Acceptable collateral may include real estate, movable property, or time deposits pledged at a certain ratio, as determined by the approval terms. Regardless of the type of collateral provided, a promissory note equivalent to the amount of the obligation shall be issued. Whether such promissory note requires endorsement by another company or legal entity shall be determined based on the conditions of approval. The collateral shall be appraised by the Company's <del>legal person</del>. For loan amounts exceeding NT\$100 million, if the collateral is real estate, an external professional appraisal institution shall be engaged to conduct the valuation. The appraisal fee shall be borne by the loan applicant, regardless of whether the loan is ultimately granted. Once the appraisal is completed, and prior to the disbursement of the loan, the Finance Department shall engage a notary or legal agent to carry out the mortgage registration procedures for real estate collateral or to complete the pledge registration for time deposits at the bank, in order to safeguard the collateral.</p> <p>(The following is omitted.)</p>	<p>shall be conducted <del>semi-annually or annually</del> within the loan term. The results shall be submitted to the authorized supervisors for approval in accordance with the prescribed reporting procedures</p> <p>(3) The borrower shall provide collateral of equivalent value. Acceptable collateral may include real estate, movable property, or time deposits pledged at a certain ratio, as determined by the approval terms. Regardless of the type of collateral provided, a promissory note equivalent to the amount of the obligation shall be issued. Whether such promissory note requires endorsement by another company or legal entity shall be determined based on the conditions of approval. The collateral shall be appraised by the Company's <del>legal person</del> <u>Strategy Development Department</u>. For loan amounts exceeding NT\$100 million, if the collateral is real estate, an external professional appraisal institution shall be engaged to conduct the valuation. The appraisal fee shall be borne by the loan applicant, regardless of whether the loan is ultimately granted. Once the appraisal is completed, and prior to the disbursement of the loan, the Finance Department shall engage a notary or legal agent to carry out the mortgage registration procedures for real estate collateral or to complete the pledge registration for time deposits at the bank, in order to safeguard the collateral.</p> <p>(The following is omitted.)</p>	

## Zeng Hsing Industrial Co., Ltd.

## Comparison Table of Amendment to the “Rules for Election of Directors”

Article	Original Provision	Amended Provision	Reasons for Amendment
Article 1	To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 22 and 41 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies	To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles <del>22</del> 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies	Amendments in compliance with the revisions of the law.
Article 5	Elections of directors 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 provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, governing the review of listings, 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.	Elections of directors <del>adopt</del> <u>shall be conducted</u> in accordance with the candidate nomination system and <u>procedures</u> 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 provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, governing the review of listings, 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.	Amendments in compliance with the revisions of the law.
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.	The <del>nominal-cumulative</del> 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.	Amendments in compliance with the revisions of the law.
Article 8	In accordance with the Company’s Articles of Incorporation, the Company’s director will calculate independent director and directors’ election right separately. If two	In accordance with the Company’s Articles of Incorporation, the Company’s director will calculate independent director and directors’ election right separately. If two	

Article	Original Provision	Amended Provision	Reasons for Amendment
	or more people have the same number of votes and exceed the prescribed numbers, the director will be determined by drawing from the person with the same number of votes. If they did not be present, the chairman will help them to draw.	or more people have the same number of votes and exceed the prescribed numbers, the director will be determined by drawing from the person with the same number of votes. If they did not be present, the chairman will help them to draw.	
Article 10	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the right holder</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate check shows that the candidate's name and identity card number do not match.</li> <li>5. Other words of voting rights allotted.</li> </ol>	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the right holder</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate check shows that the candidate's name and <u>the nominee list of board of directors</u> do not match.</li> <li>5. Other words of voting rights allotted.</li> </ol>	Amendments in compliance with the revisions of the law.

## Appendix 1

### Zeng Hsing Industrial Co., Ltd.

#### **Articles of Incorporation (Before amendment)**

- 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.CBO1010 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.

#### 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 200% of the Company's net worth.

3. The amount of individual securities investment shall not exceed 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 used for business purposes 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). The analysis report shall 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 real property not for business use shall refer to the announced market value, assessed value, and the actual transaction prices of neighboring properties. The transaction terms and price shall be decided, and an

analysis report shall be submitted to the chairman of the Board. For amounts of NT\$5 million (inclusive) or less, approval from the chairman is required, and a report must be submitted at the next board meeting. For amounts exceeding NT\$5 million, approval from the Board is required prior to the transaction.

(3) 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.

### 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:

a. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.

b. 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. 77

(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:

a. 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.

b. 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:

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

i. 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.

ii. 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.

b. 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 79 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:

a. 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.

b. Audit Committee shall comply with Article 218 of the Company Act.

c. 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:

- a. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- b. 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.
- c. 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.
- d. 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

a. 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).

b. 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 personnel 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

a. 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.

b. 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.<sup>82</sup>

c. 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

a. 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.

b. 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

a. 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.

b. 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:

a. Primarily well-known financial institutions both domestically and internationally.

b. Trading instruments: Limited to products offered by well-known financial institutions both domestically and internationally.

c. 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:

- a. Adherence to authorized limits, operational procedures, and inclusion in internal audits should be strictly followed to mitigate operational risks.
- b. The personnel involved in derivative transactions, confirmation, and delivery operations must not hold multiple positions simultaneously.
- c. 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.
- d. 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.

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(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:

a. 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.

b. 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:

a. 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).

b. Key dates: including the dates of signing letters of intent or memoranda, engaging financial or legal advisors, signing contracts, and board meetings.

c. 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 86 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:

- a. 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.
- b. Actions that involve the disposal of significant company assets or other activities that impact the financial operations of the company.
- c. Incidents such as major disasters, significant technological changes, or other events that affect the shareholders' equity or the securities' prices of the company.
- d. 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.
- e. Changes in the entities or households participating in merger, demerger, acquisition, or share transfer.
- f. 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:

- a. Default handling
- b. Treatment principles for previously issued equity securities or repurchased treasury stocks of companies dissolved or divided due to mergers.
- c. Quantity and handling principles for repurchasing treasury stocks after the base date for calculating the exchange ratio.
- d. Handling methods for changes in participating entities.
- e. Planned execution progress and expected completion schedule.
- f. 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:

a. Buying and selling domestic bonds or foreign bonds with credit ratings not lower than the sovereign credit rating level of Taiwan.

b. 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.

a. Each transaction amount.

b. The cumulative amount of transactions with the same counterparty involving the acquisition or disposition of the same type of assets within one year.

c. 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.

d. 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:

a. Changes, terminations, or cancellations of relevant contracts signed for the original transaction.

b. Failure to complete mergers, divisions, acquisitions, or transfers of shares according to the scheduled timetable in the contract.

c. 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.

Article19: Additional provision This procedure shall be governed by relevant laws and regulations in matters not covered herein.

## Appendix 4

### Zeng Hsing Industrial Co., Ltd.

#### Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees

##### (Before Amendments)

###### Article 1: Purpose

These Procedures are specifically formulated to provide guidelines for the Company's provision of loans to others and endorsements and guarantees for others. However, if otherwise stipulated by financial-related laws and regulations, such provisions shall prevail.

###### 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 relevant regulations issued by the Financial Supervisory Commission.

###### Article 3: Scope of Application:

###### 1. The Company's lending targets:

- (1) The lending targets must be companies or business entities that have business dealings with the company or require short-term financing.
- (2) Companies or business entities requiring short-term financing are limited to the following situations:
  - a. Companies in which the company holds more than 20% of the shares and require financing for business purposes.
  - b. Other entities approved by the company's Board of Directors for lending.

###### 2. Endorsements and Guarantees:

The endorsements and guarantees mentioned in these procedures include three categories:

- (1) Financing Endorsements and Guarantees: Refers to endorsements or guarantees provided for commercial paper discounting financing, for the purpose of financing another company, or for the purpose of financing the company by issuing notes as collateral for non-financial businesses.
- (2) Customs Endorsements and Guarantees: Refers to endorsements or guarantees related to customs matters involving the company or another company.
- (3) Other Endorsements and Guarantees: Refers to endorsements or guarantees that cannot be categorized into the above two types.

###### 3. Endorsement and Guarantee Targets:

- (1) Companies with which the company has business dealings.
- (2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.

(3) Companies that directly or indirectly hold more than 50% of the voting shares of the company.

The Company may provide endorsements and guarantees between companies in which it directly or indirectly holds more than 90% of the voting shares, but the amount shall not exceed 10% of the company's net worth. However, endorsements and guarantees between companies in which the company directly or indirectly holds 100% of the voting shares are exempt from this limit.

4. Subsidiaries and Parent Companies:

The terms "subsidiaries" and "parent companies" shall be defined according to the regulations for financial reporting standards for securities issuers. If the company's financial reports are prepared according to the International Financial Reporting Standards (IFRS), the "net worth" referred to in these procedures shall be the equity attributable to the owners of the parent company as defined in the financial statements prepared according to the securities issuer's financial reporting standards.

Article 4: Loan and Endorsement Guarantee Limits:

1. If the recipient of the Company's funding is a company or business entity with which the Company has business transactions, the individual loan amount shall not exceed the higher of the total purchase or sales amount between both parties in the preceding year.

2. For any recipient of the Company's funding, whether or not they have ongoing business dealings or require short-term financial assistance, the individual limit for each recipient shall not exceed 20% of the Company's total available loan funds; the financing amount shall not exceed 40% of the company's net worth.

3. The total amount of endorsements and guarantees provided by the Company shall not exceed 40% of the current net worth. The endorsement and guarantee amount for a single entity shall not exceed 20% of the current net worth; however, for a single overseas affiliate company, the limit shall be 30% of the current net worth. If the endorsement or guarantee is provided due to business relations, the amount shall not exceed the total transactions with the company in the previous year (whichever is higher between the total purchase or sales amount between the parties)

4. The total amount of endorsements and guarantees provided by the company and its subsidiaries shall not exceed 45% of the current net worth, and the endorsement and guarantee amount for a single entity shall not exceed 30% of the current net worth.

The term "short-term" referred to above means one year; the term "financing amount" refers to the accumulated balance of short-term financing.

Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or foreign companies where the Company directly or indirectly has 100% of the voting shares, are exempt from the restriction in item 1, paragraph 2. However, the limit and duration of the funding loan must still be set according to the provisions of Article 6, Paragraph 1.

Endorsements or guarantees provided by foreign companies in which the Company directly or indirectly holds 100% of the voting shares are exempt from the restriction in item 1, paragraph 3.

#### Article 5: Decision-Making and Authorization Hierarchy

1. The board of directors is the approving authority for the Company's provision of loans to others. Any such loan may not be executed without prior approval by the board of directors. Loans between the Company and its subsidiaries, or between subsidiaries, shall also be submitted to the board of directors for resolution in accordance with the aforementioned requirements. The Board may authorize the Chairman to disburse or utilize the loan in installments or on a revolving basis within a certain amount and within a period not exceeding one year, for the same loan recipient as resolved by the Board.

The term "certain amount" as mentioned above, unless in accordance with Paragraph 3, Article 4, shall not exceed 10% of the net worth stated in the most recent financial statements of the Company for each individual loan to a single enterprise by the Company or its subsidiaries.

2. Any endorsement and/or guarantee provided by the Company must be approved in advance by the board of directors. However, to meet time-sensitive needs, the Board may authorize the Chairman to make decisions in advance within 30% of the Company's current net worth, with subsequent ratification at the next Board meeting, and such activities shall be reported to the shareholders' meeting for reference.

Nonetheless, where a subsidiary in which the Company directly and indirectly holds 90% or more of the voting shares intends to make endorsements or guarantees in accordance with Subparagraph 3, Paragraph 1 of Article 3, such endorsements or guarantees shall also be subject to approval by the Company's Board of Directors prior to execution. This requirement does not apply to endorsements or guarantees between companies in which the Company directly and indirectly holds 100% of the voting shares.

When providing loans or endorsements/guarantees, the opinions of all independent directors shall be fully considered. Any dissenting or qualified opinions from independent directors must be recorded in the minutes of the board meeting.

#### Article 6: Operating Procedures

##### 1. Operational Procedures for Lending of Funds to Others:

(1) When providing loans to others, the Finance Department shall be responsible for conducting a credit review of the borrower and for drafting the maximum loan amount, loan term, interest calculation method, approval process, and contract execution procedures. The Finance Department shall also designate personnel to maintain and safeguard the records and related documentation of the lending activities.

(2) After the loan has been approved by resolution of the board of directors, the Finance Department shall be responsible for the disbursement of funds and the collection of principal and interest upon maturity.

(3) The Finance Department shall submit reports on the lending of funds to others to the relevant authorities in accordance with the deadlines and reporting formats prescribed by the Financial Supervisory Commission, Executive Yuan.

(4) The Strategic Development Department shall be responsible for conducting due diligence and credit investigations, as well as serving as the appraisal unit for lending cases.

## 2. Procedures for Endorsements and Guarantees:

(1) When an endorsed or guaranteed entity intends to utilize an amount within the approved endorsement or guarantee limit, it shall submit basic corporate and financial information along with a completed application form to the Company's Finance Department. The Finance Department shall conduct a thorough evaluation and perform credit investigations. Evaluation items shall include the necessity and reasonableness of the endorsement or guarantee; whether the amount is commensurate with the transaction amount arising from business dealings; the impact on the Company's operational risks, financial position, and shareholders' equity; and whether collateral is required and the valuation of such collateral.

(2) The responsible personnel of the Company's Finance Department shall compile the relevant information and evaluation results from the preceding paragraph. If, at the time of providing the endorsement or guarantee, the cumulative balance does not exceed 30% of the Company's net worth for the current period, the case shall be submitted to the Chairperson for approval and subsequently presented to the next meeting of the Board of Directors for ratification. If the cumulative balance has exceeded 30% of the Company's net worth, the case shall be submitted to the Board of Directors for resolution and processed in accordance with the board's decision. In the event that the total amount of endorsements and guarantees to be made by the Company and its subsidiaries reaches 50% or more of the Company's net worth, the necessity and reasonableness thereof shall be explained at the shareholders' meeting.

(3) The Finance Department shall maintain a dedicated register for endorsements and guarantees, which shall include the following details for record-keeping: the entity receiving the endorsement or guarantee, the amount, the date of approval by the board of directors or the chairperson, the date the endorsement or guarantee was provided, items requiring prudent evaluation pursuant to these procedures, details and appraised value of the collateral (if any), and the conditions and date for release from the endorsement or guarantee obligation.

(4) When the endorsed or guaranteed entity repays its obligations, it shall notify the Company to facilitate the release of the Company's guarantee responsibility. This shall also be recorded in the endorsement and guarantee register.



- (5) The Finance Department shall periodically assess and recognize any contingent losses arising from endorsements and guarantees. Such information shall be appropriately disclosed in the Company's financial statements. Relevant information shall also be provided to the certified public accountants for them to perform the necessary audit procedures and issue an appropriate audit opinion.

Article 7: Seal Custody and Procedures

The official corporate seal used exclusively for endorsements and guarantees shall be the company seal registered with the Ministry of Economic Affairs. The seal shall be kept by a designated person approved by the board of directors, and any change in the custodian shall also be subject to Board approval. The affixing of the seal or issuance of negotiable instruments in connection with endorsements or guarantees shall be carried out in accordance with the Company's prescribed operating procedures. In the case where the Company provides a guarantee for a foreign company, the guarantee letter issued by the Company shall be signed by a person authorized by the Board of Directors.

Article 8: Operational Controls

1. Lending of Funds to Others:

- (1) In the event that a case involving the lending of funds to others is initiated, the Finance Department shall conduct a thorough review of the borrower's intended use of funds, collateral conditions, and the potential impact on the Company's operational risk, financial condition, and shareholders' equity. A formal proposal shall be completed, specifying the maximum loan amount, loan term, interest calculation method, or clearly stating the reason for rejection. The case shall then be forwarded to the Strategic Development Unit for due diligence and asset appraisal. Upon obtaining confirmation and consent, the case shall be submitted for approval by the general manager and chairperson in accordance with internal regulations, and then presented to the board of directors for resolution.
- (2) For loan renewal cases, in addition to following the aforementioned review and due diligence procedures, credit investigations shall be conducted semi-annually or annually within the loan term. The results shall be submitted to the authorized supervisors for approval in accordance with the prescribed reporting procedures
- (3) The borrower shall provide collateral of equivalent value. Acceptable collateral may include real estate, movable property, or time deposits pledged at a certain ratio, as determined by the approval terms. Regardless of the type of collateral provided, a promissory note equivalent to the amount of the obligation shall be issued. Whether such promissory note requires endorsement by another company or legal entity shall be determined based on the conditions of approval. The collateral shall be appraised by the Company's legal person. For loan amounts exceeding NT\$100 million, if the

collateral is real estate, an external professional appraisal institution shall be engaged to conduct the valuation. The appraisal fee shall be borne by the loan applicant, regardless of whether the loan is ultimately granted. Once the appraisal is completed, and prior to the disbursement of the loan, the Finance Department shall engage a notary or legal agent to carry out the mortgage registration procedures for real estate collateral or to complete the pledge registration for time deposits at the bank, in order to safeguard the collateral.

- (4) After the lending case has been approved by the Board of Directors, the Finance Department shall proceed with the contract signing with the borrower in accordance with its authority and responsibility and in compliance with the company's seal usage regulations. After the contract is signed, the Finance Department may disburse the loan either in full or in installments based on the borrower's funding needs. The borrower may also repay the loan in full or in installments; however, the outstanding loan balance shall not exceed the maximum amount and repayment period approved by the board of directors.
- (5) The maximum loan term shall be one year, and the interest rate shall not be lower than the highest short-term borrowing rate the Company obtains from financial institutions.
- (6) If the collateral provided for the loan is not land or marketable securities, fire insurance must be purchased, with the Company designated as the beneficiary.
- (7) Upon loan maturity, the Finance Department shall notify the borrower to repay in accordance with the contract. After repayment, if it is necessary to release the collateral or pledge, the Finance Department shall handle the discharge procedures upon approval by the authorized supervisor based on an official proposal.
- (8) A register shall be established for fund lending transactions to record in detail the borrower, loan amount, date of Board approval, disbursement date, and the matters requiring prudent assessment in accordance with the preceding Article. A designated person in the Finance Department shall be responsible for the custody of such records.
- (9) After the loan is disbursed, the Company shall regularly monitor the financial, business, and credit status of the borrower and guarantor. If collateral is provided, the collateral value shall be reviewed for significant changes. Any material changes shall be immediately reported to the board of Directors for appropriate action.
- (10) When the borrower repays the loan at or before maturity, interest payable shall be calculated and settled along with the principal. Only after full repayment shall the promissory note, IOU, or mortgage be returned or released.

- (11) If the borrower is unable to repay the loan on the maturity date and wishes to extend the loan, an extension application must be submitted in advance and approved by the board of directors. Without such approval, the borrower must repay the full principal and interest immediately, or the Company shall take legal action to recover the loan.
- (12) If, due to changes in circumstances, the lending target no longer complies with these procedures or the outstanding balance exceeds the limits, a corrective plan shall be drawn up. The plan shall be submitted to the Audit Committee for review and implemented according to the proposed timeline, with progress reported to the board of directors.

2. Endorsements and Guarantees:

- (1) If, due to changes in circumstances, the counterparty of the Company's endorsement or guarantee no longer complies with these operational procedures, or the amount exceeds the prescribed limit, the Company shall formulate a corrective plan, submit the plan to the Audit Committee for review, and complete the corrective actions in accordance with the scheduled timeline. The implementation status shall also be reported to the Board of Directors.
- (2) If, due to business needs, the Company deems it necessary to exceed the limits set forth in these Procedures while still complying with the conditions therein, such action shall be approved by the board of directors. A majority of the Directors shall jointly assume named guarantee liability for potential losses incurred from exceeding the limit. The Procedures shall be amended accordingly and submitted to the shareholders' meeting for ratification. If the shareholders' meeting does not approve, a plan shall be established to eliminate the excess amount within a specified timeframe. During board discussion of such matters, the opinions of each independent director shall be fully considered, and their explicit approvals or objections, as well as reasons for any opposition, shall be recorded in the meeting minutes.
- (3) If the counterparty of the endorsement or guarantee is a subsidiary whose net worth is less than half of its paid-in capital, specific subsequent control measures must be clearly defined.
- (4) If the shares of a subsidiary have no par value or a par value other than NT\$10 per share, the "paid-in capital" referenced in the preceding subparagraph 3 shall be calculated as the sum of capital stock and capital surplus – additional paid-in capital.

- 3. The Company's internal auditors shall audit the procedures and execution of lending funds to others and of endorsements and guarantees at least quarterly. Written records of such audits shall be maintained. In the event any material violation is found, the Audit Committee shall be immediately notified in writing.

## Article 9: Reporting and Disclosure Requirements

1. The Company shall disclose and report the balances of endorsements/guarantees and loans to others by the Company and its subsidiaries for the previous month via the information reporting website designated by the Financial Supervisory Commission (FSC) no later than the 10th day of each month. The “date of occurrence” referred to in these Procedures shall mean whichever of the following dates comes first: the contract signing date, payment date, resolution date of the Board of Directors, or any other date that can confirm the counterparty and amount of the loan or endorsement/guarantee.
2. If the Company’s lending of funds to others meets any of the following criteria, public disclosure and filing shall be completed within two (2) days from the date of occurrence:
  - (1) The total outstanding balance of loans to others by the Company and its subsidiaries reaches 20% or more of the Company’s net worth as shown in the latest financial statements.
  - (2) The outstanding balance of loans to a single entity by the Company and its subsidiaries reaches 10% or more of the Company’s net worth as shown in the latest financial statements.
  - (3) The newly granted loan by the Company or any subsidiary reaches NT\$10 million or more and 2% or more of the Company’s net worth as shown in the latest financial statements.
3. If the Company’s endorsements or guarantees meet any of the following criteria, public disclosure and filing shall be completed within two (2) days from the date of occurrence:
  - (1) The total outstanding balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company’s net worth as shown in the latest financial statements.
  - (2) The outstanding balance of endorsements/guarantees to a single entity by the Company and its subsidiaries reaches 20% or more of the Company’s net worth as shown in the latest financial statements.
  - (3) The outstanding balance of endorsements/guarantees to a single entity by the Company and its subsidiaries reaches NT\$10 million or more, and the aggregate of such endorsements/guarantees, investments accounted for using the equity method, and loans to such entity reaches 30% or more of the Company’s net worth as shown in the latest financial statements.
  - (4) The newly provided endorsement or guarantee by the Company or any subsidiary reaches NT\$30 million or more and 5% or more of the Company’s net worth as shown in the latest financial statements.
4. For subsidiaries of the Company that are not domestic public companies, any matters falling under Subparagraph 3 of Item 2 or Subparagraph 4 of Item 3 above shall be disclosed and filed by the Company on their behalf.
5. The Company shall evaluate the lending of funds and allocate sufficient allowance for bad debts. Relevant information shall be properly disclosed in the financial reports and provided to the certifying CPA for necessary audit procedures.
6. The Company shall assess or recognize any potential losses from endorsements/guarantees and disclose related information appropriately in the financial reports. Relevant information shall also be provided to the certifying CPA for necessary audit procedures.
7. The term “public disclosure and filing” referred to in these Procedures means inputting information into the designated information reporting system of the Financial Supervisory Commission.

Article10: Control Procedures for Subsidiaries in Handling Loans to Others and Endorsements/Guarantees

1. If any subsidiary of the Company intends to provide loans to others or make endorsements/guarantees, the subsidiary shall establish its own "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" in accordance with these Procedures, and shall act in accordance with the procedures so established.
2. Each subsidiary shall prepare a statement detailing its loans to others and endorsements/guarantees for the previous month and submit it to the Company for review before the 10th day of each month (exclusive).
3. Internal auditors of each subsidiary shall audit the procedures for endorsements/guarantees and loans to others, and their implementation at least once every quarter, and shall produce written records. If any material violations are discovered, the internal auditors shall immediately notify the Company's audit unit in writing. The Company's audit unit shall submit the written materials to the Audit Committee.
4. When the Company's internal auditors conduct audits at subsidiaries in accordance with the annual audit plan, they shall also examine the implementation status of the subsidiaries' procedures for endorsements/guarantees and loans to others. Any deficiencies found shall be tracked continuously until rectification, and a follow-up report shall be submitted to the general manager.

Article11: Penalties

In the event that the Company's managers or responsible personnel violate these procedures, they shall be evaluated in accordance with the Company's relevant regulations. Penalties shall be imposed based on the severity of the violation, and any illegal conduct shall be prosecuted according to the law.

Article12: Implementation and Revision

1. This procedure shall be implemented after being approved by more than half of all members of the Audit Committee and the board of directors, and subsequently submitted for approval by the shareholders' meeting. If any director expresses dissent with a recorded statement or written declaration, the company shall present the dissenting opinion to the shareholders' meeting for discussion. The same applies in the case of revisions.
2. If the procedure has not been approved by more than half of the members of the Audit Committee as stated in the previous paragraph, it may be carried out if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.
3. All members of the Audit Committee" and "all directors" as referred to in the preceding paragraphs shall be calculated based on those currently in office.

## Appendix 5

### Zeng Hsing Industrial Co., Ltd.

#### Rules for Election of Directors

##### (Before Amendment)

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/TPEX Listed Companies.

Article 2: Except as otherwise provided by law and regulation or by the Company'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 Company'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 the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4: The qualifications for the independent directors of the Company 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/TPEX Listed Companies.

Article 5: Elections of directors 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 the Company's Articles of Incorporation, the Company 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 provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, governing the review of listings, 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 shareholder.

Article 8: In accordance with the Company's Articles of Incorporation, the Company's director will calculate independent director and directors' election right separately. If two or more people have the same number of votes and exceed the prescribed numbers, the director will be determined by drawing from the person with the same number of votes. If they did not be present, the chairman will help them to draw.

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 check shows that the candidate's name and identity card number do not match.

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 the Company 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 6

### 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	1,984,129	
Director	Chung-Ting Tsai	904,305	
Director	Meng-Chung Ho	1,029,261	
Director	Chin-Tan Lee	666,608	
Independent Director	Hui-Yu Huang	0	
Independent Director	Young-Yaw Pai	0	
Independent Director	Yung-Sheng Hsu	0	
Total Shares Held by All Directors		6,463,157	

Thank you for attending the shareholders'  
meeting!

We sincerely appreciate your feedbacks!