

Stock Code: 8996



KAORI HEAT TREATMENT CO., LTD

## **2024 Annual General Shareholders' Meeting**

# **Agenda Handbook**

Convening Method: Physical Shareholders' Meeting

Meeting Date: June 20, 2024

Location: No.5-2, Chi-Lin North Road, Chung-Li District,

Taoyuan City, Taiwan (Large conference room on 5F of the operational headquarters at the head office)

Note to Readers:

If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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**KAORI HEAT TREATMENT CO., LTD**  
**Procedure for the 2024 Annual General Shareholders' Meeting**

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion
6. Extempore Motions
7. Adjournment

# **KAORI HEAT TREATMENT CO., LTD**

## **Agenda for the 2024 Annual General Shareholders' Meeting**

Time: 9:30 a.m., Tuesday, June 20, 2024

Location: No.5-2, Chi-Lin North Road, Chung-Li District, Taoyuan City,

Taiwan(Large conference room on 5F of the operational headquarters at the head office)

### **1. Call the Meeting to Order**

### **2. Chairman's Address**

### **3. Report Items:**

- (1) 2023 Business Reports.
- (2) 2023 Audit Committee's Review Reports.
- (3) Report on Remuneration Distribution to Employee and Director for Year 2023.
- (4) Report on Shareholders' Dividend and Bonus Distribution for Year 2023.
- (5) Report on the Implementation of the Fourth Issuance of Unsecured Convertible Corporate Bonds in Domestic Market for the Year 2023.
- (6) Report on Remuneration to Directors for the Year 2023.
- (7) Report on Purchasing and Selling Goods, Providing Labor or Technical Services to Related Parties for Year 2023.
- (8) Report on Amendments to the Company's Procedure for Board Meetings.

### **4. Ratification Items:**

- (1) Business Report and Financial Statements for Year 2023.

### **5. Discussion:**

- (1) Amendments to the Company's Articles of Incorporation.
- (2) Amendments to the Company's Procedures for the Shareholders' Meetings.

### **6. Extempore Motions:**

### **7. Adjournment**

## **Report Items**

Item 1:

Proposal: To report the 2023 Business Reports for review.

Description: Please refer to page 8 to 11 of “Attachment 1” in this Agenda Handbook for the 2023 Business Report of the Company.

Item 2:

Proposal: To report the 2023 Audit Committee’s Review Reports for review.

Description: Please refer to page 12 of “Attachment 2” in this Handbook for the 2023 Audit Committee’s Review Reports.

Item 3:

Proposal: To report the Remuneration Distribution to Employee and Director for Year 2023 for review.

Description: 1. According to the Articles of Incorporation of the Company, if the Company makes profits in the year, it shall set aside not less than 2% as the remuneration for employees and not more than 5% as the remuneration for directors.

2. The Company’s net profit before-tax in 2023 is NT\$ 716,722,692, which is to be distributed in accordance with the Articles of Incorporation. It is suggested to distribute NT\$ 15,944,043 for employees and NT\$ 26,573,405 for directors.

Item 4:

Proposal: To report the Shareholders’ Dividend and Bonus Distribution for Year 2023 for review.

Description: 1. The proposal was passed by the Board resolution on March 8, 2024.

2. The Company’s net profit after tax for the year 2023 was NT\$576,526,461, plus an undistributed profit of NT\$202,881,708 at the beginning of the period. After deducting the remeasured amount recognized in the retained surplus of NT\$1,352,205 after determining the welfare plan, and after deducting the statutory reserve of NT\$57,517,426 and the special surplus reserve of NT\$5,401,304, the total available for distribution for this period was NT\$715,137,234. We plan to distribute cash dividends of NT\$4.0 per share, totaling NT\$357,536,320.

The cash (dividend) is calculated to NT\$1 according to the distribution proportion; those less than NT\$1 will be rounded down. The total amount of fractional parts less than NT\$1 is included in the Company’s other income.

3. For the period from March 22, 2024 to March 27 of the same year, 417,076 shares of the Fourth Issuance of Unsecured

Convertible Corporate Bonds in the Domestic Market, resulting in a change in share capital of 89,801,156 shares, the cash dividend distribution rate was changed from the original allotment of NT\$4.0 per share to NT\$3.98142224 per share.

4. Please refer to page 13 for “Attachment 3” for Statement of Distribution of Surplus for Year 2023. The cash dividend was distributed on May 16, 2024.

Item 5:

Proposal: To report the Fourth Issuance of Unsecured Convertible Corporate Bonds in the Domestic Market for Year 2023 for review.

Description: The Company’s Fourth Issuance of Unsecured Convertible Corporate Bonds in the Domestic Market for Year 2023 fully collected the debt of NT\$1,137,963,040 on December 5, 2023, and repaid the loans from financial institutions in the fourth quarter of 2023 according to the fundraising plan, and all the funds have been used up according to the plan.

Item 6:

Proposal: To report Remuneration to Directors for Year 2023 for review.

Description: The Company’s policy, system, standard and structure of remuneration for directors shall state the correlation with the amount of remuneration according to the responsibilities, risks, time invested and other factors:

1. In accordance with the articles of Association of the Company, the remuneration of directors shall be determined by the Board of Directors according to the degree of their participation in the operation of the Company, contributions, and taking into account the standards of the domestic and foreign industry, and shall also specify that the remuneration of directors shall not exceed 5% if any profit is made.
2. The remunerations to the Company’s directors shall be reviewed by the Remuneration Committee by referring to director’s participation in the Company’s operation and contribution and by associating the reasonableness and fairness of performance risks with the remuneration received and by referring to the salary standards of the markets of the same trade before submitting the recommendations to the directors for resolution.
3. Please refer to the “Attachment 4” in page 14 in this Agenda Handbook for the Statement of Directors’ Individual Remuneration for Year 2023.

Item 7:

Proposal: To report the Purchasing and Selling Goods, Providing Labor or Technical Services to Related Parties for Year 2023 for review.

Description: In accordance with Paragraph 1, Article 9 of the Company’s

“Regulations Governing the Financial Transactions between Related Parties”, except for dealers with subsidiary companies, the transaction (transactions with subsidiaries, account balances, income and expenses are fully written off at the time of consolidation) between the Company and other related parties (mainly the remunerations of management) in 2023 was NT \$98196 thousand, which shall be determined by the Remuneration Commission on the basis of individual performance and market performance.

Item 8:

Proposal: To report the Revision of Rules of Procedure for Shareholders’ Meetings for review.

Description: 1. In accordance with official letter of Tai Zheng Shang Yi Tzu No. 1130000762 released on January 12, 2024, part of the Company’s “Rules of Procedure for Shareholders’ Meetings” is accordingly amended.

2. Please refer to page 15 to 16 of “Attachment 5” of this Agenda Handbook for the Comparison Table for Revision of Rules of Procedure for Shareholders’ Meetings.

## **Ratification Items**

Item 1: (Proposed by the Board)

Proposal: To report the Business Report and Financial Statements for Year 2023 for review.

Description: 1. The Company's Statement of Distribution of Surplus for Year 2023, Financial Statements and Consolidated Financial Statements have been audited and reviewed by CPAs Chen, Wen-Hsiang and Liu, Shu-Lin.

2. This proposal was approved by the Board resolution of March 8, 2024, and sent to the Audit Committee for review and completion.

3. Please refer to page 13 of "Attachment 3" in this Agenda Handbook for the Statement of Distribution of Surplus for Year 2023

4. Please refer to pages 8 to 11 for "Attachment 1" and pages 17 to 39 for "Attachment 6" for Business Report and CPA's Audit Report and Financial Statements, respectively.

5. To your ratification.

Resolution:



## **Discussion**

Item 1: (Proposed by the Board)

Proposal: Amendments to the Company's "Articles of Incorporation" for your discussion.

Description: 1. In accordance with official letter of Tai Zheng Zhi Li Tzu No. 11200147631 released on August 23, 2023, part of the Company's "Articles of Incorporation" is accordingly amended.

2. Please refer to page 40 of "Attachment 7" in this Agenda Handbook for the Comparison Table for Revision of the Company's Articles of Incorporation

3. For your discussion and resolution.

Resolution:

Item 2: (Proposed by the Board)

Proposal: Amendments to "Rules of Procedure for Shareholders' Meetings", for your discussion.

Description: 1. Subject to the official letter Tai Zheng Zhi Li Tzu No.11200041671 released on March 17, 2023 and by referring to "Rules of Procedure for Shareholders' Meetings for Company Limited" released by Taipei Stock Change, part of the Company's Rules of Procedure for Shareholders' Meetings is proposed to be amended.

2. Please refer to pages 41 to 54 of "Attachment 8" in this Agenda Handbook for the Comparison Table for Revision of Rules of Procedure for Shareholders' Meetings.

3. For your discussion and resolution.

Resolution:

## **Extempore Motions**

## **Adjournment**

# KAORI HEAT TREATMENT CO., LTD

## 2023 Business Report

2023 was the most impressive year since the establishment of Kaori, with excellent performance in both revenue and profit. The growth of plate heat exchanger was mainly attributed to the pump industry. With the reform of the EU policy, the Company not only continued to grasp the business opportunities in the pump market, but also accelerated the research, development and improvement of other products, and developed cooperation opportunities between other industries and major customers through the exhibitions. Under the increasing climate of global climate and security in recent years, there should be a lot of development room for fuel power cells.

Kaori will usher in its 54<sup>th</sup> anniversary, standing at the peak and looking to the future, which also brings great pressure. This year, in addition to the more mature heat exchanger and fuel cell business units, it is also expected that the Thermal Energy Division will focus on the cloud data center and the solution of the liquid cooling system proposed for the heat solution of the server can be recognized in the AI industry, thereby obtaining orders and growing rapidly. The Company's business situation in the past year and its outlook for this year are now reported as follows:

### 1. Results of the Implementation of 2023 Annual Business Plan:

#### (1) 2023 Individual Financial Report

Unit: NT\$ thousands

Items	2022	2023	Increase/Decrease in Amounts	Increase/Decrease in Ratio (%)
Operating revenue	2,684,398	4,143,285	1,458,887	54.35%
Net operating profit	288,905	664,378	375,473	129.96%
Net profit of the current period	301,020	576,526	275,506	91.52%
Total comprehensive income of the current period	308,234	555,824	247,590	80.33%
Basic EPS (NT\$)	3.37	6.45	3.08	91.39%

#### (2) 2023 Consolidated Financial Report

Unit: NT\$ thousands

Items	2022	2023	Increase/Decrease in Amounts	Increase/Decrease in Ratio (%)
Operating revenue	2,843,540	4,325,671	1,482,131	52.12%
Net operating profit	346,136	711,438	365,302	105.54%
Net profit of the current period	301,020	576,526	275,506	91.52%
Total comprehensive income of the current period	308,234	555,824	247,590	80.33%
Basic EPS (NT\$)	3.37	6.45	3.08	91.39%

### 2. Budget Implementation

The Company did not unveil the financial forecast for 2023. In the actual operation of the individual in 2023, with the Company seizing opportunities in external industries and the

efforts of all internal employees, the results of operating revenue, net operating profit and net profit of the current period were better than the budget target.

### 3. Financial Expenditure and Profitability:

Unit: NT\$ thousand

Items		2023 Individual Financial Reports	2023 Consolidated Financial Reports
Cash Flow	Net cash inflow (outflow) from operating activities	663,232	679,042
	Net cash inflow (outflow) from investing activities	(334,602)	(346,110)
	Net cash inflow (outflow) from financing activities	2,267	2,267
Financial Structure (%)	Ratio of liabilities to assets (%)	43.67	44.01
	Ratio of long-term funds to real property, plants and equipment (%)	214.88	208.48
Solvency (%)	Current Ratio (%)	255.04	271.32
	Quick Ratio (%)	131.96	141.68
Profitability (%)	Return on Assets (%)	13.53	13.43
	Return on Equity (%)	24.21	24.21
	Ratio of net profit before-tax to paid-in capital (%)	80.18	81.63
	Profit Margin (%)	13.91	13.33
	Basic EPS (NT\$)	6.45	6.45

### 4. R&D Status

The Company attaches great importance to the development of new products and new technologies, and invests considerable resources in product and technology research and development every year. Our Company has a considerable level of expertise in heat treatment, and the high quality of vacuum brazing and argon welding enhances the market competitiveness of our two major products, heat exchangers and fuel cells. In response to market demand, the research and development of new products and production technologies focus on automation and energy saving. For successfully developed results, we protect our Company's intellectual property rights through patent applications.

The main research and development plan of the Company this year: relying on T400 products, the Heat Exchanger Division has developed a large ultra-high temperature heat exchanger, and relying on a full range of products, it has developed all-stainless steel welding heat exchangers and a simplified structure of the heat exchanger, facilitating our business to reach a larger market. In addition to continuing to cooperate with Bloom Energy to develop high-efficiency hydrogen generators and hydrogen energy generators, and striving to enter the new century of hydrogen energy with net zero carbon emissions, the Fuel and Cell Division will also focus on more semi-automated production processes to reduce production costs and facilitate the development of other new SOEC/SOFC customers. The Thermal Division continues to focus on cloud data centers and continue to propose solutions for liquid cooling

systems for server heat dissipation; This year, aiming at customers and applications of waste hydrogen purification/recovery cycle economy and hydrogen generator, Hydrogen Energy Division uses the existing PSA purification module and system control technology to build a system in cooperation with various metal reduction process processing manufacturers. In terms of hydrogen generator, this year we plan to provide multiple sets of small portable models to meteorological stations and related research units, and have begun to cooperate and plan a solar energy + energy storage + fuel cell power generation system, which will be built on marine piles.

## 5. Summary of 2024 Business Plans

### (1). Business Policies

1. Strengthening process and product design capabilities, actively developing new products or technologies in response to new product capacity requirements, and continuously investing in research and development are the best strategies to implement the sustainable development of the Company.
2. Develop corresponding products for the application of special industries, seize the niche market, and actively strive for cooperation with large-scaled foreign equipment manufacturers and major agent manufacturers to expand distribution bases and sales territory. Through overseas exhibitions and the use of social networks, we will strive to seize the domestic and foreign sales market and increase market share. And we also expand the sales channel through the alliance of dealers, and actively use the network sales to build up and enhance the brand visibility.

### (2). Expected Sales Quantity and its Basis

The expected sales budget of the Company is based on the existing orders according to customer demand, as well as market analysis status and overall operating production and marketing plan report. We hope that the overall operation of the Company in 2024 will remain a stable growth.

### (3). Important Production and Sales Policies

1. Improving product quality, and continued expansion of production bases and production equipment.
2. Active expansion of domestic and export markets, seeking OEM opportunities from major international players, and continued strengthening of production and sales capabilities of the Company's overseas subsidiaries.

## 6. Future Development Strategies of the Company

To achieve operating growth targets, committed to the overall equipment capacity and efficiency to meet the needs of future shipment growth, the focus of the Company in the next few years is mainly on the expansion of heat exchanger products, liquid cooling modules for server, hydrogen fuel cell products business development. Most of the Company's planned capital expenditures for vacuum furnaces and automation equipment in 2022 have been installed, tested and accepted in 2023. The expansion of these production lines and the increased capacity can meet the needs of the rapid growth of market demand.

Focusing on R290 products, the Heat Exchanger Division continues to develop the heat

pump market in Europe, the United States and Japan, accelerating the research and development of all stainless steel welding products and high temperature H series products to develop the hydrogen energy industry market. In cooperation with Bloom Energy, a major customer, the Fuel and Cell Division continues to improve the quality of the Company's products and services to develop new SOEC/SOFC customers. In addition to the two major businesses of fuel and cell and plate heat exchanger, the Company, based on the core technology of hydrogen energy and heat energy and combined with existing metal processing technologies, has made great efforts in the development of waste hydrogen purification equipment for hydrogen furnace, the development of submerged dielectric liquid cooling tank and various heat dissipation fields to create another opportunity of rising to the top for Kaori

#### 7. The Impact of External Competitive Environment, Regulatory Environment, and Overall Business Environment

ESG has been one of the hot topics in recent years. In response to the depletion of global warming energy, governments around the world are striving to achieve the goals of energy conservation, carbon reduction, and maintaining the ecological environment. In view of the global goal of achieving net zero carbon emissions by 2050, the development of hydrogen energy is one of the important options; as the overall economic environment is affected by several adverse risk factors such as the pandemic, geopolitical tensions, inflation, and persistently high raw material prices, supply chain management for international business development is increasingly important.

Political and economic regulations, policy trends, the external environment and the overall business environment, the business cycle, etc., can be said to be closely related to the company. These effects have not had a significant impact on the company so far. Regarding legal issues, the Company has engaged Lawyer Hsie, Tien-Jen, former Chairman of the Consumers' Foundation, Chinese Taipei as its legal counsel to get important consulting for future legal changes and to reduce the operational risks of legal changes.

Since its founding, Kaori has responded to changes in the external competitive environment with the best core technology, rich experience and excellent management. In the future, all colleagues of the Company will continue to adhere to the business philosophy of "innovation, quality, responsibility and honor", and strive to achieve the Company's operating objectives and maintain the stable growth of the Company, so as to live up to the expectations of shareholders.

Wish all shareholders  
Good health and happiness.

Chairman	WU CHIH HSYONG
General Manager	WANG HSIN WU
Accounting Supervisor	CHANG WAN CHING

## KAORI HEAT TREATMENT CO., LTD Audit Committee's Review Reports

The Board of Directors is permitted hereby to submit the Company's Business Report, Individual Financial Report, Consolidated Financial Report and Statement of Distribution of Surplus of 2023. The Individual Financial Report, Consolidated Financial Report have been jointly audited by two accountants, Chen, Wen-Hsiang and Liu, Shu-Lin of Deloitte & Touche Firm, who were entrusted by the Board of Directors and who issued an audit report thereof. The above-mentioned statements and reports prepared and submitted by the Board of Directors have been verified by the Audit Committee and are deemed complete. Therefore, a report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review these reports.

To

KAORI HEAT TREATMENT CO., LTD

2024 Annual General Shareholders' Meeting

Audit Committee

Member: Hung, Hsiang-Wen

Member: Mao, En-Kuang

Member: Tang, Chi-Yao

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**KAORI HEAT TREATMENT CO., LTD**  
Statement of Distribution of Surplus for Year 2023

Item	Amount
Undistributed surplus at the beginning of the period	202,881,708
Remeasurements of the net defined benefit liability recognized as the retained surplus	(1,352,205)
Undistributed surplus at the beginning of the adjustment period	201,529,503
Add: Net profit after-tax in 2023	576,526,461
Less: Set aside Legal Reserve	(57,517,426)
Less: set aside special reserve	(5,401,304)
Distributable surplus in the current period	715,137,234
Less: Cash dividends for shareholder (NT\$4.0 per share in cash) [Note 1, 2]	(357,536,320)
Undistributed surplus at the end of the period	357,600,914
Notes:	
1. The distribution of shareholders' cash dividends is mainly based on the de facto distribution of the number of outstanding shares on the ex-dividend date.	
2. The amounts of this surplus distribution are prioritized mainly based on the annual surplus of 2023.	

Chairman: WU CHIH HSYONG

Manager: WANG HSIN WU

Accounting supervisor: CHANG, WAN-CHING

## Attachment 4

December 31, 2023 Unit: NT\$thousands

Title	Name	Director's Remuneration								Total Amount of Items A, B, C, and D and Their Proportion to Net Profit after Tax		Remunerations Paid to Employees Concurrently Serving Other Posts								Total Amount of Items A, B, C, D, E, F and G and Their Proportion to Net Profit after Tax		Remuneration from enterprises or parent companies outside the subsidiaries
		Remuneration (A)		Retirement Pension(B)		Director's Remuneration (C)		Business Execution Expenses (D)				Salaries, Bonuses and Expenses (E)		Retirement Pension (F)		Employees' Pension (G)						
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in financial reports	
Chairman	WU CHIH HSYONG	6,202	6,202	45	45	1,986	1,986	90	90	8,323 1.44%	8,323 1.44%	0	0	0	0	92	0	92	0	8,415 1.46%	8,415 1.46%	None
Deputy Chairman	HAN, Hsien-Fu	0	0	0	0	1,986	1,986	80	80	2,066 0.36%	2,066 0.36%	5,885	5,885	210	210	0	0	0	0	8,160 1.42%	8,160 1.42%	None
Director	Wang, Hsin-Wu	0	0	0	0	1,986	1,986	90	90	2,076 0.36%	2,076 0.36%	4,640	4,640	287	287	68	0	68	0	7,070 1.23%	7,070 1.23%	None
Director	Huang, Hung-Hsing	0	0	0	0	1,986	1,986	80	80	2,066 0.36%	2,066 0.36%	702	702	35	35	0	0	0	0	2,803 0.49%	2,803 0.49%	None
Director (Note 1)	Representative of Aladdin Holdings Group Co., Ltd.: Wu, Chun-Ying	0	0	0	0	0	0	40	40	40 0.01%	40 0.01%	1,473	1,473	53	53	0	0	0	0	1,566 0.27%	1,566 0.27%	None
Director (Note 1)	Representative of Aladdin Holdings Group Co., Ltd.: Ku, Hung-Tao	0	0	0	0	0	0	40	40	40 0.01%	40 0.01%	0	0	0	0	0	0	0	0	40 0.01%	40 0.01%	None
Independent Director	Hung, Hsiang-Wen	662	662	0	0	0	0	90	90	752 0.13%	752 0.13%	0	0	0	0	0	0	0	0	752 0.13%	752 0.13%	None
Independent Director (Note 1)	Mao, En-Kuang	264	264	0	0	0	0	40	40	304 0.05%	304 0.05%	0	0	0	0	0	0	0	0	304 0.05%	304 0.05%	None
Director (Note 1)	Tang, Chi-Yao	264	264	0	0	0	0	40	40	304 0.05%	304 0.05%	0	0	0	0	0	0	0	0	304 0.05%	304 0.05%	None
Director (Note 2)	Han, Hsien-Shou	4,119	4,119	115	115	3,972	3,972	50	50	8,256 1.43%	8,256 1.43%	0	0	0	0	0	0	0	0	8,256 1.43%	8,256 1.43%	None
Director (Note 2)	Chen, Chun-Liang	0	0	0	0	1,986	1,986	50	50	2,036 0.35%	2,036 0.35%	0	0	0	0	0	0	0	0	2,036 0.35%	2,036 0.35%	None
Independent Director (Note 2)	Chen, Fan-Hsiung	200	200	0	0	0	0	50	50	250 0.04%	250 0.04%	0	0	0	0	0	0	0	0	250 0.04%	250 0.04%	None
Independent Director (Note 2)	Wu, Chun-Ying	200	200	0	0	0	0	50	50	250 0.04%	250 0.04%	0	0	0	0	0	0	0	0	250 0.04%	250 0.04%	None

1. Please describe the policy, system, standards, and structure for the payment of remuneration to independent directors, and explain the correlation with the amount of remuneration based on factors such as responsibilities, risks, and investment time:

The remuneration to the Company's independent directors shall be based on relevant provisions in the Company's Articles of Incorporation, reviewed by the Compensation Committee in the aspects of directors' participation in the Company's operation, contribution and performance as well as by referring to the peer standards. The Committee then propose reasonable and fair remuneration recommendations and report them to the Board of Directors for resolution.

2. Except as disclosed in the above table, remuneration received by the directors of the Company in the most recent year for services rendered to all companies in the financial reports (e.g. acting as consultants to non-employees of the parent company/all companies in the financial reports/sub-investment businesses, etc.)

Note 1: Elected and appointed at the Shareholders' Meeting on June 13, 2023.

Note 2: Resigned naturally after the general re-election of directors at the Shareholders' Meeting on June 13, 2023.



KAORI HEAT TREATMENT CO., LTD  
Comparison Table for Revision of Board Meeting Procedures”

Articles before Revision	Articles after Revision	Description
<p>Article 8</p> <p>When the Board of Directors of the Company holds a meeting, the deliberative unit shall have relevant information available for the directors attending the meeting to consult at any time.</p> <p>When the Board meeting is convened, personnel from relevant departments or subsidiaries may be notified according to the contents of the motion. If necessary, accountants, lawyers or other professionals may also be invited to attend the meeting and give explanations. However, such personnel shall leave the table during discussion and voting.</p> <p>The Chairman of the Board of Directors shall declare the meeting called at the time when a majority of the directors are present. If half of all the directors are not present, the Chairman may announce that the meeting shall be adjourned <u>on the same day</u>, and the number of adjournments shall be limited to two. If there is still no enough directors present at the meeting, the Chairman may reconvene the meeting in accordance with the procedure provided for in paragraph 2 of Article 3.</p> <p>The term “all directors” as mentioned in the preceding paragraph and paragraph 2 of Article 16 shall be counted as the actual incumbents</p>	<p>Article 8</p> <p>When the Board of Directors of the Company holds a meeting, the deliberative unit shall have relevant information available for the directors attending the meeting to consult at any time.</p> <p>When the Board meeting is convened, personnel from relevant departments or subsidiaries may be notified according to the contents of the motion. If necessary, accountants, lawyers or other professionals may also be invited to attend the meeting and give explanations. However, such personnel shall leave the table during discussion and voting.</p> <p>The Chairman of the Board of Directors shall declare the meeting called at the time when a majority of the directors are present. If half of all the directors are not present, the Chairman may announce that the meeting shall be adjourned, and the number of adjournments shall be limited to two. If there is still no enough directors present at the meeting, the Chairman may reconvene the meeting in accordance with the procedure provided for in paragraph 2 of Article 3.</p> <p>The term “all directors” as mentioned in the preceding paragraph and paragraph 2 of Article 16 shall be counted as the actual incumbents</p>	Amended in accordance with laws
<p>Article 11</p> <p>The Board of Directors of the Company shall conduct its business in accordance with the procedure scheduled in the notice of meeting. However, it may be changed with the consent of more than half of the directors present.</p> <p>The Chairman may not adjourn the meeting without the consent of a majority of the directors present.</p> <p>In the course of the proceedings of the Board of Directors, if the number of directors present is not more than half of the directors present, the Chairman shall, on the proposal of the directors present, announce the suspension of the meeting, and the provisions of paragraph 3 of</p>	<p>Article 11</p> <p>The Board of Directors of the Company shall conduct its business in accordance with the procedure scheduled in the notice of meeting. However, it may be changed with the consent of more than half of the directors present.</p> <p>The Chairman may not adjourn the meeting without the consent of a majority of the directors present.</p> <p>In the course of the proceedings of the Board of Directors, if the number of directors present is not more than half of the directors present, the Chairman shall, on the proposal of the directors present, announce the suspension of the meeting, and the provisions of paragraph 3 of</p>	Amended in accordance with laws

Articles before Revision	Articles after Revision	Description
Article 8 shall be applied. <u>In the course of the proceedings of the Board of Directors, if the chairman is unable for some reason to preside over the meeting or declares the meeting adjourned without complying with the provisions of paragraph 2, the selection of his/her representative shall be governed by the provisions of paragraph 3 of Article 7.</u>	Article 8 shall be applied.	
Article 19 The Rules of Procedures was formulated on January 15, 2006 and firstly amended on September 8, 2006...Its eleventh amendment was made on November 4, 2022. The twelfth amendment was made on March 22, 2023. <u>The thirteenth amendment was made on March 8, 2024.</u>	Article 19 The Rules of Procedures was formulated on January 15, 2006 and firstly amended on September 8, 2006...Its eleventh amendment was made on November 4, 2022. The twelfth amendment was made on March 22, 2023.	Addition of amendment date and number of times

Attachment 6

**Kaori Heat Treatment Co., Ltd.**

**Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Kaori Heat Treatment Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Kaori Heat Treatment Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2023 is stated as follows:

#### Validity of Specific Customer's Revenue Recognition

Kaori Heat Treatment Industry Co., Ltd. provide two or more types of delivery conditions to certain customers based on consideration of order requirements. As the timing of recognizing sales revenue is related to the delivery conditions of orders, we identified revenue recognition for these specific customers was identified it as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4(1) and 20 of the financial statements.

The key audit procedures that we performed in respect of revenue recognition for these specific customers included the following:

1. We understood the internal control processes related to the recognition of revenue from specific customers and evaluated the design and implementation of relevant controls.
2. We sampled the sales from these specific customers, and verified related sales orders, shipment records and the received payments.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Shu-Lin Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# KAORI HEAT TREATMENT CO., LTD.

## BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 25)	\$ 506,370	11	\$ 175,473	4
Financial assets at fair value through profit or loss - current (Notes 7 and 25)	-	-	42,214	1
Notes receivable (Notes 9 and 25)	14,479	-	20,849	1
Trade receivables (Notes 9 and 25)	745,233	15	517,729	13
Trade receivables from related parties (Notes 25 and 26)	8,431	-	13,534	-
Other receivables (Notes 9 and 25)	825	-	99	-
Inventories (Note 10)	1,150,564	24	1,098,545	27
Other current assets	<u>39,083</u>	<u>1</u>	<u>170,681</u>	<u>4</u>
Total current assets	<u>2,464,985</u>	<u>51</u>	<u>2,039,124</u>	<u>50</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 25)	68,634	2	86,225	2
Investments accounted for using equity method (Note 11)	293,460	6	262,142	6
Property, plant and equipment (Notes 12 and 27)	1,783,867	37	1,569,386	38
Right-of-use assets (Note 13)	6,462	-	3,363	-
Investment properties (Notes 14 and 27)	22,225	1	23,325	1
Insurance swaps	2,592	-	-	-
Deferred tax assets (Note 22)	15,326	-	12,314	-
Other non-current assets	129,849	3	110,484	3
Net defined benefit assets - non-current (Notes 4 and 18)	<u>12,205</u>	<u>-</u>	<u>10,628</u>	<u>-</u>
Total non-current assets	<u>2,334,620</u>	<u>49</u>	<u>2,077,867</u>	<u>50</u>
TOTAL	<u>\$ 4,799,605</u>	<u>100</u>	<u>\$ 4,116,991</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 25)	\$ -	-	\$ 750,000	18
Notes payable (Note 25)	1,132	-	1,301	-
Trade payables (Note 25)	194,475	4	241,696	6
Trade payables from related parties (Notes 25 and 26)	4,369	-	1,149	-
Other payables (Notes 17 and 25)	344,912	7	230,114	6
Current tax liabilities (Notes 4 and 22)	117,998	3	54,357	1
Lease liabilities - current (Note 13)	2,864	-	2,262	-
Current portion of long-term borrowings (Notes 15 and 25)	254,650	5	88,050	2
Other current liabilities	<u>46,108</u>	<u>1</u>	<u>68,350</u>	<u>2</u>
Total current liabilities	<u>966,508</u>	<u>20</u>	<u>1,437,279</u>	<u>35</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 7, 16 and 25)	7,100	-	-	-
Bonds payable (Note 16 and 25)	907,030	19	-	-
Long-term borrowings (Notes 15, 25 and 27)	184,505	4	594,665	14
Deferred income tax liabilities (Note 22)	26,936	1	24,701	1
Lease liabilities - non-current (Note 13)	3,631	-	1,136	-
Guarantee deposits received	<u>213</u>	<u>-</u>	<u>213</u>	<u>-</u>
Total non-current liabilities	<u>1,129,415</u>	<u>24</u>	<u>620,715</u>	<u>15</u>
Total liabilities	<u>2,095,923</u>	<u>44</u>	<u>2,057,994</u>	<u>50</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	<u>893,841</u>	<u>18</u>	<u>893,841</u>	<u>22</u>
Capital surplus	<u>816,351</u>	<u>17</u>	<u>593,414</u>	<u>14</u>
Retained earnings				
Legal reserve	220,836	5	190,165	5
Unappropriated earnings	<u>778,056</u>	<u>16</u>	<u>367,629</u>	<u>9</u>
Total retained earnings	<u>998,892</u>	<u>21</u>	<u>557,794</u>	<u>14</u>
Other equity				
Unrealized gain on financial assets at fair value through other comprehensive income	(5,545)	-	8,330	-
Exchange differences on translating the financial statements of foreign operations	<u>143</u>	<u>-</u>	<u>5,618</u>	<u>-</u>
Total other equity	<u>(5,402)</u>	<u>-</u>	<u>13,948</u>	<u>-</u>
Total equity	<u>2,703,682</u>	<u>56</u>	<u>2,058,997</u>	<u>50</u>
TOTAL	<u>\$ 4,799,605</u>	<u>100</u>	<u>\$ 4,116,991</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.



# KAORI HEAT TREATMENT CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4, 20 and 26)	\$ 4,143,285	100	\$ 2,684,398	100
COST OF GOODS SOLD (Notes 10, 21 and 26)	<u>3,016,333</u>	<u>73</u>	<u>1,990,218</u>	<u>74</u>
GROSS PROFIT	1,126,952	27	694,180	26
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(5,878)	-	(4,473)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES/AND JOINT VENTURES	<u>4,473</u>	<u>-</u>	<u>2,549</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,125,547</u>	<u>27</u>	<u>692,256</u>	<u>26</u>
OPERATING EXPENSES (Notes 18 and 21)				
Selling and marketing expenses	122,225	3	118,082	4
General and administrative expenses	253,363	6	200,795	8
Research and development expenses	83,813	2	80,561	3
Expected credit loss	<u>1,768</u>	<u>-</u>	<u>3,913</u>	<u>-</u>
Total operating expenses	<u>461,169</u>	<u>11</u>	<u>403,351</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>664,378</u>	<u>16</u>	<u>288,905</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	7,678	-	893	-
Other income	14,722	-	4,684	-
Other gains and losses	25,140	1	48,931	2
Finance costs	(33,394)	(1)	(13,344)	(1)
Share of profit of subsidiaries	<u>38,198</u>	<u>1</u>	<u>44,869</u>	<u>2</u>
Total non-operating income and expenses	<u>52,344</u>	<u>1</u>	<u>86,033</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	716,722	17	374,938	14
INCOME TAX EXPENSE (Notes 4 and 22)	<u>140,196</u>	<u>3</u>	<u>73,918</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>576,526</u>	<u>14</u>	<u>301,020</u>	<u>11</u>

(Continued)

# KAORI HEAT TREATMENT CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (1,690)	-	\$ 7,114	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(17,591)	(1)	(2,207)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>4,054</u>	<u>-</u>	<u>(782)</u>	<u>-</u>
	<u>(15,227)</u>	<u>(1)</u>	<u>4,125</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(5,475)</u>	<u>-</u>	<u>3,089</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(20,702)</u>	<u>(1)</u>	<u>7,214</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 555,824</u>	<u>13</u>	<u>\$ 308,234</u>	<u>11</u>
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 6.45</u>		<u>\$ 3.37</u>	
Diluted	<u>\$ 6.45</u>		<u>\$ 3.37</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

# KAORI HEAT TREATMENT CO., LTD.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Others		Total Equity
				Legal Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Exchange	
BALANCE AT JANUARY 1, 2022	89,384	\$ 893,841	\$ 593,414	\$ 175,303	\$ 209,856	\$ 9,896	\$ 2,529	\$ 1,884,839
Appropriation of 2021 earnings								
Legal reserve	-	-	-	14,862	(14,862)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(134,076)	-	-	(134,076)
Net profit for the year ended December 31, 2022	-	-	-	-	301,020	-	-	301,020
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,691</u>	<u>(1,566)</u>	<u>3,089</u>	<u>7,214</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,711</u>	<u>(1,566)</u>	<u>3,089</u>	<u>308,234</u>
BALANCE AT DECEMBER 31, 2022	89,384	893,841	593,414	190,165	367,629	8,330	5,618	2,058,997
Appropriation of 2022 earnings								
Legal reserve	-	-	-	30,671	(30,671)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(134,076)	-	-	(134,076)
Equity component recognized on the issuance of convertible corporate bonds - stock options	-	-	222,937	-	-	-	-	222,937
Net profit for the year ended December 31, 2023	-	-	-	-	576,526	-	-	576,526
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,352)</u>	<u>(13,875)</u>	<u>(5,475)</u>	<u>(20,702)</u>
Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,174</u>	<u>(13,875)</u>	<u>(5,475)</u>	<u>555,824</u>
BALANCE AT DECEMBER 31, 2023	<u>89,384</u>	<u>\$ 893,841</u>	<u>\$ 816,351</u>	<u>\$ 220,836</u>	<u>\$ 778,056</u>	<u>\$ (5,545)</u>	<u>\$ 143</u>	<u>\$ 2,703,682</u>

The accompanying notes are an integral part of the financial statements.

# KAORI HEAT TREATMENT CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 716,722	\$ 374,938
Adjustments for:		
Depreciation expense	115,508	101,325
Amortization expense	3,638	4,833
Expected credit loss	1,768	3,913
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	1,844	6,233
Finance costs	33,394	13,344
Interest income	(7,678)	(893)
Share of gain of subsidiaries	(38,198)	(44,869)
Gain on disposal of property, plant and equipment	(4,323)	-
(Reversed of) write-down of inventories	4,882	(1,274)
Unrealized gain on the transactions with subsidiaries	5,878	4,473
Realized gain on the transactions with subsidiaries	(4,473)	(2,549)
Gain on lease modification	(5)	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	43,170	(6,771)
Notes receivable	6,402	(4,706)
Trade receivables	(229,304)	(239,537)
Trade receivables from related parties	5,103	742
Other receivables	(726)	10,844
Inventories	(56,901)	(567,126)
Other current assets	131,598	(107,604)
Net defined benefit assets	(3,267)	(3,053)
Notes payable	(169)	342
Trade payables	(47,221)	58,118
Trade payables to related parties	3,220	1,149
Other payables	110,272	74,302
Provisions	-	(1,248)
Other current liabilities	(22,242)	28,056
Cash (used in) generated from operations	768,892	(297,018)
Interest paid	(32,382)	(12,893)
Income tax paid	(73,278)	(18,200)
Net cash generated from (used in) operating activities	663,232	(328,111)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(341,189)	(186,010)
Proceeds from disposal of property, plant and equipment	9,700	-
Payments for intangible assets	(3,150)	-
Increase in other non-current assets	(7,641)	(6,261)
Interest received	7,678	893
Net cash used in investing activities	(334,602)	(191,378)

(Continued)

## KAORI HEAT TREATMENT CO., LTD.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) from short-term borrowings	\$ (750,000)	\$ 130,000
Issuance of convertible bonds payable	1,132,768	-
Proceeds from long-term borrowings	110,890	297,300
Repayments of long-term borrowings	(354,450)	(86,537)
Proceeds from guarantee deposits received	-	(31)
Repayment of the principal portion of lease liabilities	(2,865)	(2,715)
Dividends paid to owners of the Company	<u>(134,076)</u>	<u>(134,076)</u>
Net cash generated from financing activities	<u>2,267</u>	<u>203,941</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	330,897	(315,548)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>175,473</u>	<u>491,021</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 506,370</u>	<u>\$ 175,473</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

**Kaori Heat Treatment Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

KAORI HEAT TREATMENT CO., LTD.

By

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CHIH-HSYONG WU  
Chairman

March 8, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Kaori Heat Treatment Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Kaori Heat Treatment Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Validity of Specific Customer's Revenue Recognition

Kaori Heat Treatment Industry Co., Ltd. and its subsidiaries provide two or more types of delivery conditions to certain customers based on consideration of order requirements. As the timing of recognizing sales revenue is related to the delivery conditions of orders, we identified revenue recognition for these specific customers as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4(1) and 20 of the consolidated financial statements.

The key audit procedures that we performed in respect of revenue recognition for these specific customers included the following:

1. We understood the internal control processes related to the recognition of revenue from specific customers and evaluated the design and implementation of relevant controls.
2. We sampled the sales from these specific customers, and verified related sales orders, shipment records and the received payments.

#### **Other Matter**

We have also audited the parent company only financial statements of Kaori Heat Treatment Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Shu-lin Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 26)	\$ 590,937	12	\$ 259,290	6
Financial assets at fair value through profit or loss - current (Notes 7 and 26)	-	-	42,214	1
Financial assets at amortized cost - current (Notes 9 and 26)	21,635	1	22,040	1
Notes receivable (Notes 10 and 26)	14,479	-	20,849	1
Trade receivables (Notes 10 and 26)	782,838	16	558,798	13
Other receivables (Notes 10 and 26)	825	-	99	-
Inventories (Note 11)	1,234,668	26	1,179,812	28
Other current assets	<u>56,290</u>	<u>1</u>	<u>171,813</u>	<u>4</u>
Total current assets	<u>2,701,672</u>	<u>56</u>	<u>2,254,915</u>	<u>54</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 26)	68,634	1	86,225	2
Financial assets at amortized cost - non-current (Notes 9 and 26)	25,962	1	26,448	1
Property, plant and equipment (Notes 13 and 28)	1,838,556	38	1,624,956	39
Right-of-use assets (Note 14)	8,311	-	5,335	-
Investment properties (Notes 15 and 28)	22,225	1	23,325	1
Intangible asset	2,592	-	-	-
Deferred tax assets (Notes 4 and 23)	15,326	-	12,314	-
Other non-current assets	133,371	3	111,919	3
Net defined benefit assets - non-current (Notes 4 and 19)	<u>12,205</u>	<u>-</u>	<u>10,628</u>	<u>-</u>
Total non-current assets	<u>2,127,182</u>	<u>44</u>	<u>1,901,150</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 4,828,854</u>	<u>100</u>	<u>\$ 4,156,065</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 16, 26 and 28)	\$ -	-	\$ 750,000	18
Notes payable (Note 26)	1,132	-	1,301	-
Trade payables (Note 26)	204,579	4	253,879	6
Other payables (Notes 18 and 26)	358,939	8	237,932	6
Current tax liabilities (Notes 4 and 23)	119,112	3	64,730	1
Lease liabilities - current (Note 14)	2,864	-	2,262	-
Current portion of long-term borrowings (Notes 16, 26 and 28)	254,650	5	88,050	2
Other current liabilities	<u>54,481</u>	<u>1</u>	<u>78,199</u>	<u>2</u>
Total current liabilities	<u>995,757</u>	<u>21</u>	<u>1,476,353</u>	<u>35</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at amortized cost - non-current (Notes 7, 17 and 26)	7,100	-	-	-
Bonds payable (Notes 17 and 26)	907,030	19	-	-
Long-term borrowings (Notes 16, 26 and 28)	184,505	4	594,665	14
Deferred income tax liabilities (Notes 4 and 23)	26,936	-	24,701	1
Lease liabilities - non-current (Note 14)	3,631	-	1,136	-
Guarantee deposits received	<u>213</u>	<u>-</u>	<u>213</u>	<u>-</u>
Total non-current liabilities	<u>1,129,415</u>	<u>23</u>	<u>620,715</u>	<u>15</u>
Total liabilities	<u>2,125,172</u>	<u>44</u>	<u>2,097,068</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital				
Ordinary shares	<u>893,841</u>	<u>18</u>	<u>893,841</u>	<u>22</u>
Capital surplus	<u>816,351</u>	<u>17</u>	<u>593,414</u>	<u>14</u>
Retained earnings				
Legal reserve	220,836	5	190,165	5
Unappropriated earnings	<u>778,056</u>	<u>16</u>	<u>367,629</u>	<u>9</u>
Total retained earnings	<u>998,892</u>	<u>21</u>	<u>557,794</u>	<u>14</u>
Other equity				
Unrealized gain on financial assets at fair value through other comprehensive income	(5,545)	-	8,330	-
Exchange differences on translating the financial statements of foreign operations	<u>143</u>	<u>-</u>	<u>5,618</u>	<u>-</u>
Total other equity	<u>(5,402)</u>	<u>-</u>	<u>13,948</u>	<u>-</u>
Total equity	<u>2,703,682</u>	<u>56</u>	<u>2,058,997</u>	<u>50</u>
<b>Total</b>	<u>\$ 4,828,854</u>	<u>100</u>	<u>\$ 4,156,065</u>	<u>100</u>

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

# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
REVENUE (Notes 4 and 21)	\$ 4,325,671	100	\$ 2,843,540	100
COST OF GOODS SOLD (Notes 11 and 22)	<u>3,101,722</u>	<u>71</u>	<u>2,057,910</u>	<u>72</u>
GROSS PROFIT	<u>1,223,949</u>	<u>29</u>	<u>785,630</u>	<u>28</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	139,414	3	131,574	5
General and administrative expenses	287,463	7	223,387	8
Research and development expenses	83,813	2	80,506	3
Expected credit loss	<u>1,821</u>	<u>-</u>	<u>4,027</u>	<u>-</u>
Total operating expenses	<u>512,511</u>	<u>12</u>	<u>439,494</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>711,438</u>	<u>17</u>	<u>346,136</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	8,274	-	1,734	-
Other income	18,275	-	7,340	-
Other gains and losses	25,053	1	47,987	2
Finance costs	<u>(33,394)</u>	<u>(1)</u>	<u>(13,344)</u>	<u>-</u>
Total non-operating income and expenses	<u>18,208</u>	<u>-</u>	<u>43,717</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	729,646	17	389,853	14
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(153,120)</u>	<u>(4)</u>	<u>(88,833)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>576,526</u>	<u>13</u>	<u>301,020</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,690)	-	7,114	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(17,591)	-	(2,207)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	4,054	-	(782)	-

(Continued)

# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (5,475)	-	\$ 3,089	-
Other comprehensive income (loss) for the year, net of income tax	(20,702)	-	7,214	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 555,824</u>	<u>13</u>	<u>\$ 308,234</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 576,526	13	\$ 301,020	11
Non-controlling interests	-	-	-	-
	<u>\$ 576,526</u>	<u>13</u>	<u>\$ 301,020</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 555,824	13	\$ 308,234	11
Non-controlling interests	-	-	-	-
	<u>\$ 555,824</u>	<u>13</u>	<u>\$ 308,234</u>	<u>11</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 6.45</u>		<u>\$ 3.37</u>	
Diluted	<u>\$ 6.44</u>		<u>\$ 3.37</u>	

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

(Concluded)

# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Others Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Exchange	Total Equity
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	89,384	\$ 893,841	\$ 593,414	\$ 175,303	\$ 209,856	\$ 9,896	\$ 2,529	\$ 1,884,839
Appropriation of 2021 earnings								
Legal reserve	-	-	-	14,862	(14,862)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(134,076)	-	-	(134,076)
Net profit for the year ended December 31, 2022	-	-	-	-	301,020	-	-	301,020
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	5,691	(1,566)	3,089	7,214
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	306,711	(1,566)	3,089	308,234
BALANCE AT DECEMBER 31, 2022	89,384	893,841	593,414	190,165	367,629	8,330	5,618	2,058,997
Appropriation of 2022 earnings								
Legal reserve	-	-	-	30,671	(30,671)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(134,076)	-	-	(134,076)
Equity component recognized on the issuance of convertible corporate bonds - stock options	-	-	222,937	-	-	-	-	222,937
Net profit for the year ended December 31, 2023	-	-	-	-	576,526	-	-	576,526
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,352)	(13,875)	(5,475)	(20,702)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	575,174	(13,875)	(5,475)	555,824
BALANCE AT DECEMBER 31, 2023	89,384	\$ 893,841	\$ 816,351	\$ 220,836	\$ 778,056	\$ (5,545)	\$ 143	\$ 2,703,682

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

# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 729,646	\$ 389,853
Adjustments for:		
Depreciation expense	122,793	108,016
Amortization expense	6,371	5,826
Expected credit loss	1,821	4,027
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	1,844	6,233
Finance costs	33,394	13,344
Interest income	(8,274)	(1,734)
(Gain) loss on disposal of property, plant and equipment	(4,437)	63
(Reversal of) write-down of inventories	4,882	(1,274)
Gain on lease modification	(5)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	43,170	(6,771)
Notes receivable	6,402	(4,706)
Trade receivables	(225,855)	(227,874)
Other receivables	(726)	10,844
Inventories	(59,738)	(603,032)
Other current assets	115,523	(108,364)
Net defined benefit assets	(3,267)	(3,053)
Notes payable	(169)	342
Trade payables	(49,300)	63,571
Other payables	116,481	76,866
Provisions	-	(1,248)
Other current liabilities	(23,718)	31,844
Cash generated from operations	806,838	(247,227)
Interest paid	(32,382)	(12,893)
Income tax paid	(95,414)	(27,716)
Net cash generated from (used in) operating activities	679,042	(287,836)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(348,854)	(187,025)
Proceeds from disposal of property, plant and equipment	10,140	-
Increase in other non-current assets	(12,520)	(7,433)
Payments for intangible assets	(3,150)	-
Interest received	8,274	1,734
Net cash used in investing activities	(346,110)	(192,724)
		(Continued)



# KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) from short-term borrowings	\$ (750,000)	\$ 130,000
Proceeds from issuance of convertible bonds	1,132,768	-
Proceeds from long-term borrowings	110,890	297,300
Repayments of long-term borrowings	(354,450)	(86,537)
Proceeds from guarantee deposits received	-	(31)
Repayment of the principal portion of lease liabilities	(2,865)	(2,715)
Dividends paid to owners of the Company	<u>(134,076)</u>	<u>(134,076)</u>
Net cash generated from financing activities	<u>2,267</u>	<u>203,941</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(3,552)</u>	<u>1,519</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	331,647	(275,100)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>259,290</u>	<u>534,390</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 590,937</u>	<u>\$ 259,290</u>

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

(Concluded)

## KAORI HEAT TREATMENT CO., LTD

## Comparison Table for Revision of the Company's Articles of Incorporation

Articles before Revision	Articles after Revision	Descriptions
Paragraph 1, Article 15: Among the number of directors of the Company, the number of independent directors shall not be less than <u>three</u> and shall not be less than one fifth of the directors' seats. The professional qualifications, shareholding, part-time employment restrictions, nomination and selection methods of independent directors and other matters to be complied with are subject to the relevant provisions of the securities authority.	Paragraph 1, Article 15: Among the number of directors of the Company, the number of independent directors shall not be less than <u>two</u> and shall not be less than one fifth of the directors' seats. The professional qualifications, shareholding, part-time employment restrictions, nomination and selection methods of independent directors and other matters to be complied with are subject to the relevant provisions of the securities authority.	Amended in accordance with laws
Article 32: The Articles of Incorporation was formulated on October 12, 1970. The first amendment was made on November 15, 1970; the second amendment was made on May 23, 1971; the third amendment was made on August 20, 1973; the fourth amendment was made on August 20, 1981; the fifth amendment was made on May 22, 1983; the sixth amendment was made on August 7, 1984; the seventh amendment was made on November 1, 1986; the eighth amendment was made on November 30, 1987, (omitted)... the thirty-fifth amendment was made on June 17, 2020. The thirty-sixth amendment was made on June 16, 2022. <u>The thirty-seventh amendment was made on June 20, 2024.</u>	Article 32: The Articles of Incorporation was formulated on October 12, 1970. The first amendment was made on November 15, 1970; the second amendment was made on May 23, 1971; the third amendment was made on August 20, 1973; the fourth amendment was made on August 20, 1981; the fifth amendment was made on May 22, 1983; the sixth amendment was made on August 7, 1984; the seventh amendment was made on November 1, 1986; the eighth amendment was made on November 30, 1987, (omitted)... the thirty-fifth amendment was made on June 17, 2020. The thirty-sixth amendment was made on June 16, 2022.	Addition of amendment date and number of times

## KAORI HEAT TREATMENT CO., LTD

## Comparison Table for Revision of Rules of Procedure for Shareholders' Meetings

Articles after Revision	Articles before Revision	Descriptions
<p>Article 2</p> <p>The shareholders' meeting shall be held by resolution of the Board of Directors, by video conference or by other means announced by the competent authority, and its operating procedures and other matters to be followed shall be handled in accordance with the provisions of the competent authority.</p> <p>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, the convening of a shareholder meeting by the Company shall be specified in the Article of Incorporation and shall be resolved by the Board of Directors.</p> <p><u>Any change in the mean of convening the shareholders' meeting of the Company shall be decided by the Board of Directors and shall be made at the latest before the notice of the convening of shareholders' meeting is sent.</u></p> <p><u>The Company shall, 30 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, make an electronic file of the notice of shareholders' meeting, the paper for power of attorney, the proposals for motions relating to the recognition, discussion, election or removal of directors and other matters and transmit them to the Market Observation Post System (MOPS).</u></p> <p><u>In addition, by 21 days before the ordinary shareholders' meeting or 15 days before the extraordinary shareholders' meeting, an electronic file will be made and transmitted to the MOPS. However, if the actual paid up capital of the Company reaches NT\$10 billion or more on the end of the most recent fiscal year, or if the total shareholding ratio of foreign and domestic shareholders recorded in the shareholder register at the most recent fiscal year's regular shareholders' meeting reaches 30% or more, the shall complete the transmission of electronic files 30 days before the regular</u></p>	<p>Article 2:</p> <p>The shareholders' meeting shall be held by resolution of the Board of Directors, by video conference or by other means announced by the competent authority, and its operating procedures and other matters to be followed shall be handled in accordance with the provisions of the competent authority.</p> <p>If a shareholders' meeting is held by video conference, any shareholder who wishes to attend by video conference shall register with the Company two days before the meeting.</p> <p>If the shareholders' meeting is held by video conference, the Company shall upload the Agenda Handbook, annual report and other relevant materials to the video conference platform at least 30 minutes before the start of the meeting, and continue to disclose them until the end of the meeting.</p> <p>If the Company convenes a shareholders' meeting via video conference, the following matters shall be stated in the notice of convening the shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Methods for shareholders to participate in video conferences and exercise their rights.</li> <li>2. The handling of obstacles caused by natural disasters, accidents, or other force majeure events on the video conference platform or through video participation shall include at least the following matters:             <ol style="list-style-type: none"> <li>(1) The time when the above-mentioned obstacles occur and cannot be resolved, resulting in the need to postpone or resume the meeting, and the date when the meeting needs to be postponed or resumed if necessary.</li> </ol> </li> </ol>	Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
<p><u>shareholders' meeting. 15 days before the meeting of shareholders the Agenda Handbook and supplementary information of the shareholders' meeting shall be prepared and available for the shareholders from time to time and displayed in the professional stock agents appointed by the Company.</u></p> <p>If a shareholders' meeting is held by video conference, any shareholder who wishes to attend by video conference shall register with the Company two days before the meeting.</p> <p>If the shareholders' meeting is held by video conference, the Company shall upload the Agenda Handbook, annual report and other relevant materials to the video conference platform at least 30 minutes before the start of the meeting, and continue to disclose them until the end of the meeting.</p> <p>If the Company convenes a shareholders' meeting via video conference, the following matters shall be stated in the notice of convening the shareholders' meeting:</p> <ol style="list-style-type: none"> <li>1. Methods for shareholders to participate in video conferences and exercise their rights.</li> <li>2. The handling of obstacles caused by natural disasters, accidents, or other force majeure events on the video conference platform or through video participation shall include at least the following matters: <ol style="list-style-type: none"> <li>(1) The time when the above-mentioned obstacles occur and cannot be resolved, resulting in the need to postpone or resume the meeting, and the date when the meeting needs to be postponed or resumed if necessary.</li> <li>(2) A member who has not registered to attend the original meeting by video shall not participate in the postponed or resumed meeting.</li> <li>(3) If it is not possible to resume the video meeting, the total number of shares present at the meeting reaches the statutory quota for the meeting after deducting the</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>(2) A member who has not registered to attend the original meeting by video shall not participate in the postponed or resumed meeting.</li> <li>(3) If it is not possible to resume the video meeting, the total number of shares present at the meeting reaches the statutory quota for the meeting after deducting the number of shares present at the meeting by video, the meeting shall continue. The number of shares attended by a shareholder who participates by video shall be counted in the total number of shares of the shareholders present and shall be deemed to be abstention in respect of all motions at the meeting.</li> <li>(4) The handling method for situations where all motions have been announced but no provisional motion has been taken.</li> </ol> <p>If a shareholder meeting is held by video, appropriate alternative measures should be provided to shareholders who have difficulty participating in the shareholder meeting through video conferencing.</p> <p>The video meeting of shareholders shall be accepted on the video meeting platform 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to have attended the meeting in person. <u>The present shareholders or their agents are requested to wear the attendance card, hand in the sign-in card to sign in on their behalf, and calculate the equity on this basis.</u></p>	

Articles after Revision	Articles before Revision	Descriptions
<p>number of shares present at the meeting by video, the meeting shall continue. The number of shares attended by a shareholder who participates by video shall be counted in the total number of shares of the shareholders present and shall be deemed to be abstention in respect of all motions at the meeting.</p> <p>(4) The handling method for situations where all motions have been announced but no provisional motion has been taken.</p> <p>3. If a shareholder meeting is held by video, appropriate alternative measures should be provided to shareholders who have difficulty participating in the shareholder meeting through video conferencing. <u>Except for the circumstances as specified in Item 6, Paragraph 9, Article 44 of the Regulations Governing the Administration of Shareholder Services of Public Companies, The Company shall at least provide the connection equipment and necessary assistance to shareholders, and specify the period during which shareholders can apply to the Company and other relevant matters that should be noted.</u></p> <p><u>The Company shall specify in the notice of meeting the acceptance time and location of registration for the shareholders, solicitors, and entrusted agents (hereinafter referred to as shareholders), as well as other matters to be noted.</u></p> <p><u>The time for accepting the registration of shareholders in the preceding paragraph shall be at least 30 minutes before the beginning of the meeting; There should be clear signs on the signing places and appropriate personnel should be assigned to handle them; the video meeting of shareholders shall be accepted on the video meeting platform 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed</u></p>		

Articles after Revision	Articles before Revision	Descriptions
<p>to have attended the meeting in person.  <u>Shareholders shall attend the shareholders' meeting with their attendance certificate, attendance sign in card or other attendance documents, and the company shall not arbitrarily request additional proof documents for attending the meeting; a solicitor who is a solicitor of power of attorney should bring identification documents for verification.</u>  <u>Our company should provide a signature book for attending shareholders to sign in, or have attending shareholders submit their attendance cards to sign in on their behalf.</u>  <u>The Company shall deliver to the shareholders present at the meeting the Agenda Handbook, annual report, attendance certificate, speech slip, voting votes and other materials of the meeting, and if there is an election of directors, an election vote shall be attached.</u>  <u>When the government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one.</u>  <u>When the legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend.</u></p>		
<p><u>Article 2-2</u>  <u>If the shareholders' meeting is convened by the Board of Directors, the Chairman shall chair the meeting. If the Chairman asks for leave or is unable to exercise his/her powers for some reason, the Deputy Chairman shall act for him/her. If there is no Deputy Chairman or the Deputy Chairman also asks for leave or is unable to exercise his/her powers for some reason, the Chairman shall appoint a managing director to act for him/her; if there is no managing director, one director shall be appointed to act for him/her; if the Chairman does not appoint an agent, the managing director or one of the directors shall be nominated to act for him/her. If the Chairman referred to in the preceding paragraph is represented by a managing director or director, he/she shall be an executive director or director who has held office for more than six months and knows well about the financial and business</u></p>		Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
<p>situation of the Company. The same applies if the Chairman is the representative of a corporate director.</p> <p>A shareholders' meeting convened by the Board of Directors shall be presided over by the Chairman himself/herself and shall be attended in person by more than half of the directors of the Board and by at least one representative of each functional committee member, and the attendance shall be recorded in the minutes of the shareholders' meeting.</p> <p>If the shareholders' meeting is convened by a person with convening authority other than the Board of Directors, the Chairman shall be the person with convening authority. If there are two or more persons with convening authority, one of them shall be elected from each other.</p> <p>The Company may appoint such lawyers, accountants or related personnel as it may appoint to attend the shareholders' meeting.</p>		
<p>Article 3:</p> <p>The number of shares obtained by the solicitor, the number of shares represented by the entrusted agent and the number of shares of the shareholders attended by written or electronic means shall be clearly disclosed in a statistical table prepared by the Company in accordance with the prescribed format on the day of the shareholders' meeting; if the shareholders' meeting is held by video conference, the Company shall upload the aforesaid information to the video conference platform at least 30 minutes before the beginning of the meeting and continue to disclose it until the end of the meeting.</p> <p>When the Company holds a video meeting of shareholders and announces the meeting, the total number of shares of shareholders present shall be disclosed on the video meeting platform. The same applies if the total number of shares and the number of voting shares of the shareholders present are otherwise counted at the meeting.</p> <p>If there is any important information on the matters resolved by the shareholders' meeting which is stipulated by law and</p>	<p>Article 3:</p> <p><u>When the total number of shares attended and the number of shares registered on the video conference platform has reached more than half of the total number of shares issued, the Chairman shall declare the meeting.</u></p> <p>The number of shares obtained by the solicitor, the number of shares represented by the entrusted agent and the number of shares of the shareholders attended by written or electronic means shall be clearly disclosed in a statistical table prepared by the Company in accordance with the prescribed format on the day of the shareholders' meeting; if the shareholders' meeting is held by video conference, the Company shall upload the aforesaid information to the video conference platform at least 30 minutes before the beginning of the meeting and continue to disclose it until the end of the meeting.</p> <p>When the Company holds a video meeting of shareholders and announces the meeting, the total number of shares of shareholders present shall be</p>	<p>Amended in accordance with laws</p>

Articles after Revision	Articles before Revision	Descriptions
<p>stipulated by Taiwan Stock Exchange Co., LTD. (TPEX), the Company shall transmit the content to the MOPS within the specified time.</p> <p>When a shareholders' meeting of the Company is held by video, the Chairman and the recorder shall be at the same place in the country and the Chairman shall announce the address of the place at the time of the meeting.</p> <p>If a shareholder meeting is held by video, appropriate alternative measures should be provided to shareholders who have difficulty participating in the shareholder meeting through video conferencing. <u>Except for the circumstances as specified in Item 6, Paragraph 9, Article 44 of the Regulations Governing the Administration of Shareholder Services of Public Companies, The Company shall at least provide the connection equipment and necessary assistance to shareholders, and specify the period during which shareholders can apply to the Company and other relevant matters that should be noted.</u></p>	<p>disclosed on the video meeting platform. The same applies if the total number of shares and the number of voting shares of the shareholders present are otherwise counted at the meeting.</p> <p>When a general meeting of the Company is held by video, the Chairman and the recorder shall be at the same place in the country and the Chairman shall announce the address of the place at the time of the meeting.</p> <p>If a shareholder meeting is held by video, appropriate alternative measures should be provided to shareholders who have difficulty participating in the shareholder meeting through video conferencing.</p>	
<p>Article 4:</p> <p>The agenda of the shareholders' meeting shall be determined by the Board of Directors, and the <u>relevant motions (including provisional motions and amendments to the original motions) shall be voted on a case-by-case basis</u>, and the meeting shall be conducted in accordance with the procedure specified in the agenda. No change shall be made without a resolution of the shareholders' meeting.</p> <p>If the shareholders' meeting is convened by anyone other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply.</p> <p>The Chairman may not adjourn the meeting without a resolution before the conclusion of the business (including the provisional motion) of the preceding two items of the agenda. After the adjournment of a meeting, members shall not elect another Chairman to continue the meeting at the same address or at another place. However, if the Chairman, in violation of the rules of procedure,</p>	<p>Article 4:</p> <p>The agenda of the shareholders' meeting shall be determined by the Board of Directors, and the meeting shall be conducted in accordance with the procedure set out in the agenda. No change shall be made without a resolution of the shareholders' meeting.</p> <p>If the shareholders' meeting is convened by anyone other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply.</p> <p>The Chairman may not adjourn the meeting without a resolution before the conclusion of the business (including the provisional motion) of the preceding two items of the agenda. After the adjournment of a meeting, members shall not elect another Chairman to continue the meeting at the same address or at another place. However, if the Chairman, in violation of the rules of procedure, declares the meeting</p>	Amended in accordance with laws



Articles after Revision	Articles before Revision	Descriptions
<p>declares the meeting adjourned, the other members of the Board of Directors shall promptly assist the shareholders present to elect a Chairman with the consent of more than half of the voting rights of the shareholders present in accordance with the procedures prescribed by law to continue the meeting.</p> <p>The Company shall, on the day of the shareholders' meeting, provide the shareholders with the Agenda Handbook and supplementary materials for their reference in the following ways:</p> <ol style="list-style-type: none"> <li>1. When holding a physical shareholders' meeting, they shall be issued at the site of the meeting.</li> <li>2. When a video meeting is held, it shall be issued at the site of the meeting and uploaded to the video conference platform in an electronic format.</li> <li>3. When the shareholders' meeting is convened via video conference, the electronic files shall be uploaded to the video conference platform.</li> </ol> <p><u>The notice and announcement shall state the cause of the call; The notification may be made electronically with the consent of the other party.</u></p> <p><u>Election or removal of directors, change of Articles of Incorporation, capital reduction, application for suspension of public offering, director's permission to participate in business competition, transfer of surplus to capital increase, transfer of reserve to capital increase, dissolution, merger, division of a company or the matters mentioned in Paragraph 1 of Article 185 of the Company Act, Paragraph 1, Article 26 and Paragraph 6, Article 43 of the Securities Exchange Act, Paragraph 1, Article 56 and Paragraph 2, Article 60 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and explained in the cause of convening and shall not be moved on an AD hoc basis.</u></p> <p><u>The reason for convening the shareholders' meeting has stated the general re-election of directors and the date of appointment, and after the completion of the re-election of the</u></p>	<p>adjourned, the other members of the Board of Directors shall promptly assist the shareholders present to elect a Chairman with the consent of more than half of the voting rights of the shareholders present in accordance with the procedures prescribed by law to continue the meeting.</p> <p>The Company shall, on the day of the shareholders' meeting, provide the shareholders with the Agenda Handbook and supplementary materials for their reference in the following ways:</p> <ol style="list-style-type: none"> <li>1. When holding a physical shareholders' meeting, they shall be issued at the site of the meeting.</li> <li>2. When a video meeting is held, it shall be issued at the site of the meeting and uploaded to the video conference platform in an electronic format.</li> <li>3. When the shareholders' meeting is convened via video conference, the electronic files shall be uploaded to the video conference platform.</li> </ol>	

Articles after Revision	Articles before Revision	Descriptions
<p>shareholders' meeting, the date of appointment of directors shall not be changed by temporary motion or other means at the same meeting.</p> <p>A shareholder holding more than 1% of the total number of issued shares may submit to the Company no more than one motion at an regular shareholders' meeting. If there is more than one proposal, it will not be included in the motion. In addition, if a motion proposed by a shareholder falls under one of the circumstances of Paragraph 4 of Article 172 of the Company Act, the Board of Directors may not list it as a motion.</p> <p>A shareholder may make a proposed proposal to urge the Company to promote the public interest or fulfill its social responsibilities, which shall, in respect of procedure, be limited to one proposal in accordance with the relevant provisions of Paragraph 1, Article 172 of the Company Act, and more than one proposal shall not be included in the motion. The Company shall, before the regular shareholders' meeting is held, announce the acceptance of shareholders' proposals, the written or electronic acceptance method, the acceptance place and the acceptance period; the period of acceptance shall not be less than ten days.</p> <p>The proposal proposed by the shareholders shall be limited to 300 words, and if it exceeds 300 words, the proposal shall not be included as the motion; The proposed shareholder shall attend the general shareholders' meeting in person or by proxy and participate in the discussion of the motion.</p> <p>The Company shall, prior to the date of the notice of the convening of the shareholders' meeting, inform the proposing shareholders of the result of the handling and list the motions subject to this Article in the notice of the meeting. For shareholders' proposals not included as the motion, the Board of Directors shall explain the reasons for not being included at the shareholders' meeting.</p>		

Articles after Revision	Articles before Revision	Descriptions
<p><u>Article 4-1</u>  When the Company convenes a shareholders' meeting by video conference, it is not subject to the limitation of the place of holding the meeting in the preceding paragraph.  The place of convening shareholders' meeting shall be the one where the Company is located or where it's convenient for shareholders to attend and suitable for the convening of shareholders' meeting. The meeting shall commence no earlier than 9:00 a.m. or later than 3:00 p.m.</p>		Amended in accordance with laws
<p><u>Article 5:</u>  When there are amendments or substitutes to the same motion, the Chairman shall determine the order of voting along with the original motion. If one of the motions has been passed, the other motions shall be deemed to be rejected and no further vote shall be taken.  The supervisors and counting officers for voting on motions shall be appointed by the Chairman, provided that the supervisors shall be the shareholders.  The counting of votes or election motions at the shareholders' meeting shall be carried out in an open place in the shareholders' meeting, and the voting results, including the counted weights, shall be announced on the spot after the counting is completed and shall be recorded.  The Company shall make continuous and uninterrupted audio and video recordings of the reporting process, the conduct of the meeting and the voting and counting process of the shareholders from the time of accepting the reporting of shareholders.  The audio and video materials mentioned in the preceding paragraph shall be kept for at least one year. However, if a shareholder brings a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.  If the shareholders' meeting is held by video conference, the Company shall keep records of the shareholders' registration, sign-in, reporting, questions, voting and counting results of the Company, and shall continuously record and video record the whole video conference.</p>	<p><u>Article 5:</u>  In addition to the motions listed in the agenda, other motions proposed by shareholders or amendments or substitutes to the original motions shall be voted on by the Chairman and in the same order as the original motions. If one of the motions has been passed, the other motions shall be deemed to be rejected and no further vote shall be taken.  If the shareholders' meeting is held by video conference, the Company shall keep records of the shareholders' registration, sign-in, reporting, questions, voting and counting results of the Company, and shall continuously record and video record the whole video conference.  The Company shall keep the aforesaid information and audio and video recordings properly during the term of the Company's existence, and shall keep the audio and video recordings with those entrusted to handle video conference affairs.  If the shareholders' meeting is held by video conference, the Company shall make audio and video recording on the back-end operation interface of the video conference platform.</p>	Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
<p>The Company shall keep the aforesaid information and audio and video recordings properly during the term of the Company's existence, and shall keep the audio and video recordings with those entrusted to handle video conference affairs.</p> <p>If the shareholders' meeting is held by video conference, the Company shall make audio and video recording on the back-end operation interface of the video conference platform.</p> <p><u>When electing directors at the shareholders' meeting, the relevant election standards set by the Company should be followed, and the election results should be announced on the spot, including the list of elected directors and their number of elected votes, as well as the list of unsuccessful directors and their number of voting rights obtained.</u></p> <p><u>The election votes for the election matters mentioned in the preceding paragraph shall be sealed and signed by the vote supervisors and kept securely for at least one year. However, if a shareholder brings a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.</u></p>		
<p><u>Article 5-1</u></p> <p><u>The attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated on the basis of the number of shares registered in the signature book or the attendance card submitted and the video conference platform, plus the number of shares exercising their voting rights in writing or electronically.</u></p> <p><u>The Chairman shall declare the meeting immediately after the time of the meeting has expired, together with the number of non-voting votes and the number of shares present, etc.</u></p> <p><u>However, if the shareholders representing more than half of the total number of issued shares are not present, the Chairman may announce that the meeting shall be adjourned not more than twice, and the total delay shall not exceed one hour. After the meeting is postponed for two times, if shareholders representing more than one-third of the total issued shares are still</u></p>		Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
<p>not present, the chairman shall announce the failure of convening shareholders' meeting for lack of quorum; if the shareholders' meeting is held by video conference, the Company shall also announce the failure of convening shareholders' meeting for lack of quorum on the video conference platform of the shareholders' meeting.</p> <p>As mentioned in the preceding paragraph, if the attendance of shareholders representing more than one-third of the total number of issued shares is still insufficient after a second delay, a tentative resolution may be made in accordance with Article 175, Paragraph 1 of the Company Act, and the tentative resolution shall be notified to all shareholders, and another shareholders' meeting shall be convened within one month; if the shareholders' meeting is held by video conference, the shareholders who wish to attend by video conference shall re-register with the Company in accordance with Article 6.</p> <p>If, before the end of the meeting, the number of shares represented by the shareholders present reaches more than half of the total number of shares issued, the Chairman may submit the resulting tentative resolution to the shareholders' meeting for a new vote in accordance with Article 174 of the Company Act.</p>		
<p>Article 9: When a shareholder speaks, he/she must first fill in his/her attendance card number, name and number of shares held. The Chairman shall determine his/her order of speech. The present shareholder shall be deemed not to have made a speech if he only submitted a statement without addressing speech. If the content of the speech is inconsistent with the record of the speech slip, the content of the speech shall prevail.</p>	<p>Article 9: When a shareholder speaks, he/she must first fill in his/her attendance card number, name and number of shares held. The Chairman shall determine his/her order of speech.</p>	Amended in accordance with laws
<p>Article 10: Each shareholder shall not make more than two speeches on the same motion without the consent of the Chairman, and each speech shall not exceed five minutes, provided that the Chairman may stop the shareholder's speech if it violates the rules or goes beyond the scope of the question</p>	<p>Article 10: Speeches by shareholders are limited to five minutes each. However, it may be extended once with the permission of the Chairman. Each person (including natural and legal persons) shall not speak more than twice on the same motion.</p>	Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
<p><u>When a shareholder is present to make a speech, other shareholders shall not interfere with the speech unless they have obtained the consent of the Chairman and the shareholder who has made the speech. Violators shall be stopped by the Chairman.</u></p> <p><u>When a legal shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same motion.</u></p> <p><u>After a shareholder has made a speech, the Chairman may reply in person or by appointing a relevant person.</u></p> <p>Where a shareholders' meeting is held by video conference, shareholders who participate by video conference may, after the announcement of the meeting by the Chairman and before the announcement of the adjournment of the meeting, ask questions in text on the video conference platform of the meeting. The number of questions asked on each motion shall not exceed two times and shall not exceed 200 words each time.</p> <p>If the question mentioned in the preceding paragraph does not violate the provisions or does not exceed the scope of the motion, the question should be disclosed on the video conference platform of the shareholders' meeting for public reference.</p>	<p>Where a shareholders' meeting is held by video conference, shareholders who participate by video conference may, after the announcement of the meeting by the Chairman and before the announcement of the adjournment of the meeting, ask questions in text on the video conference platform of the meeting. The number of questions asked on each motion shall not exceed two times and shall not exceed 200 words each time.</p> <p>If the question mentioned in the preceding paragraph does not violate the provisions or does not exceed the scope of the motion, the question should be disclosed on the video conference platform of the shareholders' meeting for public reference.</p>	
<p>Article 11: <u>Personnel handling shareholder meetings should wear identification cards or armbands.</u></p> <p><u>The Chairman may direct security personnel to assist in maintaining order at the meeting.</u></p> <p><u>If there are loudspeakers available at the venue, the Chairman may stop shareholders from speaking using equipment not provided by the Company.</u></p> <p><u>If a shareholder violates the rules of procedure, fails to obey the Chairman's correction order, and obstructs the conduct of the meeting, he/she may be asked to leave the meeting by the security guard under the command of the Chairman.</u></p>	<p>Article 11: <u>If a shareholder's speech exceeds the time limit or go beyond the motion, the Chairman may suspend his/her speech.</u></p> <p><u>If the shareholder fails to obey the Chairman's correction order, and obstructs the conduct of the meeting, the Chairman may suspend his attendance.</u></p>	Amended in accordance with laws
<p>Article 13-1: Items 1 to 2 omitted) The minutes shall be recorded in accordance</p>	<p>Article 13-1: Items 1 to 2 omitted) The minutes shall be recorded in</p>	Amended in accordance with

Articles after Revision	Articles before Revision	Descriptions
with the date (mm/dd/yyyy) and place of the meeting, the name of the Chairman, the method of resolution, the guidelines of the proceedings and the results of the voting (including the counted votes with voting rights), and in the case of the election of directors, the number of votes received by each candidate shall be disclosed. It shall be kept permanently during the existence of the Company. (Omitted below)	accordance with the date (mm/dd/yyyy) and place of the meeting, the name of the Chairman, the method of resolution, the guidelines of the proceedings and the results of the voting (including the counted votes with voting rights), and in the case of the election of directors and <u>supervisors</u> , the number of votes received by each candidate shall be disclosed. It shall be kept permanently during the existence of the Company. (Omitted below)	practice
Article 13-2: (Items 1 to 4 omitted) When postponing or resuming a shareholders' meeting in accordance with the provisions of the Paragraph 2, there is no need to re discuss or resolve a proposal that has completed the voting and counting, and announced the voting results or the list of directors elected. (Omitted below)	Article 13-2: (Items 1 to 4 omitted) When postponing or resuming a shareholders' meeting in accordance with the provisions of the Paragraph 2, there is no need to re discuss or resolve a proposal that has completed the voting and counting, and announced the voting results or the list of directors or <u>supervisors</u> elected. (Omitted below)	Amended in accordance with practice
Article 13-3: <u>The voting of the shareholders' meeting shall be based on the shares.</u> <u>In the resolution of the shareholders' meeting, the number of shares granted to non-voting shareholders shall not be counted as the total number of shares issued.</u> <u>A shareholder shall not vote on matters arising from his/her own interests which may be detrimental to the interests of the Company, and shall not exercise his/her voting rights on behalf of other shareholders.</u> <u>The number of shares that cannot exercise voting rights referred to in the preceding paragraph shall not be counted as the voting rights of the shareholders present.</u>		Amended in accordance with laws
Article 13-4: <u>Shareholders have one vote per share; however, this restriction does not apply to those who are restricted or have no voting rights as listed in Paragraph 2, Article 179 of the Company Act.</u> <u>When the Company holds a meeting of shareholders, the shareholders shall exercise their voting rights by electronic means and may also exercise their voting rights in writing; if the voting right is exercised in writing or electronically, the exercise method shall be stated in the notice of convening the</u>		Amended in accordance with laws

Articles after Revision	Articles before Revision	Descriptions
shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, the provisional motion and amendments to the original motion at the meeting shall be deemed to be a waiver and the Company should therefore refrain from making the provisional motion and amendments to the original motion.		
Article 16: The Rules of Procedure for Shareholders' Meeting was formulated in October 1997, which was amended twice. The fourth amendment was made on June 17, 2020; the fifth amendment was made on June 16, 2022; the sixth amendment was made on June 20, 2024.		Addition of amendment date and number of times



## KAORI HEAT TREATMENT CO., LTD

## Articles of Incorporation

## Chapter I General Principles

Article 1: The Company is incorporated in accordance with the provisions regarding Company Limited by Shares stipulated in the Company Act, and its name is “Kaori Heat Treatment Co., Ltd.”

Article 2: The business scope of the company is listed as follows:

- (1) CA02010 Manufacture of Metal Structure and Architectural Components.
- (2) CA02090 Metal Wire Products Manufacturing.
- (3) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified.
- (4) CA03010 Heat Treatment.
- (5) CB01010 Mechanical Equipment Manufacturing.
- (6) CB01990 Other Machinery Manufacturing.
- (7) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- (8) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
- (9) CD01020 Tramway Cars Manufacturing.
- (10) CD01060 Aircraft and Parts Manufacturing.
- (11) CP01010 Hand Tools Manufacturing.
- (12) F106010 Wholesale of Hardware.
- (13) F113990 Wholesale of Other Machinery and Tools.
- (14) F401010 International Trade.
- (15) E599010 Piping Engineering.
- (16) E601010 Electric Appliance Construction.
- (17) E601020 Electric Appliance Installation.
- (18) E604010 Machinery Installation.
- (19) IG03010 Energy Technical Services.
- (20) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The head office of the company is situated in Taoyuan City. The company may, upon any resolution adopted by its board of directors, set up branch offices at home and abroad in accordance with the laws.

Article 4: The public announcements about the company shall appear in a prominent part of any daily newspaper in the city/county or city/province where the company is located, unless otherwise provided by other laws and regulations.

Article 4-1: For business needs, the company may act as guarantor, and its operations shall be handled in accordance with the company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.

## Chapter II Shares

Article 5: The company holds a total capital of NT\$1.5 billion, which is divided into 150 million shares, with NT\$10 per share. The foregoing unissued shares shall be issued in installments upon the issuance conditions stipulated by the board of directors according to business needs. Five million shares of the foregoing total capital shall

be reserved for issuing employee stock warrants, which may be issued in installments in accordance with the resolution adopted by the board of directors.

Article 5-1: In accordance with Article 56-1 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” and Article 10-1 of the “Regulations Governing Share Repurchase by Exchange-Listed and OTC Listed Companies”, the company shall obtain the consent of at least two-thirds of the voting rights represented at a shareholders’ meeting attended by shareholders representing a majority of the issued shares, so as to issue employee stock warrants at a price less than the closing price of the company's common shares on the issue date and transfer the shares to employees at a price less than the average actual shares repurchase price.

Article 5-2: As for the treasury shares bought back by the company, the persons/parties entitled to such transfer include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The persons/parties entitled to receiving the company's employee stock warrants include the employees of the parent company or its subsidiaries that meet certain specific requirements.

When the company issues new shares, the employees who subscribe for shares include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The persons/parties entitled to receiving the restricted stocks for employees issued by the company include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The board of directors should be authorized to stipulate those certain specific requirements.

Article 6: The shares of the company shall be affixed with the signatures or personal seals of three directors or more, and then issued after being certified by the competent authority or any approved issuance registration agency according to the laws. The company may be exempted from printing any share certificate for the shares issued.

Article 7: The regulations governing the company’s stock affairs shall be all handled in accordance with relevant laws and regulations as well as the provisions enacted by the competent authority.

Article 8: The share transfer registration shall be suspended within 60 days prior to the convening date of a regular meeting of shareholders or within 30 days prior to the convening date of a special meeting of shareholders, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus, or other benefits.

### Chapter III Shareholders' Meeting

Article 9: Shareholders' meeting shall be of two kinds: Regular Meeting of Shareholders, and Special Meeting of Shareholders. Regular Meeting of Shareholders shall be convened once every year within six months after the close of each fiscal year. Special Meeting of Shareholders shall be convened according to the laws when necessary. A notice to convene a Regular Meeting of Shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to convene a Special Meeting of Shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The shareholders' meeting

can be held by means of video conference or other methods promulgated by the competent authority upon the resolution adopted by the board of directors. The operating procedures and other matters to be followed shall be handled in accordance with the provisions stipulated by the competent authority.

Article 10: In accordance with Article 177 of the Company Act, if a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting by executing a power of attorney.

Article 11: The chairman of the board of directors shall preside the shareholders' meeting. In case the chairman of the board of directors is on leave or absent, the chairman of the board of directors shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves to act on his/her behalf. When the meeting is called by a convener other than the board of directors, the convener shall preside. If there are more than two conveners, one shall be elected from among themselves.

Article 12: A shareholder of the company shall have one voting power in respect of each share in his/her/its possession, except for those who have been restricted or those who have no voting right as listed in Paragraph 2 of Article 179 of the Company Act.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided by the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14: Resolutions adopted at the shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The distribution of the minutes of shareholders' meeting may be effected by means of a public notice. The minutes of shareholders' meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes of the meeting, together with the attendance list bearing the signatures of shareholders present at the meeting as well as the powers of attorney of the proxies, shall be kept by the company.

#### Chapter IV Directors and Audit Committee

Article 15: The Company shall have nine directors. A candidate nomination system is adopted. Shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The term of office shall be three years. The elected directors may be eligible for re-election next time. The company may obtain liability insurance for directors in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", while the board of directors is authorized to make any resolution regarding the insurance coverage.

Article 15-1: The directors of the company shall include at least two independent directors, which shall not account for less than one-fifth of the total number of directors. The professional qualifications, shareholding, part-time job limitations, nomination and election modes of independent directors, as well as other matters for compliance, shall be handled in accordance with relevant regulations enacted by the competent authority in charge of securities affairs.

Article 15-2: In accordance with Article 14-4 of the Securities and Exchange Act, the company shall establish an Audit Committee which shall be composed of the entire number

of independent directors. The Audit Committee and its members shall exercise their power and matters related thereto, in accordance with the Securities and Exchange Act and other relevant laws and regulations.

Article 16: When the number of vacancies in the board of directors equals to one-third of the total number of directors, the board of directors shall call a special meeting of shareholders within 60 days, to elect succeeding directors to fill the vacancies.

Article 17: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time when new directors have been elected and assumed their office.

Article 18: The directors organize the board of directors and shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board, to handle all the affairs of the company in accordance with laws and regulations, the Articles of Incorporation, the resolutions adopted by the shareholders' meetings and the meetings of the board of directors.

Article 19: The Company's business policies and other major matters shall be handled according to the resolutions adopted by the board of directors. Other than the first meeting of the board of directors convened each year in accordance with Article 203 of the Company Act, the rest meetings of the board of directors shall be called and presided by the chairman of the board of directors. In case the chairman of the board of directors can not exercise his/her power and authority for any cause, the vice chairman shall act on his/her behalf. In case the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his/her behalf. In the absence of such designation, the directors shall elect from among themselves an acting chairman of the board of directors.

Article 20: The meeting of the board of directors shall be convened once every three months. In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and then be sent to each director no more than seven days prior to the scheduled meeting. However, in the case of emergency, a meeting of the board of directors may be convened at any time. The notice may be effected by means of writing, e-mail or fax.

Article 20-1: When a director performs his/her power, he/she may get remuneration regardless of the company's profits and losses. The board of directors is authorized to determine the payment standards that limit the amount to be within the total amount of NT\$ 1 million per person per month.

Article 21: Unless otherwise provided for in the Company Act, a meeting of the board of directors shall be attended by more than half of the directors at the meeting attended by more than half of the directors. If a director is unable to attend the meeting for any cause, he/she may appoint another director to attend a meeting of the board of directors on his/her behalf and he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy of one other director only.

Article 22: Resolutions adopted at a board of directors' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of

the meeting and shall be distributed to all directors of the company within 15 days after the close of the meeting. The minutes of the meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes, together with the attendance list bearing the signatures of the directors present at the meeting as well as the powers of attorney of the of proxies, shall be kept by company.

Article 23: The company authorizes the board of directors to make a flexible decision on the amount of reinvestment according to the de facto actual situation, and the total amount of its reinvestment is not subject to the percentage restriction as provided in Article 13 of the Company Act that the total amount of reinvestment shall not exceed 40% of the company's paid-in capital.

#### Chapter V Managers and Staff

Article 24: The Company may have one or more General Managers, whose appointment, dismissal, and remuneration shall be decided by more than half of voting shares of all the board of directors.

Article 25: Upon the resolution adopted by the board of directors in accordance with Article 21 of the Articles of Incorporation, the company may hire consultants and major staff.

Article 26: General Manager may authorize a department head to appoint or dismiss other employees in the company.

#### Chapter VI Final Accounts

Article 27: The fiscal accounting year of the company starts from January 1 to December 31 of each year. At the close of each fiscal accounting year, the board of directors shall prepare the following statements and records, submit them to the Audit Committee for auditing not later than 30 days prior to the meeting date of the regular meeting of shareholders, and then forward them to the regular meeting of shareholders for recognition.

- (1) Business reports.
- (2) Financial statements.
- (3) Proposals concerning surplus earning distribution or loss off-setting

Article 28: If the company makes profits each year, it shall set aside not less than 2% of profits of the current year distributable as employees' remuneration and not more than 5% of profits of the current year distributable as directors' remuneration. The company may, by a resolution adopted at a meeting of board of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash. The employees entitled to receiving such shares or cash include the employees of subsidiaries of the company meeting certain specific requirements. However, the company's accumulated losses shall have been covered first by means of certain amounts reserved, and then the remuneration for employees and directors shall be set aside according to the foregoing ratios.

Article 29: If there is any surplus in the company's annual final accounts after income tax are paid according to the laws, the cumulative annual losses shall be covered first. Then, the company should set aside ten percent of the surplus of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Aside from the aforesaid legal reserve, the company may, in accordance with relevant laws and regulations or the provisions enacted by the competent authority, set aside or reverse another sums as special reserve. If there is

still any surplus profit, plus the undistributed surplus at the beginning of the year, the board of directors can formulate a proposal on the distribution of dividends, as well as the bonuses to shareholders, based on the range of 10% to 100% of such surplus, according to the company's industrial development situation. If such a distribution is done by means of issuing new shares, a proposal shall be submitted to the shareholders' meeting for having a resolution before such a distribution. In accordance with Paragraph 5 of Article 240 of the Company Act, the company can authorize the distributable dividends and bonuses to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; or according to Paragraph 1 of Article 241 of the Company Act, the company can distribute its legal reserve and capital reserve by cash, in whole or in part. Such distribution shall be submitted to the shareholders' meeting. When the company sets aside special reserve according to the laws, as for the insufficient amount in "the cumulative net amount of other deductions from equity in a preceding period(s) ", an amount of special reserve should be set aside prior to the distribution of surplus, and such an amount should be equal to the amount allocated to the undistributed surplus for the preceding period. If there is still any insufficiency, set aside it from the amount of the after-tax net profit for that period, plus the items other than after-tax net profit for that period, which are included in the undistributed surplus of the period.

Article 29-1: The Company may distribute cash dividends at no less than 10% of the total dividends paid to shareholders, by considering the company's environment and growth stage, responding to future capital demand and long-term financial planning, and considering both shareholder interests and Balancing Dividends Policy.

#### Chapter VII Supplementary Provisions

Article 30: The organizational rules and bylaws of the company can be stipulated by the board of directors otherwise.

Article 31: Regarding the matters not stipulated in the Articles of Incorporation, the Company Act and other laws and regulations shall govern.

Article 32: The Articles of Incorporation was enacted on October 12, 1970. The first amendment was made on November 15, 1970. The second amendment was made on May 23, 1971. The third amendment was made on August 20, 1973. The fourth amendment was on made on August 20, 1981. The fifth amendment was made on May 22, 1983. The sixth amendment was made on August 7, 1984. The seventh amendment was made on November 1, 1986. The eighth amendment was made on November 30, 1987. The ninth amendment was made on July 16, 1988. The tenth amendment was made on February 28, 1989. The eleventh amendment was made on August 20, 1989. The twelfth amendment was made on November 20, 1989. The thirteenth amendment was made on February 12, 1990. The fourteenth amendment was made on March 21, 1990. The fifteenth amendment was made on June 12, 1991. The sixteenth amendment was made on June 6, 1993. The seventeenth amendment was made on July 25, 1994. The eighteenth amendment was made on June 22, 1997. The nineteenth amendment was made on May 3, 1998. The twentieth amendment was made on July 16, 1998. The 21st amendment was made on June 13, 1999. The 22nd amendment was made on June 29, 2002. The 23rd amendment was made on June 25, 2004. The 24th amendment was made on

June 22, 2005. The 25th amendment was made on June 21, 2006. The 26th amendment was made on June 21, 2007. The 27th amendment was made on June 25, 2009. The 28th amendment was made on June 25, 2010. The 29th amendment was made on June 28, 2011. The 30th amendment was made on June 20, 2012. The 31st amendment was made on June 20, 2014. The 32nd amendment was made on June 23, 2016. The 33rd amendment was made on June 23, 2017. The 34th amendment was made on June 20, 2019. The 35th amendment was made on June 17, 2020. The 36th amendment was made on June 16, 2022.

## KAORI HEAT TREATMENT CO., LTD

## Rules of Procedure for Shareholders' Meetings

Article 1: The procedures for shareholders' meetings of the company shall be conducted in accordance with these rules.

Article 2: The shareholders' meeting can be held by means of video conference or other methods promulgated by the competent authority upon the resolution adopted by the board of directors. The operating procedures and other matters to be followed shall be handled in accordance with the provisions stipulated by the competent authority.

When a shareholders' meeting is convened by video conference, shareholders who want to attend the meeting online shall register their names in the company two days prior to the meeting date.

When a shareholders' meeting is convened by video conference, the company shall upload the agenda handbook, annual reports and other relevant materials to the video conference platform at least 30 minutes prior to the commencement of the meeting; such reports and materials will continue to be disclosed until the end of the meeting.

When convening a shareholders' meeting by video conference, the company shall specify the matters in the shareholders' meeting notice as follows:

1. The methods for shareholders to attend the video conference and exercise their rights.
2. When the video conference platform or the participation via video conference is disrupted due to natural disasters, accidents or other force majeure, the handling methods should include at least the following matters:
  - A. The date and time when the meeting is postponed or the date and time when the meeting is scheduled to resume in case that the above-mentioned disruption continues and cannot be removed
  - B. Shareholders who fail to register to attend the original shareholders' meeting by video conference shall not attend the postponed or resumed meeting.
  - C. When a hybrid shareholders' meetings assisted by video conference is called, if the video conference cannot be continued, after the number of shares held by the shareholders attending the meeting via video conference is deducted, if the remaining total number of shares represented at the meeting meets the minimum quorum for a shareholder meeting, the shareholders' meeting shall go on. The shares represented by the attending shareholders via video conference shall be counted in the total number of shares represented by shareholders present at the meeting, and the attending shareholders via video conference shall be deemed abstaining from voting on all proposals in the shareholders' meeting.
  - D. The handling method will be taken if the results of all proposals have been declared and there is no extempore motion.

When convening a shareholders' meeting via video conference, appropriate alternative measures should be specified and available to shareholders who have difficulties in attending the video conference.

As for the shareholders' meeting convened via video conference, shareholders shall report and register their arrivals on the meeting platform 30 minutes prior to the commencement of meeting. Shareholders completing their registration will be deemed as attending the shareholders' meeting in person. Shareholders or their proxies attending the meeting shall wear their attendance cards and hand in their sign-in cards in lieu of signing in, and then calculate the stock equity accordingly.

Article 2-1: Every time when a shareholders' meeting is held, a shareholder may designate a



proxy to attend the meeting by providing a copy of power of attorney issued by the company and specify the authorization scope.

A shareholder shall provide only one copy of power of attorney and designate only one proxy. The power of attorney shall be sent to the company within five days prior to the date of the shareholders' meeting. When more than two copies of the same power of attorney are sent, is the one that has been sent first shall prevail, unless the previous one is revoked by an application.

After the power of attorney has been sent to the company, if the shareholder wants to attend the meeting in person or exercises voting rights in writing or electronically, a written notice of revocation shall be submitted to the company two days before the date of the meeting. If the notice fails to be submitted before the deadline, votes cast at the meeting by the proxy shall prevail.

After the power of attorney has been sent to the company, if the shareholder wants to attend the meeting via video conference, a written notice of revocation shall be submitted to the company two days before the date of the meeting. If the notice fails to be submitted before the deadline, votes cast at the meeting by the proxy shall prevail.

Article 3: When the total number of shares attended by representatives and the number of shares reported on the video conference platform has reached more than half of the total issued shares, the chairman shall call meeting to order.

On the same day of a shareholders' meeting, the company shall compile 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 in writing or electronically in the stipulated format, and then expressly disclose them at the venue the shareholders' meeting. When a shareholders' meeting is convened via video conference, the company shall upload the foregoing materials to the video conference platform at least 30 minutes prior to the meeting; such reports and materials will continue to be disclosed until the end of the meeting.

When the company's shareholders' meeting convened via video conference is called to order, the total number of shares represented at the meeting shall be disclosed on the video conference platform. If the total number of shares represented at the meeting and the voting rights are additionally counted during the meeting, the same manner shall apply.

When the company convenes the shareholders' meeting via video conference, the chairman and the note taker shall be in the same location within the country, and the chairman shall announce the address of the location when the meeting is called to order.

When convening a shareholders' meeting via video conference, the company shall provide appropriate alternative measures available to shareholders who have difficulties in attending the shareholders' meeting online.

Article 4: The agenda of the shareholders' meeting shall be stipulated by the board of directors, and all the meetings shall be held in accordance with the procedures arranged in the agenda. It may not be changed without a resolution adopted by the shareholders' meeting.

When a shareholders' meeting is called by a convener other than the board of directors, the preceding paragraph applies mutatis mutandis.

Before the conclusion of the agenda arranged in the preceding two paragraphs (including extempore motions), the chairman shall not declare the adjournment of the meeting without any resolution. After the adjournment of the meeting, the shareholders shall not elect another chairman of the meeting to resume the meeting at the original or other venue. However, if the chairman violates these rules of

procedures and then declares the meeting adjourned, other members of the board of directors shall immediately help the shareholders who attend the meeting elect one person as the new chairman with the consent of more than half of the voting rights of the shareholders attending the meeting, to continue the meeting according to the statutory procedure.

The company shall provide the agenda handbook and additional materials regarding the shareholders' meeting to shareholders for review, by the following means on the date of the shareholders' meeting:

1. When convening a physical shareholders' meeting, they shall be distributed on-site at the meeting.
2. When convening a hybrid shareholders' meetings assisted by video conference, they shall be distributed on-site at the meeting and be shared on the video conference platform by means of electronic file.
3. When convening a shareholders' meeting, electronic files shall be shared on the video conference platform.

Article 5: In addition to the proposals listed on the agenda, when it comes to other proposals proposed by shareholders or amendment/alternatives to the original proposal, the chairman of the meeting shall present the amended or alternative proposal together with the original proposal, and then decide the voting order. When any one of such proposals is passed, the other proposals shall be deemed as veto, and there is no need to proceed with further voting.

When the shareholders' meeting is convened via video conference, the company shall keep records of materials such as shareholder's registration, sign-in, check-in, questions, votes and results of votes counted by the company, and keep audio and video records of the proceedings of the meeting from the beginning to the end.

The materials and audio and video recording referred to in the preceding paragraph shall be properly kept by the company during the period of its existence, and the audio and video recording shall be provided to the person who is entrusted with handling the matters of video conference for safekeeping.

When the shareholders' meeting is convened via video conference, it is advised that the company shall record the audio and video on back-end operation interface of the meeting platform.

Article 6: The matters other than any proposal shall not be discussed or voted. When a proposal is being discussed, the chairman may declare the conclusion of the discussion at appropriate timing, and then may declare the discussion to be terminated if necessary.

Article 7: When the discussion of an issue is declared to be concluded or terminated, the chairman shall suggest that such an issue should be put to vote.

Article 8: Except as otherwise provided in the Company Act, the voting of a proposal shall be undertaken upon the consent from more than half of the voting rights represented by the attending shareholders. When voting, for each proposal, the chairman or the person designated by the chairman shall announce the total number of voting rights represented by the attending shareholders, and then the shareholders should make decisions by voting on each proposal. On the same day when the meeting is adjourned, the results regarding the numbers of shareholders' consent, objection and abstentions shall be entered into the Market Observation Post System (MOPS) at the same day. When the company convenes a shareholders' meeting via video conference, after the chairman calls the meeting to order, shareholders attending the meeting online shall cast votes on proposals and elections on the video conference platform before the chairman declares the end of voting; otherwise, it is deemed abstained from voting. When a shareholders' meeting is convened via video conference, votes shall be counted once after the chairman declares the end of voting, and the results of votes

and elections shall be announced then.

When the company convenes a hybrid shareholders' meeting assisted by video conference, if shareholders who have registered to attend the meeting online in accordance with Article 2 want to attend the physical shareholders' meeting in person, their registration shall be revoked two days before the shareholders' meeting in the same way as they registered. If the registration is not revoked before the deadline, they may only attend the shareholders' meeting online. When the shareholders exercise voting rights in writing or electronically, if the expression of intent is not revoked and the shareholders' meeting is attended online, except for extempore motions, they shall not exercise voting rights on the original proposals or any amendments to the original proposals or exercise voting rights on the amendments to the original proposal. When convening a shareholders' meeting via video conference, the company shall disclose results of votes and election immediately after the end of voting on the video conference platform according to the rules, which shall be kept disclosed at least 15 minutes after the chairman has announced the meeting adjourned.

Article 9: If a shareholder present at the meeting wants to deliver a speech, he/she should fill in a speaker's slip to specify the number of his/her attendance card, name and the number of his/her shares held. The chairman of the meeting shall list the sequence of these shareholders' speeches.

Article 10: As for shareholder's speech, each person (including natural person and legal person) shall finish delivering his/her speech within five minutes. However, such a timeframe may be extended once if the chairman agrees. On the same proposal, each person (including natural person and legal person) shall not deliver his/her speech more than twice.

When convening a shareholders' meeting via video conference, shareholders attending the meeting online may raise questions in writing at the video conference platform from the chairman calling the meeting to order until the chairman declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall be limited in 200 words.

If the questions referred to in the preceding paragraph are not raised in violation of the rules or beyond the scope of a proposal, it is suggested that questions be disclosed to the public at the video conference platform.

Article 11: If a shareholder's speech exceeds the time limit or the scope of the proposal, the chairman may terminate his/her speech. If anyone disagrees with the correction made by the chairman or interferes with the order of the meeting, the chairman may suspend his/her attendance.

Article 12: During the session period of the meeting, the chairman may declare that everyone can take a break depending on the meeting hours.

Article 13: During the session period of the meeting, if any force majeure event occurs, the chairman may decide that the meeting should be suspended, and then announce the time for resuming the meeting depending on the circumstance.

Before all the agendas of the shareholders' meeting (including extempore motions) have been addressed, if the venue of the meeting is no longer available at that time for continued use, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

The shareholders' meeting may, in accordance with Article 182 of the Company Act, adopt a resolution to defer or resume the meeting within five days.

Article 13-1: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the chairman of the meeting and then distributed to each shareholder within 20 days after the close of

the meeting. The minutes may be recorded and distributed electronically.

The company may distribute the minutes referred to in the preceding paragraph by a public announcement and entered them into the MOPS.

The minutes shall precisely record the year, month, day, and location of the meeting, the chairman's name, the methods of adopting the resolutions, and a summary of the essential points of the proceeding and their voting results (including the number of voting rights) and disclose the number of voting rights won by each candidate if there is an election of directors or supervisors. The minutes shall be kept permanently for the period of the existence of the company.

When convening a shareholders' meeting via video conference, in addition to those which shall be recorded in the minutes as stipulated in the preceding paragraph, the time when the meeting is called to order and adjourned, how the meeting is convened, the chairman's and note taker's name, and measures to be taken when the video conference platform or participation in the meeting online is interrupted due to natural disasters, accidents or other majeure force, and handling measures shall also be included in the minutes.

When convening a shareholders' meeting via video conference, in addition to handling according to the preceding paragraph, the company shall specify in the minutes regarding the alternative measures available to shareholders who have difficulties in attending a shareholders' meeting online.

Article 13-2: When convening a shareholders' meeting via video conference, the company may offer a simple connection test to shareholders prior to the meeting, and then provide relevant real-time services before and during the meeting to help resolve communication technical issues.

When convening a shareholders' meeting via video conference, once the meeting to order is called, the chairman shall also declare the accidents or other majeure force before the chairman has announced the meeting adjourned, if the video conference platform or participation in the meeting on line is disrupted due to natural disasters, 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 disruption continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, and Article 182 of the Company Act shall not apply.

When a meeting shall be postponed or resumed as stipulated in the preceding paragraph, shareholders who have not registered to participate in the shareholders' meeting online shall not attend the postponed or resumed meeting.

When a meeting shall be postponed or resumed according to paragraph 2, the number of shares represented by and the voting rights and election rights exercised by the shareholders who have registered to participate in the shareholders' meeting and have already signed in the meeting, but do not attend the postpone or resumed one, at the original shareholders' meeting, shall be counted in the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed meeting.

During a postponed or resumed meeting held in accordance with paragraph 2, proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors, further discussion and resolution are not necessary.

When the company convenes a hybrid shareholders' meeting assisted by video conference, and the meeting cannot continue as described in paragraph 2, after those represented by shareholders attending the video conference online are deducted, if the total number of shares represented at the meeting still meets the

minimum quorum for a shareholder meeting, then the shareholders' meeting shall continue, and does not need to be postponed or resumed according to paragraph 2.

When a meeting should continue as stipulated in the preceding paragraph, the shares represented by shareholders attending the meeting online shall be counted in the total number of shares represented by shareholders present at the meeting; however, these shareholders shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to paragraph 2, the company shall handle the pre-processing based on the date of the original shareholders' meeting in accordance with 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 shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under paragraph 2.

Article 14: Matters not specified in the Rules shall all be handled in accordance with the Company Act, the Articles of Incorporation and the relevant standards and norms stipulated by the competent authority.

Article 15: These Rules shall take effect after being approved by the shareholders' meeting; the same manner should also apply to any amendment.

## KAORI HEAT TREATMENT CO., LTD

## Shareholding of all Directors

1. As of April 22, 2024,, namely the book close date of share transfer for this annual general shareholders' meeting, the paid-in capital of the company is NT\$ 898,011,560, and the total number of issued shares is 89,801,156.
2. According to Article 26 of the Securities and Exchange Act, the statutory minimum number of shares to be held by all directors is 7,184,092 shares (since there are two independent directors, the shareholding ratio of all directors other than the independent directors is decreased to be 80%).
3. Shareholding Details of Directors:

Title	Full Name	Shares held by (including trust holdings) as of April 22, 2024	
		Number of Shares	Ratio %
Chairman	WU CHIH HSYONG	227,001	0.25 %
Director (concurrently serving as Deputy Chairman)	Han, Hsien-Fu	2,669,753 (including treasure stock)	2.97 %
Director (concurrently serving as General Manager)	Wang, Hsin-Wu	290,778	0.32 %
Director (concurrently serving as Vice General Manager)	Huang, Hung-Hsing	1,406,165	1.57 %
Director	Representative of Aladdin Holdings Group Co., Ltd (concurrently serving as Vice General Manager) Ku, Hung-Tao	370,000	0.41 %
Independent director	Hung, Hsiang-Wen	0	-
Independent director	Mao, En-Kuang	0	-
Independent director	Tang, Chi-Yao	0	-
Total		4,963,697	5.53 %